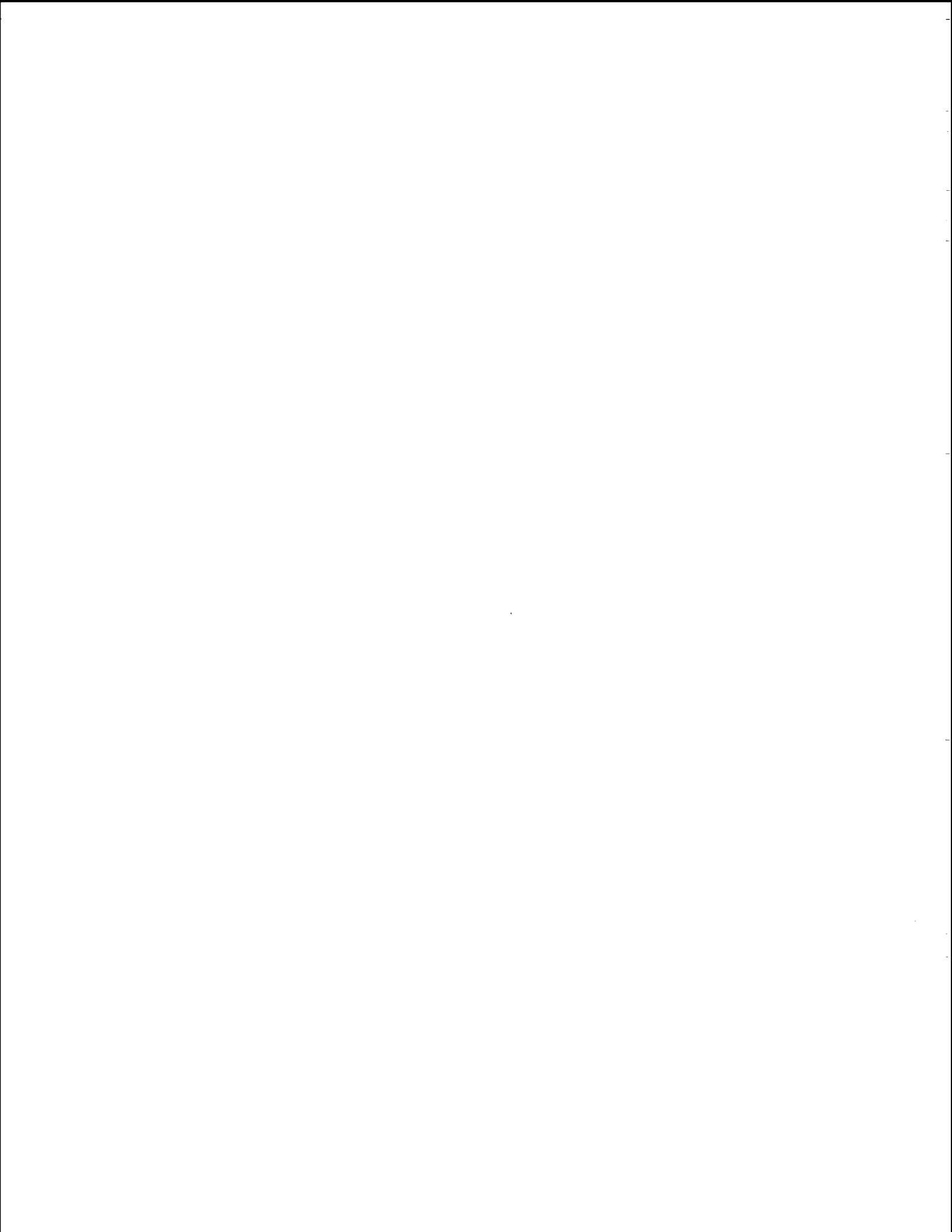


**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Financial Statements  
With Independent Auditor's Report Thereon  
June 30, 2007**



## **INTRODUCTORY SECTION**

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**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

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June 30, 2007**

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**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

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LOVINGTON MUNICIPAL SCHOOLS**

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**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Official Roster  
June 30, 2007**

**BOARD OF EDUCATION**

Lynda McGinnes	President
LaRhonda Kidd	Vice-President
Enrique Contreras, Jr.	Clerk
Slick Duncan	Member
Ronny Reeder	Member

**SCHOOL OFFICIALS**

Steven L. O'Quinn	Superintendent
LeAnne Ellis	Assistant Superintendent
Sheri Belyeu	Business Manager

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## **FINANCIAL SECTION**

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Ronald L. Miller, CPA/ABV, CVA  
Ryan L. Miller, CPA  
Robert C. Castillo, CPA



Members  
American Institute of  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas  
New Mexico State Auditor  
The Office of Management and Budget and  
The Board of Education  
Lovington Municipal Schools  
Lovington, NM

We were engaged to audit the accompanying financial statements of the governmental activities, each major fund budgetary comparisons, and the aggregate remaining fund information of Lovington Municipal School District, (the "District"), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. We were also engaged to audit the financial statements of each of the District's nonmajor governmental funds and the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Lovington Municipal School District's accounting records were not sufficient to audit. Accounting records were not available to substantiate balances reported for assets, liabilities, revenues, expenses, or expenditures for any fund. Therefore, due to limited accounting records, we were unable to apply generally accepted auditing procedures we were unable to apply 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 to cash, fund balance, interfund payables and receivables, revenues and expenses, or federal awards and expenditures. The amount by which these departures would affect the assets, liabilities, revenues, and expenditures of the funds is not reasonably determinable.

Because of the District's insufficient accounting records as discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements of the governmental activities, each major fund, the budgetary comparisons, and the aggregate remaining fund information of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. In addition, because of the District's insufficient accounting records, the scope of our work was not sufficient to enable us to express and we do not express, an opinion on the nonmajor governmental funds and all budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements of Lovington Municipal School District as of and for the year ended June 30, 2007.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2010, on our consideration of Lovington Municipal School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Lovington Municipal School District has not presented a management's discussion and analysis that accounting principles accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was performed for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements and budgetary comparisons of the District. 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*. The additional schedules listed under supplementary information in the table of contents are presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. Such information has been audited, but the scope of our work was not sufficient to enable us to express, and we do not express an opinion in relation to the financial statements taken as a whole.

*Miller & Associates, CPA, P.C.*

Miller & Associates, C.P.A., P.C.

February 5, 2010

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Government-Wide**  
**Statement of Net Assets**  
**June 30, 2007**

	<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 12,170,160
Investments	1,020,604
Receivables (Note 4)	1,470,493
Inventory	13,023
Bond issuance costs (net of accumulated amortization of \$16,929)	101,305
Capital assets, net (Note 5)	<u>28,211,275</u>
 Total assets	 <u>\$ 42,986,860</u>
 <b>LIABILITIES AND NET ASSETS</b>	
Accounts payable	\$ 433,672
Accrued payroll and related expenses	681
Accrued interest	130,245
Deferred revenue	18,500
Compensated absences - current portion	116,987
Noncurrent liabilities:	
Bond premium	57,708
Compensated absences - non current portion	128,887
Bonds payable:	
Due within one year	830,000
Due in more than one year	<u>18,325,000</u>
Total liabilities	<u>20,041,680</u>
Invested in capital assets, net of related debt	9,056,275
Restricted for:	
Debt service	921,595
Capital projects	10,721,406
Unrestricted	<u>2,245,904</u>
Total net assets	<u>22,945,180</u>
 Total liabilities and net assets	 <u>\$ 42,986,860</u>

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Government-Wide**  
**Statement of Activities**  
**For the Year Ended June 30, 2007**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
Governmental activities:			
Instruction	\$ 15,979,658	\$ 58,090	\$ 2,908,579
Support services:			
Students	3,393,181	-	557,238
Instruction	378,575	-	9,617
General administration	583,659	-	100,201
School administration	1,616,944	-	-
Central services	1,129,279	-	-
Operation & maint. of plant	2,465,277	-	-
Student transportation	1,035,279	-	1,013,546
Operation of non-instruction services:			
Food services	1,011,595	278,472	667,091
Community services	2,764	-	-
Inventory exempt-unallocated	824,908	-	-
Interest on long-term debt	482,035	-	-
<b>Total primary government</b>	<b>\$ 28,903,154</b>	<b>\$ 336,562</b>	<b>\$ 5,256,272</b>

**General revenues:**

State equalization guarantee  
Property taxes:  
    General purposes  
    Debt service  
    Capital projects  
Oil and gas taxes:  
    General purposes  
    Debt service  
    Capital projects  
Unrestricted investment earnings  
Total general revenues  
Change in net assets  
Net assets - beginning of year  
Net assets - end of year

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



		Net (Expense) Revenue and Changes in Net Assets	
Capital Grants and Contributions		Primary Government	
		Governmental Activities	
\$	185,140	\$	(12,827,849)
	-		(2,835,943)
	-		(368,958)
	-		(483,458)
	-		(1,616,944)
	-		(1,129,279)
	-		(2,465,277)
	-		(21,733)
	-		(66,032)
	-		(2,764)
	-		(824,908)
	-		(482,035)
\$	185,140		(23,125,180)
			20,705,010
			90,875
			271,985
			478,955
			249,723
			1,005,442
			2,058,585
			91,511
			24,952,086
			1,826,906
			21,118,274
\$			22,945,180

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2007**

	General Fund	Reading First	Debt Service
<b>ASSETS</b>			
Cash and cash equivalents	\$ 644,693	\$ 58,878	1,466,348
Investments	3,967	-	-
Accounts receivable:			
Taxes	19,723	-	85,056
Due from other governments	-	110,618	-
Due from other funds	1,250,000	980,504	-
Inventory	-	-	-
<i>Total assets</i>	<u>\$ 1,918,383</u>	<u>\$ 1,150,000</u>	<u>\$ 1,551,404</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Liabilities:</i>			
Accounts payable	\$ 305,852	\$ -	\$ -
Accrued payroll	681	-	-
Accrued interest	-	-	21,618
Current portion of long-term debt	-	-	655,000
Due to other funds	-	1,150,000	-
Deferred revenue:	2,793	-	11,133
<i>Total liabilities</i>	<u>309,326</u>	<u>1,150,000</u>	<u>687,751</u>
<i>Fund balances:</i>			
Reserved:			
Reserved for inventory	-	-	-
Reserved for debt service	-	-	863,653
Unreserved:			
Designated for subsequent			
year's expenditures			
reported in:			
General Fund	-	-	-
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Undesignated, reported in:			
General Fund	1,609,057	-	-
Special revenue funds	-	-	-
Capital projects funds	-	-	-
<i>Total fund balances</i>	<u>1,609,057</u>	<u>-</u>	<u>863,653</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,918,383</u>	<u>\$ 1,150,000</u>	<u>\$ 1,551,404</u>

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

Capital Outlay - Bond	Other Governmental Funds	Total Governmental Funds
\$ 8,047,656	\$ 1,952,585	\$ 12,170,160
-	1,016,637	1,020,604
-	163,297	268,076
-	1,091,799	1,202,417
-	-	2,230,504
-	13,023	13,023
<u>\$ 8,047,656</u>	<u>\$ 4,237,341</u>	<u>\$ 16,904,784</u>
\$ -	\$ 127,820	\$ 433,672
-	-	681
-	-	21,618
-	-	655,000
-	1,080,504	2,230,504
-	119,571	133,497
-	1,327,895	3,474,972
-	13,023	13,023
-	57,942	921,595
-	-	-
-	-	-
-	-	-
-	-	1,609,057
-	164,731	164,731
8,047,656	2,673,750	10,721,406
<u>8,047,656</u>	<u>2,909,446</u>	<u>13,429,812</u>
<u>\$ 8,047,656</u>	<u>\$ 4,237,341</u>	<u>\$ 16,904,784</u>

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**STATE OF NEW MEXICO  
 LOVINGTON MUNICIPAL SCHOOL DISTRICT  
 Reconciliation of Governmental Funds Balance Sheet  
 to the Statement of Net Assets  
 June 30, 2007**

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

Fund balances - total governmental funds	\$	13,429,812
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.</p>		
		28,211,275
<p>Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds:</p>		
Property taxes		114,997
Bond issuance costs		101,305
<p>Other liabilities are not due and payable in the current period and therefore are not reported in the funds:</p>		
Bond premium liability		(57,708)
Accrued interest expense		(108,627)
<p>Long-term liabilities, including bonds payable, capital leases payable and compensated absences are not due and payable in the current period and therefore are not reported in the fund financial statements.</p>		
		(18,745,874)
Net assets of governmental activities in the statement of net assets	\$	22,945,180

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2007**

	General Fund	Reading First	Debt Service
<b>REVENUES</b>			
Property taxes	\$ 55,498	\$ -	\$ 271,813
Oil and gas taxes	249,723	-	1,004,410
Investment income	12,728	-	-
Food services	-	-	-
District activities	8,720	-	-
Insurance recoveries	14,760	-	-
Revenue from local sources	222,614	-	-
Revenue from state sources	21,971,788	-	-
Revenue from federal sources	1,168	454,911	-
Total revenues	22,536,999	454,911	1,276,223
<b>EXPENDITURES</b>			
Current:			
Instruction	12,833,747	167,252	-
Support services			
Students	2,585,054	239,461	-
Instruction	332,956	-	-
General administration	531,531	-	-
School administration	1,398,757	17,572	-
Central services	295,689	-	-
Operation and maintenance of plant	2,416,536	-	-
Student transportation	1,014,006	-	-
Operation of non instructional services			
Food services operations	-	-	-
Capital outlay	1,174,923	30,626	-
Debt service	-	-	1,286,151
Total expenditures	22,583,199	454,911	1,286,151
Excess (deficiency) of revenues over (under) expenditures	(46,200)	-	(9,928)
Other financing sources (uses)			
Bond proceeds	-	-	-
Bond premium	-	-	-
Bond issuance cost	-	-	-
Increase (decrease) in inventory	-	-	-
Net changes in fund balances	(46,200)	-	(9,928)
Fund balances--beginning of the year	1,655,257	-	873,581
Fund balances--end of the year	\$ 1,609,057	\$ -	\$ 863,653

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

Capital Outlay - Bond	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 479,127	\$ 806,438
-	2,059,617	3,313,750
15,207	63,577	91,512
-	21,752	21,752
-	48,203	56,923
-	317,209	331,969
-	163,807	386,421
-	593,621	22,565,409
-	2,664,432	3,120,511
15,207	6,411,345	30,694,685
-	1,268,237	14,269,236
-	542,806	3,367,321
-	10,391	343,347
-	53,353	584,884
-	177,824	1,594,153
-	15,258	310,947
-	18,893	2,435,429
-	-	1,014,006
-	971,659	971,659
462,101	5,044,761	6,712,411
-	-	1,286,151
462,101	8,103,182	32,889,544
(446,894)	(1,691,837)	(2,194,859)
8,500,000	-	8,500,000
53,269	-	53,269
(58,719)	-	(58,719)
-	(30,235)	(30,235)
8,047,656	(1,722,072)	6,269,456
-	4,631,518	7,160,356
\$ 8,047,656	\$ 2,909,446	\$ 13,429,812

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**STATE OF NEW MEXICO  
 LOVINGTON MUNICIPAL SCHOOL DISTRICT  
 Reconciliation of Changes in Fund Balances of  
 Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2007**

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

Net change in fund balances - total governmental funds	\$ 6,269,456
--	--------------

Governmental funds reported capital outlay 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:

Capital expenditures	4,543,094
Depreciation expense	(1,419,225)
Capital asset adjustments	71,713

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

Property taxes	35,376
----------------	--------

The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Bond proceeds	(8,500,000)
Decrease in the reserve for compensated absences	16,927
Increase in bond premium liability	(57,708)
Increase in capitalized bond issue costs	37,273
Principal payments on bonds	830,000

Change in net assets of governmental activities	\$ 1,826,906
---	--------------

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 240,394	\$ 240,394	\$ 288,291	\$ 47,897
Investment income	1,000	1,000	12,728	11,728
District activities	4,500	4,500	8,720	4,220
Insurance recoveries	5,000	5,000	14,760	9,760
Revenue from local sources	1,000	1,000	7,051	6,051
Revenue from state sources	21,349,514	21,349,514	21,971,788	622,274
Revenue from federal sources	40,000	40,000	1,168	(38,832)
<i>Total revenues</i>	<u>21,641,408</u>	<u>21,641,408</u>	<u>22,304,506</u>	<u>663,098</u>
<b>EXPENDITURES</b>				
Instruction:				
Personnel services - compensation	9,393,207	9,393,207	9,024,923	368,284
Personnel services - employee benefits	2,918,490	2,918,490	2,784,636	133,854
Other purchased services	295,397	295,397	417,294	(121,897)
Supplies	472,629	563,525	655,145	(91,620)
Property	3,000	3,000	637	2,363
Total instruction	<u>13,082,723</u>	<u>13,173,619</u>	<u>12,882,635</u>	<u>290,984</u>
Support services - student:				
Personnel services - compensation	2,039,931	2,039,931	1,884,473	155,458
Personnel services - employee benefits	576,027	576,027	563,757	12,270
Purchased professional & technical services	8,000	8,000	577	7,423
Purchased property services	-	-	99	(99)
Other purchased services	-	-	47,198	(47,198)
Supplies	-	-	88,950	(88,950)
Property	-	-	-	-
Total support services - student	<u>2,623,958</u>	<u>2,623,958</u>	<u>2,585,054</u>	<u>38,904</u>
Support services - instruction:				
Personnel services - compensation	184,364	184,364	183,258	1,106
Personnel services - employee benefits	83,357	83,357	78,707	4,650
Purchased professional & technical services	-	-	-	-
Purchased property services	-	-	-	-
Other purchased services	48,000	48,000	15,780	32,220
Supplies	185,603	197,436	55,145	142,291
Property	-	-	-	-
Total support services - instruction	<u>501,324</u>	<u>513,157</u>	<u>332,890</u>	<u>180,267</u>

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (continued)</b>				
Support services - general administration:				
Personnel services - compensation	299,177	299,177	294,532	4,645
Personnel services - employee benefits	74,928	74,928	77,245	(2,317)
Purchased professional & technical services	55,349	55,349	86,916	(31,567)
Other purchased services	52,000	52,000	49,733	2,267
Supplies	9,248	9,248	23,105	(13,857)
Property	-	-	-	-
Total support services - general admin.	490,702	490,702	531,531	(40,829)
Support services - school administration:				
Personnel services - compensation	1,069,092	1,069,092	1,046,194	22,898
Personnel services - employee benefits	313,777	313,777	266,296	47,481
Purchased property services	-	-	-	-
Purchased professional & technical services	-	-	200	(200)
Other purchased services	-	-	56,471	(56,471)
Supplies	-	-	29,596	(29,596)
Property	-	-	-	-
Total support services - school admin.	1,382,869	1,382,869	1,398,757	(15,888)
Support services - central services:				
Personnel services - compensation	218,391	218,391	210,436	7,955
Personnel services - employee benefits	30,578	30,578	59,110	(28,532)
Purchased professional & technical services	-	-	493	(493)
Purchased property services	-	-	280	(280)
Other purchased services	44,999	44,999	10,806	34,193
Supplies	20,000	20,000	14,564	5,436
Property	-	-	-	-
Total support services - central serv.	313,968	313,968	295,689	18,279
Support services - operation and maintenance of plant:				
Personnel services - compensation	808,273	808,273	775,074	33,199
Personnel services - employee benefits	-	-	-	-
Purchased professional & technical services	433,409	433,409	360,421	72,988
Purchased property services	809,331	809,331	568,048	241,283

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><i>EXPENDITURES (continued)</i></b>				
Other purchased services	533,147	533,147	600,682	(67,535)
Supplies	79,000	79,000	51,549	27,451
Purchased professional & technical services	-	-	135	(135)
Total support services - operation and maintenance of plant	<u>2,663,160</u>	<u>2,663,160</u>	<u>2,355,909</u>	<u>307,251</u>
Support services - other support:				
Debt service and miscellaneous				-
Total support services - other support	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operation of non instructional services - community services:				
Personnel services - compensation				-
Personnel services - employee benefits				-
Other purchased services				-
Total operation of non instructional services - community services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support services - student transportation:				
Personnel services - compensation	31,056	31,056	30,918	138
Personnel services - employee benefits	9,255	9,255	8,738	517
Purchased professional & technical services	200	200	200	-
Purchased property services	95,117	95,117	96,253	(1,136)
Other purchased services	832,327	877,518	877,501	17
Supplies	400	400	396	4
Total support services - student transportation	<u>968,355</u>	<u>1,013,546</u>	<u>1,014,006</u>	<u>(460)</u>
Capital outlay	<u>478,512</u>	<u>1,783,659</u>	<u>960,553</u>	<u>823,106</u>
<b><i>Total expenditures</i></b>	<u>22,505,571</u>	<u>23,958,638</u>	<u>22,357,024</u>	<u>1,601,614</u>
<b><i>Excess (deficiency) of revenues over expenditures</i></b>	<u>(864,163)</u>	<u>(2,317,230)</u>	<u>(52,518)</u>	<u>2,264,712</u>

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Other financing sources (uses):</i>				
Designated cash balance	864,163	2,317,230	-	(2,317,230)
<i>Total other financing sources (uses)</i>	<u>864,163</u>	<u>2,317,230</u>	<u>-</u>	<u>(2,317,230)</u>
 <i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	 -	 -	 (52,518)	 (52,518)
 <i>Prior year cash balance</i>	 -	 -	 1,860,463	 1,860,463
 <i>End of year cash balance</i>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 1,807,945</u>	 <u>\$ 1,807,945</u>

**RECONCILIATION TO GAAP**

Adjustments:

Deferred revenue	(2,793)
Accounts payable	(226,175)
Receivables	235,286
Net change in fund balance (GAAP basis)	<u>\$ (46,200)</u>

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Reading First Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ 335,734	\$ 335,734
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>335,734</u>	<u>335,734</u>
<b>EXPENDITURES</b>				
Instruction	-	128,480	167,252	(38,772)
Support services:				
School administration	-	-	17,572	(17,572)
Students	-	190,984	239,461	(48,477)
Capital outlay	-	-	30,626	(30,626)
<i>Total expenditures</i>	<u>-</u>	<u>319,464</u>	<u>454,911</u>	<u>(135,447)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(319,464)</u>	<u>(119,177)</u>	<u>200,287</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	319,464	-	(319,464)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>319,464</u>	<u>-</u>	<u>(319,464)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(119,177)</u>	<u>(119,177)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>8,539</u>	<u>8,539</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (110,638)</u>	<u>\$ (110,638)</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Receivables			119,177	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2007**

	<u>Agency Funds</u>
<b>ASSETS</b>	
<i>Current assets</i>	
Cash	\$ 305,924
	<u>                    </u>
<b>LIABILITIES</b>	
<i>Current liabilities</i>	
Deposits held in trust for others	\$ 305,924
	<u>                    </u>

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

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2007**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting entity**

Lovington Municipal School District (the "District") is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education in the City of Lovington and surrounding area. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. Based on the criteria for determining the reporting entity (separate legal entity and fiscal or financial dependency on other governments), the District is considered to be an independent reporting entity and has no component units.

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

**B. Government-Wide and Financial Statements**

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

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues, net of estimated refunds and estimated uncollectible amounts, in the



**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2007**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

*General Funds* – The general fund is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*Reading First* – Reading First was established by the No Child Left Behind Act in effort to enable all students to become successful readers. Funds are provided to assist in professional development for teachers, provide screening and assessments, diagnostic tools, and tools for teaching reading to various levels of readers.

*Debt Service* – To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values.

*Capital Outlay Fund* – The debt service fund is used to account for resources received from the local ad valorem tax levy for use in remodeling and equipping classroom facilities.

Additionally, the government reports the following fund types:

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

*Capital Projects Funds* - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2007**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

*Debt Service Funds* – Debt Service Funds account for accumulation of resources for general long-term debt repayment.

*Fiduciary Funds* - The District's only fiduciary fund is an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

State statutes authorize the investment of the District's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The District is also allowed to invest in United States Government obligations. All funds for the District must follow the above investment policies.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

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

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2007**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

1. Deposits and Investments (continued)

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

Investments for the District are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

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

The District's property taxes are levied each year on the assessed valuation or property located in the District as of the preceding January 1<sup>st</sup>. The assessed valuation for the 2007 fiscal year was \$135,439,701. Mill levy rates are set by the State of New Mexico each year for the General Fund, HB-33 Capital Improvements Fund, SB-9 Capital Improvements Fund, Debt Service Fund, and the Education Technology Fund. Taxes are payable in two equal installments on November 10<sup>th</sup> and April 10<sup>th</sup> following the levy and become delinquent after 30 days.

3. Inventories

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

4. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the applicable governmental-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. However, the District does not construct or maintain infrastructure assets, accordingly, the District is not subject to this provision of GASB Statement No. 34. Donated capital assets are recorded at

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2007**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

4. Capital Assets (continued)

estimated fair market value at the date of donation. Library books are not capitalized but are expensed during the year of purchase.

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

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

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building Improvements	20
Vehicles	2-15
Equipment and Software	3-15

5. Deferred Revenue

Accounting principles generally accepted in the United States of America require that Grant Revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be "available" under the current financial resources measurement focus are reported as deferred revenues in the governmental fund financial statements.

6. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Unused sick leave is accrued at 50% of days accumulated at a rate of \$50 per day for employees who retire with at least ten years of service. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The accrued leave at June 30, 2007 was \$245,874.

7. Long-Term Obligations

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

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2007**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

7. Long-Term Obligations (continued)

In the fund financial statements, current portions of debt that will mature early in the following year are reported as current liabilities. In addition, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Net Assets and Fund Balance

Equity is classified as net assets 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 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 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.”

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

10. Estimates

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

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2007**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

11. Indirect Costs

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

E. Revenues

1. State Equalization Guarantee:

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size; etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$20,705,010 in state equalization guarantee distributions during the year ended June 30, 2007.

2. Transportation Distribution:

School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$1,013,546 in transportation distributions during the year ended June 30, 2007.

3. Tax Revenues:

The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District recognized \$4,155,565 in tax revenues during the year ended June 30, 2007. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2007**

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. Budgetary Information

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

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

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

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

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

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2007 was properly amended by the Board throughout the year. New Mexico state law prohibits a governmental agency to exceed an individual line item. These amendments resulted in the following changes:

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2007**

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. Budgetary Information (continued)

Budgeted Funds:	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
General Fund	\$ (864,163)	\$ (2,317,230)
Reading First Fund	-	(319,464)
Adequacy Tech Equity Fund	(1,345,971)	(1,345,971)
Capital Outlay - Bond Fund	-	(8,500,000)
Nonmajor Funds	(4,553,893)	(5,192,553)
Totals	<u>\$ (6,764,027)</u>	<u>\$ (17,675,218)</u>

NOTE 3: DEPOSITS AND INVESTMENTS

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State Investment requirements as of June 30, 2007.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of the deposit. At June 30, 2007, there were no investments in non-demand interest-bearing accounts.

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

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

As June 30, 2007, \$13,465,529 of the District's bank balances were exposed to custodial credit risk as follows:



**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2007**

NOTE 3: DEPOSITS AND INVESTMENTS (continued)

As June 30, 2007, \$13,465,529 of the District's bank balances were exposed to custodial credit risk as follows:

	District
Insured (FDIC)	\$ 300,000
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the District's name	5,590,252
Uninsured and uncollateralized	7,575,277
Balance exposed to custodial credit risk	13,165,529
Total bank balances	13,465,529
 Carrying Amount	 \$ 12,170,160

The State Treasurer Local Government Investment Pool is not SEC Registered. Section 6-10-10-1, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in securities that are issued by the United States Government or by its departments or agencies and are either backed by the full faith and credit of the United States Government or are agencies sponsored by the United States Government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares; at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts of the fund were invested. Any unrealized gain or loss on the portfolio is distributed through the investment yield on distribution dates. The State of New Mexico is the regulatory oversight entity and participation in the pool is voluntary. The State Treasurer issues separate financial statements that disclose the collateral pledged to secure these deposits. At June 30, 2007, the New MexicGROW Local Government Investment Pool was rated at AAAM and was considered a 24-day WAM.

Collateral Pledged

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution, and one hundred two percent of the amount in overnight repurchase accounts on deposit with the institution. The schedule listed below will meet the State of New Mexico Office of the State Auditor's requirements in reporting the insured portion of the deposits.

	Western Commerce Bank	Lea County State Bank	Wells Fargo Bank	Total
Total amount of deposits	\$ 2,479,403	\$ 836,648	\$10,149,478	\$13,465,529
FDIC coverage	100,000	100,000	100,000	300,000
Total uninsured public funds	\$ 2,379,403	\$ 736,648	\$10,049,478	\$13,165,529
Collateral requirement (50% of uninsured public funds)	\$ 1,189,701	\$ 368,324	\$ 751,166	\$ 2,309,191
Pledged securities	2,412,497	806,488	2,371,267	5,590,252
Over collateralization	\$ 1,222,796	\$ 438,164	\$ 1,620,102	\$ 3,281,061

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2007**

NOTE 3: DEPOSITS AND INVESTMENTS (continued)

The collateral pledged is listed on Page 144-145 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

Reconciliation to the Statements of Net Assets

The carrying amount of deposits and investments shown above are included in the District's balance sheet as follows:

	District
Carrying amount - Deposits	\$ 12,480,051
Less amounts included in agency funds	(305,924)
Total	\$ 12,174,127
Included in the following balance sheet captions:	
Cash and cash equivalents	\$ 12,170,160

As of June 30, 2007, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Fannie Mae Note	\$ 8,547,147	\$ 8,547,147	\$ -	\$ -	\$ -
Total	\$ 8,547,147	\$ 8,547,147	\$ -	\$ -	\$ -

*Interest Rate Risk* – The District does not currently have an investment policy to minimize interest rate risk.

*Credit Risk* – As previously stated, State statutes allow the District to invest funds in a wide variety of instruments. However, at June 30, 2007 the District had limited the majority of its investments to those back by the full faith and credit of the United States government. In addition, the investments in agencies of the United States were rated AAA by Standard & Poor's.

*Custodial Credit Risk* - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District requires all investment securities to be held in third-party safekeeping by an institution acceptable to the District. The safekeeping institution is required to issue a safekeeping receipt or book entry notice to the District listing the specific instrument, rate, amount, maturity date, instrument number, term and other pertinent information. In addition, any financial institution holding securities for the benefit of the District is required to provide insurance sufficient to cover 100% of the securities.

*Concentration of Credit Risk* - The District places no limit on the amount the District may invest in any one issuer. However, as previously illustrated, 100% of the District's investments are backed by the full faith and credit of the United States government. These types of investments are considered to have minimal risk associated with them

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2007**

**NOTE 4: RECEIVABLES**

Receivables as of June 30, 2007 for the government's individual major funds and non-major funds in the aggregate, include the following:

	General	Reading First	Debt Service	Other	Total
Receivables:					
Property taxes	\$ 3,539	\$ -	\$ 15,451	\$ 29,648	\$ 48,638
Oil & gas taxes	16,185	-	69,605	133,648	219,438
Due from other govts	-	110,618	-	1,091,799	1,202,417
	<u>\$ 19,724</u>	<u>\$110,618</u>	<u>\$ 85,056</u>	<u>\$1,255,095</u>	<u>\$1,470,493</u>

**NOTE 5: INTERFUND RECEIVABLES**

Interfund balances represent short-term advances to funds that receive grants on a reimbursement basis. The composition of interfund balances during the year ended June 30, 2007 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Reading First	\$ 1,150,000
General Fund	Food Services	100,000
Reading First	Title I - IASA	274,803
Reading First	Migrant Children Education	29,280
Reading First	IDEA-B Entitlement	119,588
Reading First	IDEA-B Preschool	7,465
Reading First	Title V - A	7,021
Reading First	ELL Title III	1,041
Reading First	Enhancing Education thru Tech (E2T2-C)	5,754
Reading First	English Language Acquisition	26,369
Reading First	Teacher/Principal Training	98,639
Reading First	Safe & Drug Free Schools	12,841
Reading First	Rural & Low Income Schools	43,148
Reading First	JAG	43,143
Reading First	Carl Perkins High School	50,060
Reading First	Medicaid XIX	7,414
Reading First	TANF/GRADS HSD	38,495
Reading First	GEAR-UP USDE	30
Reading First	Technology for Education	4,195
Reading First	Libraries - GO Bonds	9,617
Reading First	Adequacy Tech Equity	191,456
Reading First	Private Direct Grants	350
Reading First	School Based Health Center	9,795
		<u>\$ 2,230,504</u>

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2007**

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

	Beginning Balance 06/30/06	Increases	Decreases/ Adjustments	Ending Balance 06/30/07
Governmental Activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 73,609	\$ -	\$ -	\$ 73,609
Capital assets, being depreciated:				
Buildings and improvements	72,816,662	3,821,170	73,609	76,711,441
Equipment	6,917,451	674,674	(1,896)	7,590,229
Vehicles	921,744	47,250	-	968,994
Total at historical cost	<u>80,729,466</u>	<u>4,543,094</u>	<u>71,713</u>	<u>85,344,273</u>
Less Accumulated Depreciation:				
Buildings and improvements	(49,812,994)	(818,220)	-	(50,631,214)
Equipment	(5,272,874)	(63,509)	-	(5,336,383)
Vehicles	(627,905)	(537,496)	-	(1,165,401)
Total accumulated depreciation	<u>(55,713,773)</u>	<u>(1,419,225)</u>	<u>-</u>	<u>(57,132,998)</u>
Governmental activities capital assets, net	<u>\$ 25,015,693</u>	<u>\$ 3,123,869</u>	<u>\$ 71,713</u>	<u>\$ 28,211,275</u>

Depreciation expense for the year ended June 30, 2007 was charged to the following functions:

	District
Instruction	\$ 461,722
Support services:	
Students	18,517
Instruction	35,228
School administration	5,346
General administration	25,186
Central services	818,220
Operation and maintenance of plant	21,830
Student transportation	21,273
Food services	9,139
Community services	2,764
Total depreciation expense	<u>\$ 1,419,225</u>

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2007**

**NOTE 6: LONG – TERM DEBT**

General Obligation Bonds – the District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Bonds are direct obligations and pledge the full faith and credit of the District. The bonds will be paid from taxes levied against property owners living within the District boundaries. Bonds outstanding as of June 30, 2007 are comprised of the following:

	Original Amount	Interest Rates	Balance 06/30/07
Series 1997 General Obligation Bond	\$ 2,500,000	5-7%	\$ 365,000
Series 1998 General Obligation Bond	2,500,000	4-5.875%	590,000
Series 2002 General Obligation Bond	5,300,000	4.1-6.1%	5,050,000
Series 2003 General Obligation Bond	4,700,000	2.4-4.0%	4,650,000
New Mexico State Bond	8,500,000	3.85-4.0%	8,500,000
<b>Total General Obligation Bonds</b>	<b>\$ 21,000,000</b>		<b>\$ 19,155,000</b>

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

Year Ending June 30,	Principal	Interest	Total Requirements
2008	\$ 830,000	\$ 726,809	\$ 1,556,809
2009	1,400,000	558,087	1,958,087
2010	1,050,000	663,775	1,713,775
2011	1,225,000	622,175	1,847,175
2012	1,350,000	578,013	1,928,013
2013-2017	7,400,000	2,045,844	9,445,844
2018-2022	5,900,000	518,750	6,418,750
<b>Total</b>	<b>\$ 19,155,000</b>	<b>\$ 5,713,453</b>	<b>\$ 24,868,453</b>

Changes in long-term liabilities – During the year ended June 30, 2007, the following changes occurred in liabilities reported in the general obligation bonds and compensated absences.

	Balance 06/30/06	Additions	Retirements	Balance 06/30/07	Due Within One Year
1997 Series	\$ 665,000	\$ -	\$ (300,000)	\$ 365,000	\$ 365,000
1998 Series	875,000	-	(285,000)	590,000	290,000
2002 Series	5,175,000	-	(125,000)	5,050,000	125,000
2003 Series	4,700,000	-	(50,000)	4,650,000	50,000
New Mexico State Bond	-	8,500,000	-	8,500,000	-
Compensated Absences	262,801	100,060	(116,987)	245,874	116,987
<b>Total Long-Term Liabilities</b>	<b>\$ 11,677,801</b>	<b>\$ 8,600,060</b>	<b>\$ (876,987)</b>	<b>\$ 19,400,874</b>	<b>\$ 946,987</b>

Compensated absences typically have been liquidated in the general and other governmental funds.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2007**

**NOTE 7: RISK MANAGEMENT**

The District is a member of the New Mexico Public School Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance.

The NMPSIA provides coverage for up to a maximum of \$500,000,000 or each property damage claim with a \$750 deductible to each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2007, there have been no claims that have exceeded insurance coverage

**NOTE 8: EMPLOYEE RETIRMENT PLAN**

Plan Description – Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (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 7.75% of their gross salary. The District is required to contribute 10.15% of the gross covered salary. The contribution requirements of plan members and the District are established in Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of legislature. The District's contributions to the ERA for the years ended June 30, 2007, 2006, and 2005 were: \$1,472,023, \$1,263,327, and \$1,113,519, respectively, equal to the amount of the required contribution for the year.

**NOTE 9: POST – RETIREMENT HEALTH CARE BENEFITS**

The Retiree Health Care Act (Act) (Chapter 10, Article 7C NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Authority is the administrator of the plan.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2007**

**NOTE 9: POST – RETIREMENT HEALTH CARE BENEFITS (continued)**

The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or the out-of-pocket payments of eligible retirees. Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees.

Eligible employers consists of institutions of higher education school districts, or other entities participating in the Public School Insurance Authority, state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Educational Retirement Act, Public Employees Retirement Act, Volunteer Firefighters Retirement Act, Judicial Retirement Act, or the Magistrate Retirement Act.

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

Each participating employer makes contributions to the fund in the amount of 1.3 percent of each participating employee's annual salary. Each employee contributes to the fund an employee contribution in an amount equal to .65 percent of the employee's salary. Each participating retiree pays a monthly premium for the medical plus basic life plan and an additional participation fee of five dollars (\$5.00) if the eligible participant retired prior to the employer's NMRHCA effective date or is a former legislator. Participants may also enroll in optional plans of coverage.

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

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

For the years ended June 30, 2007, 2006, and 2005, the District remitted \$184,987, \$174,044, and \$168,221 in employer contributions and \$92,491, \$89,977, and \$84,102 in employee contributions, respectively.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2007**

**NOTE 10: CONTINGENT LIABILITIES**

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

The District is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

**NOTE 11: ACCOUNTING STANDARDS**

In August 2005, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is effective for financial statements for periods beginning after June 30, 2007. The statement establishes uniform financial reporting standards for OPEB plans and supersedes the interim guidance included in Statement No. 26, *Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans*. The approach followed in this Statement generally is consistent with the approach adopted in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, with modifications to reflect differences between pension plans and OPEB plans. The District believes it will have no significant effect on the financial statements for the upcoming year.

In August 2005, the Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45 is effective for financial statements for the periods beginning after June 30, 2007. This statement establishes standards for the measurement, recognition, and display of OPEB, expense/expenditures and related liabilities (assets), note disclosures, and if application, required supplementary information (RSI) in the financial reports of state and local governmental employers. The District believes it will have no significant effect on the financial statements for the upcoming year.

In September 2006, the Governmental Accounting Standards Board (GASB) issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-entity Transfers of Assets and Future Revenues*. This statement is effective for financial statements for the periods beginning after December 15, 2006. This statement establishes the criteria that governments will use to determine whether the proceeds received from the sale or pledge of receivables and future revenue should be reported as revenue or as a liability. The transaction will be treated as collateralized borrowing unless the criteria indicating a sale has taken place are met. The statements stipulates that governments should not revalue assets that are transferred between financial reporting entity components. The District is analyzing the effect that this standard will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.



**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2007**

NOTE 11: ACCOUNTING STANDARDS (continued)

In December 2006, the Governmental Accounting Standards Board (GASB) issued Statement No. 49, *Pollution Remedial Obligations*. This statement is effective for financial statements for the periods beginning after December 15, 2007. This statement establishes accounting standards for the recognition and reporting of liabilities related to environmental clean-up efforts. The District believes it will have no significant effect on the financial statements for the upcoming year.

NOTE 12. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures as part of the Combined Statements of certain information concerning individual funds including:

A. Deficit fund balance of individual funds.

Transportation Fund - sub-fund of general fund                      (\$27,825)

B. Excess of expenditures over appropriations.

For the fiscal year ended June 30, 2007, expenditures exceeded appropriations in the following funds:

	Final Budget	Actual Amounts	Variance with Final Budget
General Fund:			
Instruction:			
Other purchased services	\$ 295,397	\$ 417,294	\$(121,897)
Supplies	563,525	655,145	(91,620)
Support services - student:			
Purchased property services	-	99	(99)
Other purchased services	-	47,198	(47,198)
Supplies	-	88,950	(88,950)
Support services - general administration:			
Personnel services - employee benefits	74,928	77,245	(2,317)
Purchased professional & technical services	55,349	86,916	(31,567)
Supplies	9,248	23,105	(13,857)

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2007**

NOTE 12. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (continued)

B. Excess of expenditures over appropriations (continued)

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
General Fund (continued):			
Support services - school administration:			
Purchased professional & technical services	-	200	(200)
Other purchased services	-	56,471	(56,471)
Supplies	-	29,596	(29,596)
Support services - central services:			
Personnel services - employee benefits	30,578	59,110	(28,532)
Purchased professional & technical services	-	493	(493)
Purchased property services	-	280	(280)
Support services - operation and maintenance of plant:			
Other purchased services	533,147	600,682	(67,535)
Purchased professional & technical services	-	135	(135)
Support services - student transportation:			
Purchased property services	95,117	96,253	(1,136)
Reading First:			
Instruction	128,480	167,252	(38,772)
Support services:			
School administration	-	17,572	(17,572)
Students	190,984	239,461	(48,477)
Capital outlay	-	30,626	(30,626)
Title I - IASA:			
Support services:			
Students	19,363	32,638	(13,275)
General administration	-	1,200	(1,200)
School administration	-	73,589	(73,589)
Operation & maintenance of plant	4,000	1,215	2,785
Capital outlay	45,000	62,662	(17,662)
Title I - Migrant Children Education:			
Support services:			
School administration	-	12,819	(12,819)
IDEA-B Entitlement:			
Support services:			
Students	12,666	233,843	(221,177)
General administration	-	2	(2)
School administration	-	22,294	(22,294)

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2007**

NOTE 12. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (continued)

B. Excess of expenditures over appropriations (continued)

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
IDEA - B Preschool:			
Support services:			
Students	4,666	22,897	(18,231)
Title V - Part A:			
Capital outlay	-	2,740	(2,740)
English Language Acquisition:			
Support services			
School administration	-	413	(413)
Teacher/Principal Training and Recruiting:			
Support services:			
Instruction	-	700	(700)
School administration	-	72,788	(72,788)
Capital outlay	-	5,664	(5,664)
Safe and Drug Free Schools:			
Support services:			
Operation & maintenance of plant	1,200	4,890	(3,690)
Title III Immigrant Funding:			
Instruction	7,818	7,819	(1)
Carl D Perkins - High Schools:			
Instruction	40,000	55,601	(15,601)
Support services:			
School administration	-	8,740	(8,740)
Capital Outlay	-	705	(705)
Medicaid XIX:			
Instruction	10,190	19,492	(9,302)
Support services:			
Students	66,254	72,007	(5,753)
TANF/GRADS HSD:			
Insruction	8,000	30,783	(22,783)
Support services:			
Students	-	8,029	(8,029)
GEAR-UP USDE:			
Insruction	-	30	(30)

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2007**

NOTE 12. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (continued)

B. Excess of expenditures over appropriations (continued)

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Technology for Education:			
Support services:			
Students	-	406	(406)
Incentives for School Improvement:			
Capital outlay	-	1,099	(1,099)
Private Direct Grants:			
Instruction	-	350	(350)
School Based Health Center:			
Support services:			
Students	75,000	160,000	(85,000)
Capital Improvements SB-9:			
Capital outlay	3,300,612	3,397,385	(96,773)

NOTE 13. SUBSEQUENT EVENTS

During the fiscal year ended June 30, 2010, it was discovered that the payroll clerk was embezzling funds from the District. It appears to have occurred during the fiscal year ending June 30, 2009 and 2010. The amount of funds embezzled has not been determined. It was still under investigation as of the date of the Independent Auditor's Report.

NOTE 14. PRIOR PERIOD RESTATEMENT

During the fiscal year ended June 30, 2007, it was discovered that the ending agency fund balances in the June 30, 2006 financial statements were incorrect. An adjustment of \$97,252 was needed to adjust beginning balances to actual.

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOLS DISTRICT**  
**Combining Balance Sheet**  
**General Fund**  
**June 30, 2007**

	Operational	Transportation	Instructional Materials	Total General Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 638,521	\$ 994	\$ 5,178	\$ 644,693
Investments	3,967	-	-	3,967
Receivables:				
Taxes	19,723	-	-	19,723
Due from other governments	-	-	-	-
Due from other funds	1,250,000	-	-	1,250,000
	<u>1,912,211</u>	<u>-</u>	<u>5,178</u>	<u>1,918,383</u>
Total assets	<u>\$ 1,912,211</u>	<u>\$ 994</u>	<u>\$ 5,178</u>	<u>\$ 1,918,383</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 272,849	\$ -	\$ 33,003	\$ 305,852
Accrued payroll	681	-	-	681
Deferred revenue	2,793	-	-	2,793
Total liabilities	<u>276,323</u>	<u>-</u>	<u>33,003</u>	<u>309,326</u>
<i>Fund balances:</i>				
Reserved:				
Reserved for inventory	-	-	-	-
Unreserved:				
Designated for subsequent				
year's expenditures				
reported in:				
General fund	-	-	-	-
Transportation	-	-	-	-
Instructional materials	-	-	-	-
Undesignated, reported in:				
General fund	1,635,888	-	-	1,635,888
Transportation	-	994	-	994
Instructional materials	-	-	(27,825)	(27,825)
<i>Total fund balances</i>	<u>1,635,888</u>	<u>994</u>	<u>(27,825)</u>	<u>1,609,057</u>
Total liabilities and fund balances	<u>\$ 1,912,211</u>	<u>\$ 994</u>	<u>\$ 5,178</u>	<u>\$ 1,918,383</u>

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOLS DISTRICT**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**General Fund**  
**For the Year Ended June 30, 2007**

	Operational	Transportation	Instructional Materials	Total General Fund
<b>REVENUES</b>				
Taxes	\$ 305,221	\$ -	\$ -	\$ 305,221
District activities	8,720	-	-	8,720
Insurance recoveries	14,760	-	-	14,760
Revenue from local sources	222,458	-	156	222,614
Revenue from state sources	20,705,010	1,013,546	253,232	21,971,788
Revenue from federal sources	1,168	-	-	1,168
Investment income	12,728	-	-	12,728
Total revenues	<u>21,270,065</u>	<u>1,013,546</u>	<u>253,388</u>	<u>22,536,999</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	12,631,242	-	202,505	12,833,747
Support services:				
Students	2,585,054	-	-	2,585,054
Instruction	317,102	-	15,854	332,956
General administration	531,531	-	-	531,531
School administration	1,398,757	-	-	1,398,757
Central services	295,689	-	-	295,689
Operation and maintenance of plant	2,416,536	-	-	2,416,536
Student transportation	1,136	1,012,870	-	1,014,006
Operation of non instructional services:				
Community services	-	-	-	-
Capital outlay	1,174,923	-	-	1,174,923
Total expenditures	<u>21,351,970</u>	<u>1,012,870</u>	<u>218,359</u>	<u>22,583,199</u>
Excess (deficiency) of revenues over expenditures	<u>(81,905)</u>	<u>676</u>	<u>35,029</u>	<u>(46,200)</u>
Other financing sources (uses) increase (decrease) in inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(81,905)	676	35,029	(46,200)
Fund balances - beginning of year	<u>1,717,793</u>	<u>318</u>	<u>(62,854)</u>	<u>1,655,257</u>
Fund balances - end of year	<u>\$ 1,635,888</u>	<u>\$ 994</u>	<u>\$ (27,825)</u>	<u>\$ 1,609,057</u>

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Operational**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 240,394	\$ 240,394	\$ 288,291	\$ 47,897
Investment income	1,000	1,000	12,728	11,728
District activities	4,500	4,500	8,720	4,220
Insurance recoveries	5,000	5,000	14,760	9,760
Revenue from local sources	1,000	1,000	6,895	5,895
Revenue from state sources	20,127,927	20,127,927	20,705,010	577,083
Revenue from federal sources	-	-	1,168	1,168
<i>Total revenues</i>	<u>20,379,821</u>	<u>20,379,821</u>	<u>21,037,572</u>	<u>657,751</u>
<b>EXPENDITURES</b>				
Instruction:				
Personnel services - compensation	9,393,207	9,393,207	9,024,923	368,284
Personnel services - employee benefits	2,918,490	2,918,490	2,784,636	133,854
Other purchased services	295,397	295,397	417,294	(121,897)
Supplies	243,000	243,000	401,360	(158,360)
Property	3,000	3,000	637	2,363
Instruction	<u>12,853,094</u>	<u>12,853,094</u>	<u>12,628,850</u>	<u>224,244</u>
Support services - student:				
Personnel services - compensation	2,039,931	2,039,931	1,884,473	155,458
Personnel services - employee benefits	576,027	576,027	563,757	12,270
Purchase prof. & tech. services	8,000	8,000	577	7,423
Purchased property services	-	-	99	(99)
Other purchased services	-	-	47,198	(47,198)
Supplies	-	-	88,950	(88,950)
Property	-	-	-	-
Total support services - student	<u>2,623,958</u>	<u>2,623,958</u>	<u>2,585,054</u>	<u>38,904</u>
Support services - instruction:				
Personnel services - compensation	184,364	184,364	183,258	1,106
Personnel services - employee benefits	83,357	83,357	78,707	4,650
Purchase prof. & tech. services	-	-	-	-
Purchased property services	-	-	-	-
Other purchased services	48,000	48,000	15,780	32,220
Supplies	162,000	162,000	39,291	122,709
Property	-	-	-	-
Total support services - instruction	<u>477,721</u>	<u>477,721</u>	<u>317,036</u>	<u>160,685</u>

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Operational**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (continued)</b>				
Support services - general administration:				
Personnel services - compensation	299,177	299,177	294,532	4,645
Personnel services - employee benefits	74,928	74,928	77,245	(2,317)
Purchased professional & technical services	55,349	55,349	86,916	(31,567)
Other purchased services	52,000	52,000	49,733	2,267
Supplies	9,248	9,248	23,105	(13,857)
Property	-	-	-	-
Total support services - general admin	490,702	490,702	531,531	(40,829)
Support services - school administration:				
Personnel services - compensation	808,273	808,273	1,046,194	(237,921)
Personnel services - employee benefits	313,777	313,777	266,296	47,481
Purchase prof. & tech. services	-	-	200	(200)
Purchased property services	-	-	-	-
Other purchased services	-	-	56,471	(56,471)
Supplies	-	-	29,596	(29,596)
Property	-	-	-	-
Total support services - school admin.	1,122,050	1,122,050	1,398,757	(276,707)
Support services - central services:				
Personnel services - compensation	218,391	218,391	210,436	7,955
Personnel services - employee benefits	30,578	30,578	59,110	(28,532)
Purchased professional & technical services	-	-	493	(493)
Purchased property services	-	-	280	(280)
Other purchased services	44,999	44,999	10,806	34,193
Supplies	20,000	20,000	14,564	5,436
Property	-	-	-	-
Total support services - central serv.	313,968	313,968	295,689	18,279

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



**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Operational**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i><b>EXPENDITURES (continued)</b></i>				
Support services - operation and maintenance of plant:				
Personnel services - compensation	808,273	808,273	775,074	33,199
Personnel services - employee benefits	433,409	433,409	360,421	72,988
Purchased professional & technical services	-	-	135	(135)
Purchased property services	809,331	809,331	568,048	241,283
Other purchased services	533,147	533,147	600,682	(67,535)
Supplies	79,000	79,000	51,549	27,451
Property	-	-	-	-
Total support services - operation and maintenance of plant	<u>2,663,160</u>	<u>2,663,160</u>	<u>2,355,909</u>	<u>307,251</u>
Support services - other support:				
Debt service and miscellaneous				-
Total support services - other support	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operation of non instructional services - transportation services:				
Other purchased services	-	-	1,136	(1,136)
Total transportation services	<u>-</u>	<u>-</u>	<u>1,136</u>	<u>(1,136)</u>
Capital outlay	<u>338,142</u>	<u>1,643,289</u>	<u>960,553</u>	<u>682,736</u>
Non-operating	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total expenditures</i>	<u>20,882,795</u>	<u>22,187,942</u>	<u>21,074,515</u>	<u>1,113,427</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(502,974)</u>	<u>(1,808,121)</u>	<u>(36,943)</u>	<u>1,771,178</u>

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Operational**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Other financing sources (uses):</i>				
Designated cash balance	502,974	1,808,121	-	(1,808,121)
<i>Total other financing sources (uses)</i>	<u>502,974</u>	<u>1,808,121</u>	<u>-</u>	<u>(1,808,121)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(36,943)	(36,943)
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>1,838,716</u>	<u>1,838,716</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,801,773</u>	<u>\$ 1,801,773</u>

**RECONCILIATION TO GAAP**

Adjustments:	
Deferred revenue	(2,793)
Accounts payable	(277,455)
Receivables	235,286
Net change in fund balance (GAAP basis)	<u>\$ (81,905)</u>

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Transportation**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenues from state sources	\$ 968,355	\$ 968,355	\$ 1,013,546	\$ 45,191
<i>Total revenues</i>	968,355	968,355	1,013,546	45,191
<b>EXPENDITURES</b>				
Support services:				
Student transportation	968,355	1,013,546	1,012,870	676
<i>Total expenditures</i>	968,355	1,013,546	1,012,870	676
<i>Excess (deficiency) of revenues over expenditures</i>	-	(45,191)	676	45,867
<i>Other financing sources (uses):</i>				
Designated cash balance	-	45,191	-	(45,191)
<i>Total other financing sources (uses)</i>	-	45,191	-	(45,191)
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	676	676
<i>Prior year cash balance</i>	-	-	318	318
<i>End of year cash balance</i>	\$ -	\$ -	\$ 994	\$ 994

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Instructional Materials**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from local sources	\$ -	\$ -	\$ 156	\$ 156
Revenues from state sources	253,232	253,232	253,232	-
<i>Total revenues</i>	<u>253,232</u>	<u>253,232</u>	<u>253,388</u>	<u>156</u>
<b>EXPENDITURES</b>				
Instruction	229,629	320,525	253,785	66,740
Support services:				
Instruction	23,603	35,436	15,854	19,582
<i>Total expenditures</i>	<u>253,232</u>	<u>355,961</u>	<u>269,639</u>	<u>86,322</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(102,729)</u>	<u>(16,251)</u>	<u>86,478</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	102,729	-	(102,729)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>102,729</u>	<u>-</u>	<u>(102,729)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(16,251)</u>	<u>(16,251)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>21,429</u>	<u>21,429</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,178</u>	<u>\$ 5,178</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts payable			51,280	
Net change in fund balance (GAAP basis)			<u>\$ 35,029</u>	

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Debt Service Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,325,813	\$ 1,325,813	\$ 1,275,013	\$ (50,800)
<i>Total revenues</i>	<u>1,325,813</u>	<u>1,325,813</u>	<u>1,275,013</u>	<u>(50,800)</u>
<b>EXPENDITURES</b>				
Debt service	2,671,784	2,671,784	1,229,560	1,442,224
<i>Total expenditures</i>	<u>2,671,784</u>	<u>2,671,784</u>	<u>1,229,560</u>	<u>1,442,224</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,345,971)</u>	<u>(1,345,971)</u>	<u>45,453</u>	<u>1,391,424</u>
<i>Other financing sources (uses):</i>				
Bond Premium	-	-	53,269	53,269
Designated cash balance	1,345,971	1,345,971	-	(1,345,971)
<i>Total other financing sources (uses)</i>	<u>1,345,971</u>	<u>1,345,971</u>	<u>53,269</u>	<u>(1,292,702)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	98,722	98,722
<i>Prior year cash balance</i>	-	-	1,420,895	1,420,895
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,519,617</u>	<u>\$ 1,519,617</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Due from other funds			(53,269)	
Accounts payable			(23,839)	
Accrued interest			(21,618)	
Deferred revenue			(11,133)	
Accounts receivable			1,209	
Net change in fund balance (GAAP basis)			<u>\$ (9,928)</u>	

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Capital Outlay - Bond Capital Project Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 15,207	15,207
<i>Total revenues</i>	-	-	15,207	15,207
<b>EXPENDITURES</b>				
Capital outlay	-	8,500,000	520,820	7,979,180
<i>Total expenditures</i>	-	8,500,000	520,820	7,979,180
<i>Excess (deficiency) of revenues over expenditures</i>	-	(8,500,000)	(505,613)	7,994,387
<i>Other financing sources (uses):</i>				
Bond proceeds	-	-	8,500,000	8,500,000
Designated cash balance	-	8,500,000	-	(8,500,000)
<i>Total other financing sources (uses)</i>	-	8,500,000	8,500,000	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	7,994,387	7,994,387
<i>Prior year cash balance</i>	-	-	-	-
<i>End of year cash balance</i>	\$ -	\$ -	\$ 7,994,387	\$ 7,994,387
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Bond premium			53,269	
Net change in fund balance (GAAP basis)			<u>\$ 8,047,656</u>	

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

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Non-Major Special Revenue Funds  
June 30, 2007**

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

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

*Title I AISA* - To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the Elementary and Secondary Act of 1965, Chapter I of Title I, as amended, Public Laws 100-297, 20 U.S.C. 2701. The fund was created by the authority of federal grant provisions.

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

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

*IDEA Part B, Competitive* – To provide grants to States to assist them in providing a free appropriate public education to all children with disabilities. Individuals with Disabilities Education Act (IDEA), Part B, Section 611-617, and Part D, Section 674 as amended, 20 U.S.C. 141101417 and 1420. The fund was created by the authority of federal grant provisions.

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

*Title VI* – To account for a program funded by federal grant to assist the District in making improvements in elementary and secondary education. Funding authorized by Elementary and Secondary Education Act of 1965, as amended, Title I Chapter 2, Part A; Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvements of 1988, Public Law 100-297, 20 U.S.C. 2911-2952-2971-2976. The fund was created by the authority of federal grant provisions.

*Title II* – To account for a program funded by a Federal grant to improve the skills of teachers and the quality of instruction in mathematics and science, also to increase the accessibility of such instruction to all students. Funding authorized by Elementary and Secondary Education Act of 1965, Title II, Part A, Public Law 100-297, as amended, Public Law 101-589.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Non-Major Special Revenue Funds  
June 30, 2007**

*Title VII Emergency Immigrant* – To account for revenue received from federal sources through the New Mexico State Department of Education to provide daily tutoring in intensive English instruction in the area of reading. This fund was created by the authority of federal grant provisions. Chapter I of Title I of the Elementary and Secondary Education Act. (ESEA) of 1965, as amended.

*Drug Free School* – The objective of this program is to provide federal funds for the implementation of program and/or curricula designed to prevent drug abuse from kindergarten through grade twelve. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authority for creation of this fund is Public Law 103-382.

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

*Comp School Reform* - To provide financial incentives for schools that need to substantially improve student achievement, particularly Title I schools, to implement comprehensive school reform programs that are based on reliable research and effective practices, and include an emphasis on basic academics and parental involvement. The fund was created by the authority of federal grant provisions.

*Class Size Reduction* – To account for a Federal grant received for the purpose of adding teachers to District Schools in an effort to reduce the total class sizes. The fund was created by the authority of federal grant provisions. (PL 106-554).

*Title III Incentive* - To serve the needs of English Language Learners. The fund was created by the authority of federal grant provisions.

*Enhancing Education Through Technology/Title II-D* - To account for funds which provide hardware, software and training to enhance classroom use of technology. The fund was created by the authority of federal grant provisions.

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

*English Language Acquisition* – To account for revenues and expenditures received from a federal grant provided to develop school-wide programs for limited English proficient students that reform, restructure, and upgrade all relevant programs. The fund was created by the Elementary and Secondary Education Act of 1965, as amended, Title VII, Part A.

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



**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Non-Major Special Revenue Funds  
June 30, 2007**

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

*Rural & Low Income* – To account for a federal grant to provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. The grant is authorized by the Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

*Title III Immigrant* – To account for the revenues and expenditures provided for daily tutoring in intensive English Instruction in the area of reading. Funds are received through the New Mexico Department of Education. The fund was created by the authority of federal grant provisions. (PL 103-382).

*Jobs for Americas Graduates* – To provide students with classroom and work-based learning experiences that result in a quality job leading to a career after graduation or completion of a GED. JAG emphasizes keeping students in high school through graduation during the in-school phase of the program and improving the rate of success in achieving education and career goals. The program includes classroom instruction, teaching, employability skills, mentoring, advisement, on-the-job training, placement services, and follow-up services. Authority for creation of this fund is the Carl D Perkins Vocational and Technical Education Act of 1998 (Perkins III), 20 USC 2301m et. Seq. as amended by Public Law 105-322.

*Carl Perkins - Secondary* – The objective of this grant is to provide secondary and post-secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Department of Education. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332.

*Carl Perkins - High Schools* – The objective of this grant is to provide secondary and post-secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Department of Education. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332.

*Title VI Comprehensive* – To develop school wide programs for limited English proficient students that reform, restructure, and upgrade all relevant and operations within an individual school that has a concentration of limited English proficient students. Elementary and Secondary Education Act of 1965, as amended, Title VII, Part A, Subpart 1.

*Advanced Placement Incentives* – Award grants to State and local efforts to increase access to advance placement classes and tests for low-income students and to cover part of all the cost of test fees for low-income students enrolled in advanced placement courses. Elementary and Secondary Education Act, as amended, Title I, Part G.

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

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Non-Major Special Revenue Funds  
June 30, 2007**

*Title VII-System-wide* – To account for revenues received from a federal grant administered by the State Department of Education to provide bilingual education. The fund was created by the authority of federal grant provisions. (PL 103-382).

*Teacher Quality Enhancement* – To account for revenues received from the New Mexico State Department of Education for the Teacher Quality Enhancement state grant to improve teacher quality in the state. Required by the New Mexico State Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund. The fund was created by state grant requirements.

*Foreign Language* – To provide incentive payments for each public elementary school that provides students attending the school a program designed to lead to communication in foreign language. Elementary and Secondary Education Act of 1965, as amended, Title V, Subpart 9, Sec. 5494; 20 U.S.C. 7259(b), 20 U.S.C. 7259(c).

*Bill & Melinda Gates Foundation* – To account for revenues and expenditures provided by a grant from the institute of Computer Technology. The purpose of the grant is to bring each Master Teacher to the classroom to implement and improve computer skills. The fund may also be used to purchase computer equipment. The fund was created by state grant provisions.

*Private School Share* – Under 34 CFS 300,132-300.133, and LEA must spend a proportionate amount of their IDEA-B Basic Entitlement and, if applicable, preschool sub-grant funds for special education and related services ("equal participation services") to students with disabilities who are parentally placed in private elementary and secondary schools located in the Lovington Municipal School district. Authority for creation of this fund is public law 105-17.

*GRADS Child Care* – To account for funds received from New Mexico Department of Health for the Graduation and Dual Skills (GRADS) program for pregnant and parenting skills. The fund was created by state grant provisions.

*TANF/Grads* – To provide grants to States, Territories, or Tribes to assist needy families with children so that children can be cared for in their homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families. Social Security Act, Title IV, Part A, as amended; Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193. The fund was created by state grant provisions.

*GEAR-UP* – To prepare students for high school. The fund was created by state grant provisions.

*Bully Proofing Schools* – to account for funds awarded by legislative appropriation that flow through the Public Education Department to implement programs for addressing discipline, behavior management and bullying and harassing behaviors. The fund was created by the authority of federal grant provisions. (PL 103-382).

*Healthier Schools* – New Mexico Department of Health provided funding assistance for A+ awards for proposals submitted for Healthier Schools-New Mexico. The fund was created by state grant provisions.

*Local Combined Schools* – To account for revenues received from a state grant for additions to native New Mexico plants to study within the science programs. The fund was created by state grant provisions.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Non-Major Special Revenue Funds  
June 30, 2007**

*Breakfast in the Classroom* - To account for revenues appropriated by the NM Legislature to help students develop lifelong healthy eating habits, while ensuring students are prepared for the learning process. The fund was created by state grant requirements.

*JF Maddox Foundation* – To account for funds received from a private grant to provide students an opportunity to further their knowledge of and received training in selected career related studies of math, science, computer science, and engineering. The fund was created by state grant requirements.

*PNM Foundation* – To account for funds received from a private grant to provide students an opportunity to further their knowledge of and received training in selected career related studies of math, science, computer science, and engineering. The fund was created by state grant requirements.

*Hubbard Foundation* – To account for funds received from a private grant to provide students an opportunity to further their knowledge of and received training in selected career related studies of math, science, computer science, and engineering. The fund was created by state grant requirements.

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

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

*Library GO Bond* - To account for revenues generated from a state wide General Obligation Bond election which appropriated funds to school libraries to increase their book collection. The fund was created by state grant provisions.

*Beginning Teacher Mentoring* – To account for revenues and expenditures from a state grant provided for tutoring and student enhancement activities in reading, math, and study skills for grades sixth through eighth. The fund was created by state grant provisions.

*Private Direct Grants* – To account for revenues and expenditures from a state grant provided for tutoring and student enhancement activities in reading, math, and study skills for grades sixth through eighth. The fund was created by state grant provisions.

*School Based Health Clinic* – Lovington was one of several sites chosen to receive funding to construct and implement a school-based health clinic. The SBHC is a Level II facility which means it is entitled to 16 hours weekly for both health care and mental health services.

*Adequacy Tech Equity Grant Fund* – The capital improvements fund is used to assist the District in developing and implementing a strategic, long-term plan for utilizing education technology in the school system.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Non-Major Capital Projects Funds  
June 30, 2007**

*Special Capital Outlay-State* – To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of upgrading buildings.

*Capital Outlay - HB-33* – To account for funds derived from a district tax levy. The expenditures are restricted to major capital improvements.

*Capital Improvements SB-9* – The revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements.

*Educational Technology Equipment* – To account for proceeds received from the issuance of Educational Technology Notes to be used for the acquisition of education technology equipment for use in classrooms and library and media centers. Authority for the creation of this fund is NMSA 1978, 6-15A-1 through 6-15A-16.

*Public School Capital Outlay-20%* – The revenues are derived from 20% of the District Tax Levy set aside for capital improvements.

**Non-Major Debt Service Fund  
June 30, 2007**

*Education Technology Debt Service* – To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values.

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**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**June 30, 2007**

	Special Revenue Funds		
	Food Services	Athletics	Title I - IASA
<b>ASSETS</b>			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 125,631	\$ 137,952	\$ -
Accounts receivable:			
Taxes	-	-	-
Due from other governments	-	-	274,803
Inventory	13,023	-	-
	<u>\$ 138,654</u>	<u>\$ 137,952</u>	<u>\$ 274,803</u>
<i>Total assets</i>	<u>\$ 138,654</u>	<u>\$ 137,952</u>	<u>\$ 274,803</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Current liabilities:</i>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	100,000	-	274,803
Deferred revenue	-	-	-
	<u>100,000</u>	<u>-</u>	<u>274,803</u>
<i>Total liabilities</i>	<u>100,000</u>	<u>-</u>	<u>274,803</u>
<i>Fund balances:</i>			
Reserved:			
Reserved for inventory	13,023	-	-
Reserved for debt service	-	-	-
Unreserved:			
Designated for subsequent year's expenditures reported in:			
Special revenue funds	-	-	-
Capital project funds	-	-	-
Undesignated, reported in:			
Special revenue funds	25,631	137,952	-
Capital project funds	-	-	-
	<u>38,654</u>	<u>137,952</u>	<u>-</u>
<i>Total fund balances</i>	<u>38,654</u>	<u>137,952</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 138,654</u>	<u>\$ 137,952</u>	<u>\$ 274,803</u>

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

Special Revenue Funds

Migrant Children Education	IDEA-B Entitlement	IDEA-B Competitive	IDEA-B Preschool	Title VI	Title II - ESEA	Emergency Immigrant
\$ -	\$ -	\$ -	\$ -	\$ 414	\$ 1,212	\$ 6,538
-	-	-	-	-	-	-
29,280	119,588	-	7,465	-	-	-
-	-	-	-	-	-	-
<u>\$ 29,280</u>	<u>\$ 119,588</u>	<u>\$ -</u>	<u>\$ 7,465</u>	<u>\$ 414</u>	<u>\$ 1,212</u>	<u>\$ 6,538</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29,280	119,588	-	7,465	-	-	-
-	-	-	-	414	1,212	6,538
<u>29,280</u>	<u>119,588</u>	<u>-</u>	<u>7,465</u>	<u>414</u>	<u>1,212</u>	<u>6,538</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 29,280</u>	<u>\$ 119,588</u>	<u>\$ -</u>	<u>\$ 7,465</u>	<u>\$ 414</u>	<u>\$ 1,212</u>	<u>\$ 6,538</u>

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**June 30, 2007**

	Special Revenue Funds		
	Drug Free Schools	Enchancing Education Thru Technology (E2T2-F)	Comprehensive School Reform
<b>ASSETS</b>			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 1	\$ 4,717	\$ -
Accounts receivable:			
Taxes	-	-	-
Due from other governments	-	-	-
Inventory	-	-	-
<i>Total assets</i>	\$ 1	\$ 4,717	\$ -
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Current liabilities:</i>			
Accounts payable	\$ -	\$ 2,900	\$ -
Due to other funds	-	-	-
Deferred revenue	1	1,817	-
<i>Total liabilities</i>	1	4,717	-
<i>Fund balances:</i>			
Reserved:			
Reserved for inventory	-	-	-
Reserved for debt service	-	-	-
Unreserved:			
Designated for subsequent year's expenditures reported in:			
Special revenue funds	-	-	-
Capital project funds	-	-	-
Undesignated, reported in:			
Special revenue funds	-	-	-
Capital project funds	-	-	-
<i>Total fund balances</i>	-	-	-
<i>Total liabilities and fund balances</i>	\$ 1	\$ 4,717	\$ -

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



Special Revenue Funds

Class Size Reduction	Title III - Incentive Awards	Enhancing Education Thru Technology (E2T2-C)	Title V - Part A	English Language Acquisition	Teacher/ Principal Training & Recruiting
\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	1,041	5,754	7,021	26,369	100,873
-	-	-	-	-	-
<u>\$ 2</u>	<u>\$ 1,041</u>	<u>\$ 5,754</u>	<u>\$ 7,021</u>	<u>\$ 26,369</u>	<u>\$ 100,873</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,234
-	1,041	5,754	7,021	26,369	98,639
2	-	-	-	-	-
<u>2</u>	<u>1,041</u>	<u>5,754</u>	<u>7,021</u>	<u>26,369</u>	<u>100,873</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 2</u>	<u>\$ 1,041</u>	<u>\$ 5,754</u>	<u>\$ 7,021</u>	<u>\$ 26,369</u>	<u>\$ 100,873</u>

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**June 30, 2007**

	Special Revenue Funds		
	Safe and Drug Free Schools	Rural and Low Income Schools	Title III - Immigrant Funding
<b>ASSETS</b>			
<i>Current assets:</i>			
Cash and cash equivalents	\$ -	\$ -	\$ 42,585
Accounts receivable:			
Taxes	-	-	-
Due from other governments	12,841	43,148	-
Inventory	-	-	-
	-	-	-
<i>Total assets</i>	\$ 12,841	\$ 43,148	\$ 42,585
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Current liabilities:</i>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	12,841	43,148	-
Deferred revenue	-	-	42,585
<i>Total liabilities</i>	12,841	43,148	42,585
<i>Fund balances:</i>			
Reserved:			
Reserved for inventory	-	-	-
Reserved for debt service	-	-	-
Unreserved:			
Designated for subsequent year's expenditures reported in:			
Special revenue funds	-	-	-
Capital project funds	-	-	-
Undesignated, reported in:			
Special revenue funds	-	-	-
Capital project funds	-	-	-
<i>Total fund balances</i>	-	-	-
<i>Total liabilities and fund balances</i>	\$ 12,841	\$ 43,148	\$ 42,585

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

Special Revenue Funds

Jobs for Americas Graduates	Carl D Perkins - Secondary	Carl D Perkins - High Schools	Title VII - Comprehensive	Advanced Placement Incentive Grant	Medicaid XIX	Title VII - Systemwide
\$ -	\$ 16,877	\$ -	\$ 499	\$ 706	\$ -	\$ 788
-	-	-	-	-	-	-
43,143	-	50,060	-	-	7,414	-
-	-	-	-	-	-	-
<u>\$ 43,143</u>	<u>\$ 16,877</u>	<u>\$ 50,060</u>	<u>\$ 499</u>	<u>\$ 706</u>	<u>\$ 7,414</u>	<u>\$ 788</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
43,143	-	50,060	-	-	7,414	-
-	16,877	-	499	706	-	788
<u>43,143</u>	<u>16,877</u>	<u>50,060</u>	<u>499</u>	<u>706</u>	<u>7,414</u>	<u>788</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 43,143</u>	<u>\$ 16,877</u>	<u>\$ 50,060</u>	<u>\$ 499</u>	<u>\$ 706</u>	<u>\$ 7,414</u>	<u>\$ 788</u>

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**June 30, 2007**

	Special Revenue Funds		
	Teacher Quality Enhancement Grants	Foreign Language Incentive	Bill & Melinda Gates Intel
<b>ASSETS</b>			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 1	\$ 14	\$ 5
Accounts receivable:			
Taxes	-	-	-
Due from other governments	-	-	-
Inventory	-	-	-
	<u>\$ 1</u>	<u>\$ 14</u>	<u>\$ 5</u>
<i>Total assets</i>	<u>\$ 1</u>	<u>\$ 14</u>	<u>\$ 5</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Current liabilities:</i>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenue	1	14	-
	<u>1</u>	<u>14</u>	<u>-</u>
<i>Total liabilities</i>	<u>1</u>	<u>14</u>	<u>-</u>
<i>Fund balances:</i>			
Reserved:			
Reserved for inventory	-	-	-
Reserved for debt service	-	-	-
Unreserved:			
Designated for subsequent year's expenditures reported in:			
Special revenue funds	-	-	-
Capital project funds	-	-	-
Undesignated, reported in:			
Special revenue funds	-	-	5
Capital project funds	-	-	-
	<u>-</u>	<u>-</u>	<u>5</u>
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>5</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1</u>	<u>\$ 14</u>	<u>\$ 5</u>

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

Special Revenue Funds

Private School Share	GRADS Child Care	TANF/ GRADS HSD	GEAR-UP USDE	Bully Proofing	Healthier Schools/ Desert High	Local Combined Grants
\$ 151	\$ 5,836	\$ -	\$ -	\$ 3,194	\$ 1	\$ 1,143
-	-	-	-	-	-	-
-	-	38,495	30	-	-	-
-	-	-	-	-	-	-
<u>\$ 151</u>	<u>\$ 5,836</u>	<u>\$ 38,495</u>	<u>\$ 30</u>	<u>\$ 3,194</u>	<u>\$ 1</u>	<u>\$ 1,143</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	38,495	30	-	-	-
151	5,836	-	-	3,194	1	-
<u>151</u>	<u>5,836</u>	<u>38,495</u>	<u>30</u>	<u>3,194</u>	<u>1</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,143
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,143</u>
<u>\$ 151</u>	<u>\$ 5,836</u>	<u>\$ 38,495</u>	<u>\$ 30</u>	<u>\$ 3,194</u>	<u>\$ 1</u>	<u>\$ 1,143</u>

STATE OF NEW MEXICO  
 LOVINGTON MUNICIPAL SCHOOL DISTRICT  
 Combining Balance Sheet  
 Non-major Governmental Funds  
 June 30, 2007

	Special Revenue Funds			
	Breakfast in the Classroom	JF Maddox Foundation	PNM Foundation	Hubbard Foundation
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 2	\$ 615	\$ 48	\$ -
Accounts receivable:				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 2</u>	<u>\$ 615</u>	<u>\$ 48</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Current liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Deferred revenue	2	615	48	-
<i>Total liabilities</i>	<u>2</u>	<u>615</u>	<u>48</u>	<u>-</u>
<i>Fund balances:</i>				
Reserved:				
Reserved for inventory	-	-	-	-
Reserved for debt service	-	-	-	-
Unreserved:				
Designated for subsequent year's expenditures reported in:				
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Undesignated, reported in:				
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 2</u>	<u>\$ 615</u>	<u>\$ 48</u>	<u>\$ -</u>

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

Special Revenue Funds

Technology for Education	Incentives for School Improvement	Libraries - GO Bonds	Beginning Teacher Mentoring Program	Private Direct Grants	School Based Health Center	Adequacy Tech Equity Grant
\$ -	\$ 16,232	\$ -	\$ 587	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
4,195	-	9,617	-	350	9,795	300,517
-	-	-	-	-	-	-
<u>\$ 4,195</u>	<u>\$ 16,232</u>	<u>\$ 9,617</u>	<u>\$ 587</u>	<u>\$ 350</u>	<u>\$ 9,795</u>	<u>\$ 300,517</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,061
4,195	-	9,617	-	350	9,795	191,456
-	16,232	-	587	-	-	-
<u>4,195</u>	<u>16,232</u>	<u>9,617</u>	<u>587</u>	<u>350</u>	<u>9,795</u>	<u>300,517</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 4,195</u>	<u>\$ 16,232</u>	<u>\$ 9,617</u>	<u>\$ 587</u>	<u>\$ 350</u>	<u>\$ 9,795</u>	<u>\$ 300,517</u>

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**June 30, 2007**

	Total Nonmajor Special Revenue Funds	Capital Outlay Funds	
		Special Capital Outlay - State	Capital Improvement HB- 33
<b>ASSETS</b>			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 365,751	\$ 196,780	\$ 1,029,875
Investments	-	-	525,512
Accounts receivable:			
Taxes	-	-	84,171
Due from other governments	1,091,799	-	-
Inventory	13,023	-	-
<i>Total assets</i>	<u>\$ 1,470,573</u>	<u>\$ 196,780</u>	<u>\$ 1,639,558</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Current liabilities:</i>			
Accounts payable	\$ 114,195	\$ -	\$ 13,337
Accrued interest	-	-	-
Due to other funds	1,080,504	-	-
Deferred revenue	98,120	-	11,158
<i>Total liabilities</i>	<u>1,292,819</u>	<u>-</u>	<u>24,495</u>
<i>Fund balances:</i>			
Reserved:			
Reserved for inventory	13,023	-	-
Reserved for debt service	-	-	-
Unreserved:			
Designated for subsequent year's expenditures reported in:			
Special revenue funds	-	-	-
Capital project funds	-	-	-
Undesignated, reported in:			
Special revenue funds	164,731	-	-
Capital project funds	-	196,780	1,615,063
<i>Total fund balances</i>	<u>177,754</u>	<u>196,780</u>	<u>1,615,063</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,470,573</u>	<u>\$ 196,780</u>	<u>\$ 1,639,558</u>

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



Capital Outlay Funds

Capital Improvement SB- 9	Ed Technology Equipment	Public Capital Outlay - 20%	Total Nonmajor Capital Projects Funds	Technology Bonds - Debt Service	Total Nonmajor Governmental Funds
\$ 301,170	\$ 249	\$ 818	\$ 1,528,892	\$ 57,942	\$ 1,952,585
491,125	-	-	1,016,637	-	1,016,637
79,126	-	-	163,297	-	163,297
-	-	-	-	-	1,091,799
-	-	-	-	-	13,023
<u>\$ 871,421</u>	<u>\$ 249</u>	<u>\$ 818</u>	<u>\$ 2,708,826</u>	<u>\$ 57,942</u>	<u>\$ 4,237,341</u>
\$ 288	\$ -	\$ -	\$ 13,625	\$ -	\$ 127,820
-	-	-	-	-	-
-	-	-	-	-	1,080,504
10,293	-	-	21,451	-	119,571
<u>10,581</u>	<u>-</u>	<u>-</u>	<u>35,076</u>	<u>-</u>	<u>1,327,895</u>
-	-	-	-	-	13,023
-	-	-	-	57,942	57,942
-	-	-	-	-	-
-	-	-	-	-	-
860,840	249	818	2,673,750	-	164,731
<u>860,840</u>	<u>249</u>	<u>818</u>	<u>2,673,750</u>	<u>57,942</u>	<u>2,673,750</u>
<u>\$ 871,421</u>	<u>\$ 249</u>	<u>\$ 818</u>	<u>\$ 2,708,826</u>	<u>\$ 57,942</u>	<u>\$ 4,237,341</u>

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended June 30, 2007**

	Special Revenue Funds		
	Food Services	Athletics	Title I - IASA
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-
Investment income	293	-	-
Food services	21,752	-	-
District activities	-	48,203	-
Insurance recoveries	-	-	-
Revenue from local sources	-	-	-
Revenue from state sources	256,720	-	-
Revenue from federal sources	667,091	-	712,517
<i>Total revenues</i>	945,856	48,203	712,517
<b>EXPENDITURES</b>			
Current:			
Instruction	-	11,470	541,213
Support services			
Students	-	-	32,638
Instruction	-	-	-
General administration	-	-	1,200
School administration	-	-	73,589
Central services	-	-	-
Operation and maintenance of plant	-	-	1,215
Operation of non instructional services			
Food services operation	971,659	-	-
Capital outlay	562	-	62,662
Debt service	-	-	-
<i>Total expenditures</i>	972,221	11,470	712,517
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(26,365)	36,733	-
<i>Other financing sources(uses):</i>			
Increase (decrease) in inventory	(30,235)	-	-
<i>Net changes in fund balance</i>	(56,600)	36,733	-
<i>Fund balances--beginning of the year</i>	95,254	101,219	-
<i>Fund balances--end of the year</i>	\$ 38,654	\$ 137,952	\$ -

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

Special Revenue Funds

Migrant Children Education	IDEA-B Entitlement	IDEA-B Competitive	IDEA-B Preschool	Title VI	Title II - ESEA	Emergency Immigrant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
29,182	630,550	-	38,931	-	-	-
29,182	630,550	-	38,931	-	-	-
16,363	365,480	-	11,469	-	-	-
-	233,843	-	22,897	-	-	-
-	-	-	-	-	-	-
12,819	2	-	-	-	-	-
-	22,294	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	8,931	-	4,565	-	-	-
-	-	-	-	-	-	-
29,182	630,550	-	38,931	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended June 30, 2007**

	Special Revenue Funds		
	Drug Free Schools	Enhancing Education Thru Technology (E2T2-F)	Comprehensive School Reform
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-
Investment income	-	-	-
Food services	-	-	-
District activities	-	-	-
Insurance recoveries	-	-	-
Revenue from local sources	-	-	-
Revenue from state sources	-	-	-
Revenue from federal sources	-	6,057	-
<i>Total revenues</i>	-	6,057	-
<b>EXPENDITURES</b>			
Current:			
Instruction	-	6,057	-
Support services			
Students	-	-	-
Instruction	-	-	-
General administration	-	-	-
School administration	-	-	-
Central services	-	-	-
Operation and maintenance of plant	-	-	-
Operation of non instructional services			
Food services operaiton	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
<i>Total expenditures</i>	-	6,057	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-
<i>Other financing sources(uses):</i>			
Increse (decreases)in inventory	-	-	-
<i>Net changes in fund balance</i>	-	-	-
<i>Fund balances--beginning of the year</i>	-	-	-
<i>Fund balances--end of the year</i>	\$ -	\$ -	\$ -

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

Special Revenue Funds

Class Size Reduction	Title III - Incentive Awards	Enchancing Education Thru Technology (E2T2-C)	Title V - Part A	English Language Acquisition	Teacher/ Principal Training & Recruiting
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	647
-	-	-	-	-	-
-	-	-	3,385	33,630	176,550
-	-	-	3,385	33,630	177,197
-	-	-	645	31,538	85,079
-	-	-	-	-	12,966
-	-	-	-	-	700
-	-	-	-	-	-
-	-	-	-	413	72,788
-	-	-	-	-	-
-	-	-	-	1,679	-
-	-	-	-	-	-
-	-	-	2,740	-	5,664
-	-	-	-	-	-
-	-	-	3,385	33,630	177,197
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended June 30, 2007**

	Special Revenue Funds		
	Safe and Drug Free Schools	Rural and Low Income Schools	Title III - Immigrant Funding
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-
Investment income	-	-	-
Food services	-	-	-
District activities	-	-	-
Insurance recoveries	-	-	-
Revenue from local sources	-	-	-
Revenue from state sources	-	-	-
Revenue from federal sources	12,673	72,445	7,819
<i>Total revenues</i>	12,673	72,445	7,819
<b>EXPENDITURES</b>			
Current:			
Instruction	7,783	57,215	7,819
Support services			
Students	-	-	-
Instruction	-	-	-
General administration	-	-	-
School administration	-	-	-
Central services	-	15,230	-
Operation and maintenance of plant	4,890	-	-
Operation of non instructional services			
Food services operation	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
<i>Total expenditures</i>	12,673	72,445	7,819
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-
<i>Other financing sources(uses):</i>			
Increases (decreases)in inventory	-	-	-
<i>Net changes in fund balance</i>	-	-	-
<i>Fund balances--beginning of the year</i>	-	-	-
<i>Fund balances--end of the year</i>	\$ -	\$ -	\$ -

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

Special Revenue Funds

Jobs for Americas Graduates	Carl D Perkins - Secondary	Carl D Perkins - High Schools	Title VII - Comprehensive	Advanced Placement Incentive Grant	Medicaid XIX	Title VII - Systemwide
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	253	-	-	-	276	-
-	-	-	-	-	-	-
-	26,368	65,046	-	-	107,339	-
-	26,621	65,046	-	-	107,615	-
-	1,309	55,601	-	-	19,492	-
-	-	-	-	-	72,027	-
-	-	-	-	-	-	-
-	-	-	-	-	39,332	-
-	-	8,740	-	-	-	-
-	-	-	-	-	(1)	-
-	-	-	-	-	11,109	-
-	-	-	-	-	-	-
-	25,312	705	-	-	1,600	-
-	-	-	-	-	-	-
-	26,621	65,046	-	-	143,559	-
-	-	-	-	-	(35,944)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	(35,944)	-
-	-	-	-	-	-	-
-	-	-	-	-	35,944	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended June 30, 2007**

	Special Revenue Funds		
	Teacher Quality Enhancement Grants	Foreign Language Incentive	Bill & Melinda Gates Intel
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-
Investment income	-	-	-
Food services	-	-	-
District activities	-	-	-
Insurance recoveries	-	-	-
Revenue from local sources	-	-	-
Revenue from state sources	-	-	-
Revenue from federal sources	-	-	-
<i>Total revenues</i>	-	-	-
<b>EXPENDITURES</b>			
Current:			
Instruction	-	-	-
Support services			
Students	-	-	-
Instruction	-	-	-
General administration	-	-	-
School administration	-	-	-
Central services	-	-	-
Operation and maintenance of plant	-	-	-
Operation of non instructional services			
Food services operation	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
<i>Total expenditures</i>	-	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-
<i>Other financing sources(uses):</i>			
Increases (decreases)in inventory	-	-	-
<i>Net changes in fund balance</i>	-	-	-
<i>Fund balances--beginning of the year</i>	-	-	5
<i>Fund balances--end of the year</i>	\$ -	\$ -	\$ 5

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



Special Revenue Funds

Private School Share	GRADS Child Care	TANF/ GRADS HSD	GEAR-UP USDE	Bully Proofing	Healthier Schools/ Desert High	Local Combined Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	46,495	30	-	-	-
-	-	46,495	30	-	-	-
-	-	38,466	30	-	-	-
-	-	8,029	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	46,495	30	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,143
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,143

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended June 30, 2007**

	Special Revenue Funds			
	Breakfast in the Classroom	JF Maddox Foundation	PNM Foundation	Hubbard Foundation
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Investment income	-	-	-	-
Food services	-	-	-	-
District activities	-	-	-	-
Insurance recoveries	-	-	-	-
Revenue from local sources	-	-	2,352	10,000
Revenue from state sources	-	-	-	-
Revenue from federal sources	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>2,352</u>	<u>10,000</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	-	-	2,352	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Operation of non instructional services				
Food services operation	-	-	-	-
Capital outlay	-	-	-	10,000
Debt service	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>2,352</u>	<u>10,000</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources(uses):</i>				
Increases (decreases)in inventory	-	-	-	-
<i>Net changes in fund balance</i>	-	-	-	-
<i>Fund balances--beginning of the year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances--end of the year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Special Revenue Funds

Technology for Education	Incentives for School Improvement	Libraries - GO Bonds	Beginning Teacher Mentoring Program	Private Direct Grants	School Based Health Center	Adequacy Tech Equity Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	74	-	-	150,205	-
-	1,099	-	-	350	-	300,517
4,195	-	9,617	4,717	-	9,795	-
<u>4,195</u>	<u>1,099</u>	<u>9,691</u>	<u>4,717</u>	<u>350</u>	<u>160,000</u>	<u>300,517</u>
3,789	-	-	4,717	350	-	-
406	-	-	-	-	160,000	-
-	-	9,691	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,099	-	-	-	-	300,517
-	-	-	-	-	-	-
<u>4,195</u>	<u>1,099</u>	<u>9,691</u>	<u>4,717</u>	<u>350</u>	<u>160,000</u>	<u>300,517</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended June 30, 2007**

	Total Nonmajor Special Revenue Funds	Capital Outlay Funds	
		Special Capital Outlay - State	Capital Improvement HB- 33
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ 298,171
Oil and gas taxes	-	-	1,059,565
Investment income	293	-	26,362
Food services	21,752	-	-
District activities	48,203	-	-
Insurance recoveries	-	-	-
Revenue from local sources	163,807	-	-
Revenue from state sources	558,686	34,935	-
Revenue from federal sources	2,664,432	-	-
<i>Total revenues</i>	<u>3,457,173</u>	<u>34,935</u>	<u>1,384,098</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	1,268,237	-	-
Support services	-	-	-
Students	542,806	-	-
Instruction	10,391	-	-
General administration	53,353	-	-
School administration	177,824	-	-
Central services	15,229	-	-
Operation and maintenance of plant	18,893	-	-
Operation of non instructional services			
Food services operation	971,659	-	-
Capital outlay	424,357	170,185	1,198,938
Debt service	-	-	-
<i>Total expenditures</i>	<u>3,482,749</u>	<u>170,185</u>	<u>1,198,938</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(25,576)</u>	<u>(135,250)</u>	<u>185,160</u>
<i>Other financing sources(uses):</i>			
Increase (decrease) in inventory	(30,235)	-	-
<i>Net changes in fund balance</i>	<u>(55,811)</u>	<u>(135,250)</u>	<u>185,160</u>
<i>Fund balances--beginning of the year</i>	233,565	332,030	1,429,903
<i>Fund balances--end of the year</i>	<u>\$ 177,754</u>	<u>\$ 196,780</u>	<u>\$ 1,615,063</u>

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

Capital Outlay Funds

Capital Improvement SB 9	Ed Technology Equipment	Public Capital Outlay - 20%	Total Nonmajor Capital Projects Funds	Technology Bonds - Debt Service	Total Nonmajor Governmental Funds
\$ 180,784	\$ -	\$ -	\$ 478,955	\$ 172	\$ 479,127
999,020	-	-	2,058,585	1,032	2,059,617
36,922	-	-	63,284	-	63,577
-	-	-	-	-	21,752
-	-	-	-	-	48,203
317,209	-	-	317,209	-	317,209
-	-	-	-	-	163,807
-	-	-	34,935	-	593,621
-	-	-	-	-	2,664,432
<u>1,533,935</u>	<u>-</u>	<u>-</u>	<u>2,952,968</u>	<u>1,204</u>	<u>6,411,345</u>
-	-	-	-	-	1,268,237
-	-	-	-	-	542,806
-	-	-	-	-	10,391
-	-	-	-	-	53,353
-	-	-	-	-	177,824
29	-	-	29	-	15,258
-	-	-	-	-	18,893
-	-	-	-	-	971,659
3,251,281	-	-	4,620,404	-	5,044,761
-	-	-	-	-	-
<u>3,251,310</u>	<u>-</u>	<u>-</u>	<u>4,620,433</u>	<u>-</u>	<u>8,103,182</u>
<u>(1,717,375)</u>	<u>-</u>	<u>-</u>	<u>(1,667,465)</u>	<u>1,204</u>	<u>(1,691,837)</u>
-	-	-	-	-	(30,235)
<u>(1,717,375)</u>	<u>-</u>	<u>-</u>	<u>(1,667,465)</u>	<u>1,204</u>	<u>(1,722,072)</u>
2,578,215	249	818	4,341,215	56,738	4,631,518
<u>\$ 860,840</u>	<u>\$ 249</u>	<u>\$ 818</u>	<u>\$ 2,673,750</u>	<u>\$ 57,942</u>	<u>\$ 2,909,446</u>

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Food Services Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ 200	\$ 200	\$ 293	\$ 93
District activities	18,904	18,904	21,752	2,848
Revenues from federal sources	724,458	724,458	667,091	(57,367)
Revenue from state sources	297,639	297,639	256,720	(40,919)
<i>Total revenues</i>	<u>1,041,201</u>	<u>1,041,201</u>	<u>945,856</u>	<u>(95,345)</u>
<b>EXPENDITURES</b>				
Operation of non-instructional services:				
Food services	1,054,723	1,054,723	971,659	83,064
Capital outlay	29,499	29,499	562	28,937
<i>Total expenditures</i>	<u>1,084,222</u>	<u>1,084,222</u>	<u>972,221</u>	<u>112,001</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(43,021)</u>	<u>(43,021)</u>	<u>(26,365)</u>	<u>16,656</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	43,021	43,021	-	(43,021)
<i>Total other financing sources (uses)</i>	<u>43,021</u>	<u>43,021</u>	<u>-</u>	<u>(43,021)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(26,365)	(26,365)
<i>Prior year cash balance</i>	-	-	51,996	51,996
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,631</u>	<u>\$ 25,631</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts payable			(43,258)	
Inventory			13,023	
Net change in fund balance (GAAP basis)			<u>\$ (56,600)</u>	

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Athletics Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
District activities	\$ 64,767	\$ 64,767	\$ 48,203	\$ (16,564)
Revenue from local sources	2,000	2,000	-	(2,000)
<i>Total revenues</i>	<u>66,767</u>	<u>66,767</u>	<u>48,203</u>	<u>(18,564)</u>
<b>EXPENDITURES</b>				
Instruction	125,079	125,079	11,470	113,609
<i>Total expenditures</i>	<u>125,079</u>	<u>125,079</u>	<u>11,470</u>	<u>113,609</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(58,312)</u>	<u>(58,312)</u>	<u>36,733</u>	<u>95,045</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	58,312	58,312	-	(58,312)
<i>Total other financing sources (uses)</i>	<u>58,312</u>	<u>58,312</u>	<u>-</u>	<u>(58,312)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>36,733</u>	<u>36,733</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>101,220</u>	<u>101,220</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,953</u>	<u>\$ 137,953</u>

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Title I - IASA Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Revenue from federal sources	\$ 721,481	\$ 721,481	\$ 447,722	\$ (273,759)
<i>Total revenues</i>	<u>721,481</u>	<u>721,481</u>	<u>447,722</u>	<u>(273,759)</u>
<b>EXPENDITURES</b>				
Instruction	721,481	749,481	541,213	208,268
Support services:				
Students	-	19,363	32,638	(13,275)
General administration	-	-	1,200	(1,200)
School administration	-	-	73,589	(73,589)
Operation & maintenance of plant	-	4,000	1,215	2,785
Capital outlay	-	45,000	62,662	(17,662)
<i>Total expenditures</i>	<u>721,481</u>	<u>817,844</u>	<u>712,517</u>	<u>105,327</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(96,363)</u>	<u>(264,795)</u>	<u>(168,432)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	96,363	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>96,363</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(264,795)	(168,432)
<i>Prior year cash balance</i>	-	-	(10,008)	(10,008)
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (274,803)</u>	<u>\$ (178,440)</u>

**RECONCILIATION TO GAAP**

Adjustments:

Accounts receivable

264,795

Net change in fund balance (GAAP basis)

\$ -

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



STATE OF NEW MEXICO  
 LOVINGTON MUNICIPAL SCHOOL DISTRICT  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 Title I - Migrant Children Education Special Revenue Fund  
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
<i>Total revenues</i>	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
<b>EXPENDITURES</b>				
Instruction	30,000	35,000	16,363	18,637
Support services:				
School administration	-	-	12,819	(12,819)
<i>Total expenditures</i>	<u>30,000</u>	<u>35,000</u>	<u>29,182</u>	<u>5,818</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(5,000)</u>	<u>(29,182)</u>	<u>(24,182)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	5,000	-	(5,000)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(29,182)</u>	<u>(29,182)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(98)</u>	<u>(98)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (29,280)</u>	<u>\$ (29,280)</u>

**RECONCILIATION TO GAAP**

Adjustments:

Accounts receivable

Net change in fund balance (GAAP basis)

29,182
<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**IDEA-B Entitlement Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ 640,939	\$ 640,939	\$ 452,772	\$ (188,167)
<i>Total revenues</i>	<u>640,939</u>	<u>640,939</u>	<u>452,772</u>	<u>(188,167)</u>
<b>EXPENDITURES</b>				
Insruction	631,577	662,325	365,480	296,845
Support services:				
Students	-	12,666	233,843	(221,177)
General administration	-	-	2	(2)
School administration	-	-	22,294	(22,294)
Capital outlay	9,362	9,362	8,931	431
<i>Total expenditures</i>	<u>640,939</u>	<u>684,353</u>	<u>630,550</u>	<u>53,803</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(43,414)</u>	<u>(177,778)</u>	<u>(134,364)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	43,414	-	(43,414)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>43,414</u>	<u>-</u>	<u>(43,414)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(177,778)</u>	<u>(177,778)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>58,190</u>	<u>58,190</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (119,588)</u>	<u>\$ (119,588)</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts receivable			177,778	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**IDEA-B Competitive Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ 654	\$ 654
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>654</u>	<u>654</u>
<b>EXPENDITURES</b>				
Insruction	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>654</u>	<u>654</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>654</u>	<u>654</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(654)</u>	<u>(654)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts receivable			(654)	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**IDEA - B Preschool Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ 34,847	\$ 34,847	\$ 25,388	\$ (9,459)
<i>Total revenues</i>	<u>34,847</u>	<u>34,847</u>	<u>25,388</u>	<u>(9,459)</u>
<b>EXPENDITURES</b>				
Instruction	30,282	18,011	11,469	6,542
Support services:				
Students	-	4,666	22,897	(18,231)
Capital outlay	4,565	4,565	4,565	-
<i>Total expenditures</i>	<u>34,847</u>	<u>27,242</u>	<u>38,931</u>	<u>(11,689)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>7,605</u>	<u>(13,543)</u>	<u>(21,148)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	(7,605)	-	7,605
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(7,605)</u>	<u>-</u>	<u>7,605</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(13,543)</u>	<u>(13,543)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>6,078</u>	<u>6,078</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,465)</u>	<u>\$ (7,465)</u>

**RECONCILIATION TO GAAP**

Adjustments:

Accounts receivable

13,543

Net change in fund balance (GAAP basis)

\$ -

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Title VI Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
<b>EXPENDITURES</b>				
Instruction	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	-	-	414	414
<i>End of year cash balance</i>	\$ -	\$ -	\$ 414	\$ 414

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Title II - ESEA Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenues from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
<b>EXPENDITURES</b>				
Support services:				
Instruction	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues     over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and     other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	-	-	1,212	1,212
<i>End of year cash balance</i>	\$ -	\$ -	\$ 1,212	\$ 1,212

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Title VII - Emergency Immigrant Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
<b>EXPENDITURES</b>				
Instruction	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	-	-	6,538	6,538
<i>End of year cash balance</i>	\$ -	\$ -	\$ 6,538	\$ 6,538

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Drug Free Schools Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Support services:				
Students	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

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



**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Enhancing Education Thru Technology (E2T2-F) Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenues from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
<b>EXPENDITURES</b>				
Instruction	-	7,408	3,157	4,251
<i>Total expenditures</i>	-	7,408	3,157	4,251
<i>Excess (deficiency) of revenues over expenditures</i>	-	(7,408)	(3,157)	4,251
<i>Other financing sources (uses):</i>				
Designated cash balance	-	7,408	-	-
<i>Total other financing sources (uses)</i>	-	7,408	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(3,157)	4,251
<i>Prior year cash balance</i>	-	-	2,120	2,120
<i>End of year cash balance</i>	\$ -	\$ -	\$ (1,037)	\$ 6,371
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Deferred revenue			6,057	
Accounts payable			(2,900)	
Net change in fund balance (GAAP basis)			\$ -	

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Comprehensive School Reform Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ 69,945	\$ 69,945
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>69,945</u>	<u>69,945</u>
<b>EXPENDITURES</b>				
Instruction	-	55	-	55
<i>Total expenditures</i>	<u>-</u>	<u>55</u>	<u>-</u>	<u>55</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(55)</u>	<u>69,945</u>	<u>70,000</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	55	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>55</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>69,945</u>	<u>70,000</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(69,945)</u>	<u>(69,945)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts receivable			(69,945)	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Class Size Reduction Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Support services:				
Students	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 2</u>

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Title III Incentive Awards Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Instruction	-	2,000	-	2,000
<i>Total expenditures</i>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(2,000)</u>	<u>-</u>	<u>2,000</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	2,000	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(1,041)</u>	<u>(1,041)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,041)</u>	<u>\$ 959</u>

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Enhancing Education Thru Technology (E2T2-C) Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
<b>EXPENDITURES</b>				
Support services:				
Instruction	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues     over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and     other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	-	-	-	-
<i>End of year cash balance</i>	\$ -	\$ -	\$ -	\$ -

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Title V - Part A Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ 3,626	\$ 3,626	\$ 3,465	\$ (161)
<i>Total revenues</i>	<u>3,626</u>	<u>3,626</u>	<u>3,465</u>	<u>(161)</u>
<b>EXPENDITURES</b>				
Instruction	3,626	3,626	645	2,981
Support services:				
Students	-	1,306	-	1,306
Capital outlay	-	-	2,740	(2,740)
<i>Total expenditures</i>	<u>3,626</u>	<u>4,932</u>	<u>3,385</u>	<u>1,547</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(1,306)</u>	<u>80</u>	<u>1,386</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	1,306	-	(1,306)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>1,306</u>	<u>-</u>	<u>(1,306)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>80</u>	<u>80</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(4,321)</u>	<u>(4,321)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,241)</u>	<u>\$ (4,241)</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts receivable			(80)	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**English Language Acquisition Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ 31,176	\$ 31,176	\$ 20,186	\$ (10,990)
<i>Total revenues</i>	<u>31,176</u>	<u>31,176</u>	<u>20,186</u>	<u>(10,990)</u>
<b>EXPENDITURES</b>				
Instruction	31,176	40,370	31,538	8,832
Support services				
School administration	-	-	413	(413)
Operating & maintenance of plant	-	2,100	1,679	421
<i>Total expenditures</i>	<u>31,176</u>	<u>42,470</u>	<u>33,630</u>	<u>8,840</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(11,294)</u>	<u>(13,444)</u>	<u>(2,150)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	11,294	-	(11,294)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>11,294</u>	<u>-</u>	<u>(11,294)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(13,444)</u>	<u>(13,444)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(12,925)</u>	<u>-</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,369)</u>	<u>\$ (13,444)</u>

**RECONCILIATION TO GAAP**

Adjustments:

Accounts receivable

13,444

Net change in fund balance (GAAP basis)

\$ -

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Teacher/Principal Training and Recruiting Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ 186,978	\$ 186,978	\$ 98,016	\$ (88,962)
Revenue from local sources	-	-	647	647
<i>Total revenues</i>	<u>186,978</u>	<u>186,978</u>	<u>98,663</u>	<u>(88,315)</u>
<b>EXPENDITURES</b>				
Instruction	186,978	211,978	85,079	126,899
Support services:				
Students	-	25,033	10,732	14,301
Instruction	-	-	700	(700)
School administration	-	-	72,788	(72,788)
Capital outlay	-	-	5,664	(5,664)
<i>Total expenditures</i>	<u>186,978</u>	<u>237,011</u>	<u>174,963</u>	<u>62,048</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(50,033)</u>	<u>(76,300)</u>	<u>(26,267)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	50,033	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>50,033</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(76,300)</u>	<u>(26,267)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (76,300)</u>	<u>\$ (26,267)</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts receivable			78,534	
Accounts payable			(2,234)	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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



**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Safe and Drug Free Schools Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ 14,627	\$ 14,627	\$ 1,914	\$ (12,713)
<i>Total revenues</i>	<u>14,627</u>	<u>14,627</u>	<u>1,914</u>	<u>(12,713)</u>
<b>EXPENDITURES</b>				
Instruction	14,627	18,448	7,783	10,665
Support services:				
Operation & maintenance of plant	-	1,200	4,890	(3,690)
<i>Total expenditures</i>	<u>14,627</u>	<u>19,648</u>	<u>12,673</u>	<u>6,975</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(5,021)</u>	<u>(10,759)</u>	<u>(5,738)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	5,021	-	(5,021)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>5,021</u>	<u>-</u>	<u>(5,021)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(10,759)</u>	<u>(10,759)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(22,339)</u>	<u>(22,339)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (33,098)</u>	<u>\$ (33,098)</u>

**RECONCILIATION TO GAAP**

Adjustments:

Accounts receivable

10,759

Net change in fund balance (GAAP basis)

\$ -

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Rural and Low Income Schools Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ 25,265	\$ 25,265
<i>Total revenues</i>	-	-	25,265	25,265
<b>EXPENDITURES</b>				
Instruction	-	89,826	57,215	32,611
Support services:				
Central services	-	23,000	15,230	7,770
<i>Total expenditures</i>	-	112,826	72,445	40,381
<i>Excess (deficiency) of revenues over expenditures</i>	-	(112,826)	(47,180)	65,646
<i>Other financing sources (uses):</i>				
Designated cash balance	-	112,826	-	(112,826)
<i>Total other financing sources (uses)</i>	-	112,826	-	(112,826)
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(47,180)	(47,180)
<i>Prior year cash balance</i>	-	-	57,564	57,564
<i>End of year cash balance</i>	\$ -	\$ -	\$ 10,384	\$ 10,384

**RECONCILIATION TO GAAP**

Adjustments:

Accounts receivable

47,180

Net change in fund balance (GAAP basis)

\$ -

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Title III Immigrant Funding Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ 16,464	\$ 16,464
<i>Total revenues</i>	-	-	16,464	16,464
<b>EXPENDITURES</b>				
Instruction	-	7,818	7,819	(1)
<i>Total expenditures</i>	-	7,818	7,819	(1)
<i>Excess (deficiency) of revenues over expenditures</i>	-	(7,818)	8,645	16,463
<i>Other financing sources (uses):</i>				
Designated cash balance	-	7,818	-	(7,818)
<i>Total other financing sources (uses)</i>	-	7,818	-	(7,818)
<i>Excess (deficiency) of revenues and other sources(uses) over expenditures</i>	-	-	8,645	8,645
<i>Prior year cash balance</i>	-	-	33,940	33,940
<i>End of year cash balance</i>	\$ -	\$ -	\$ 42,585	\$ 42,585
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Deferred revenue			(8,645)	
Net change in fund balance (GAAP basis)			\$ -	

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Jobs for Americas Graduates Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ 18,399	\$ 18,399
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>18,399</u>	<u>18,399</u>
<b>EXPENDITURES</b>				
Support services:				
Instruction	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>18,399</u>	<u>18,399</u>
<i>Other financing sources (uses):</i>				
Designated cash balance		-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>18,399</u>	<u>18,399</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(67,431)</u>	<u>-</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (49,032)</u>	<u>\$ 18,399</u>

**RECONCILIATION TO GAAP**

Adjustments:

Accounts receivable

(18,399)

Net change in fund balance (GAAP basis)

\$ -

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Carl D Perkins Secondary Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ 32,194	\$ 32,194	\$ 43,245	\$ 11,051
Revenue from local sources	-	-	253	253
<i>Total revenues</i>	<u>32,194</u>	<u>32,194</u>	<u>43,498</u>	<u>11,304</u>
<b>EXPENDITURES</b>				
Instruction	5,094	5,094	1,309	3,785
Capital outlay	27,100	27,100	25,312	1,788
<i>Total expenditures</i>	<u>32,194</u>	<u>32,194</u>	<u>26,621</u>	<u>5,573</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>16,877</u>	<u>16,877</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>16,877</u>	<u>16,877</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,877</u>	<u>\$ 16,877</u>

**RECONCILIATION TO GAAP**

Adjustments:

Deferred revenue	(16,877)
Net change in fund balance (GAAP basis)	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Carl D Perkins - High Schools Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ 40,000	\$ 40,000	\$ 14,986	\$ (25,014)
<i>Total revenues</i>	<u>40,000</u>	<u>40,000</u>	<u>14,986</u>	<u>(25,014)</u>
<b>EXPENDITURES</b>				
Instruction	40,000	40,000	55,601	(15,601)
Support services:				
School administration	-	-	8,740	(8,740)
Capital Outlay	-	-	705	(705)
<i>Total expenditures</i>	<u>40,000</u>	<u>40,000</u>	<u>65,046</u>	<u>(25,046)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(50,060)</u>	<u>(50,060)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(50,060)</u>	<u>(50,060)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (50,060)</u>	<u>\$ (50,060)</u>

**RECONCILIATION TO GAAP**

Adjustments:

Accounts receivable

50,060

Net change in fund balance (GAAP basis)

\$ -

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Title VI - Comprehensive Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
<b>EXPENDITURES</b>				
Support services:				
Instruction	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	-	-	499	499
<i>End of year cash balance</i>	\$ -	\$ -	\$ 499	\$ 499

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Advanced Placement Incentive Grant Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
<b>EXPENDITURES</b>				
Instruction	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	-	-	706	706
<i>End of year cash balance</i>	\$ -	\$ -	\$ 706	\$ 706

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



**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Medicaid XIX Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ 101,869	\$ 101,869
Revenue from local sources	-	-	276	276
<i>Total revenues</i>	-	-	102,145	102,145
<b>EXPENDITURES</b>				
Instruction	-	10,190	19,492	(9,302)
Support services:				
Students	-	66,254	72,007	(5,753)
General administration	-	42,019	39,332	2,687
Central services	-	-	(1)	1
Operation & maintenance of plant	-	14,942	11,109	3,833
Capital outlay	-	1,601	1,600	1
<i>Total expenditures</i>	-	135,006	143,539	(8,533)
<i>Excess (deficiency) of revenues over expenditures</i>	-	(135,006)	(41,394)	93,612
<i>Other financing sources (uses):</i>				
Designated cash balance	-	135,006	-	-
<i>Total other financing sources (uses)</i>	-	135,006	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(41,394)	93,612
<i>Prior year cash balance</i>	-	-	33,980	33,980
<i>End of year cash balance</i>	\$ -	\$ -	\$ (7,414)	\$ 127,592

**RECONCILIATION TO GAAP**

Adjustments:

Accounts payable	(20)
Accounts receivable	5,470
Net change in fund balance (GAAP basis)	<u>\$ (35,944)</u>

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Title VII Systemwide Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
<b>EXPENDITURES</b>				
Food services	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	-	-	788	788
<i>End of year cash balance</i>	\$ -	\$ -	\$ 788	\$ 788

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Teacher Quality Enhancement Grants Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
<b>EXPENDITURES</b>				
Instruction	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	-	-	1	1
<i>End of year cash balance</i>	\$ -	\$ -	\$ 1	\$ 1

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Foreign Language Incentive Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
<b>EXPENDITURES</b>				
Instruction	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	-	-	1,701	1,701
<i>End of year cash balance</i>	\$ -	\$ -	\$ 1,701	\$ 1,701

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Bill and Melinda Gates Intel Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Instruction	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Prior year cash balance</i>	-	-	5	5
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 5</u>

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**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Private School Share Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Instruction	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Prior year cash balance</i>	-	-	151	151
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151</u>	<u>\$ 151</u>

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**GRADS Child Care Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ -	\$ -	\$ 5,000	\$ 5,000
<i>Total revenues</i>	-	-	5,000	5,000
<b>EXPENDITURES</b>				
Instruction	-	5,000	-	5,000
<i>Total expenditures</i>	-	5,000	-	5,000
<i>Excess (deficiency) of revenues over expenditures</i>	-	(5,000)	5,000	10,000
<i>Other financing sources (uses):</i>				
Designated cash balance	-	5,000	-	(5,000)
<i>Total other financing sources (uses)</i>	-	5,000	-	(5,000)
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	5,000	5,000
<i>Prior year cash balance</i>	-	-	836	836
<i>End of year cash balance</i>	\$ -	\$ -	\$ 5,836	\$ 5,836
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Deferred revenue			(5,000)	
Net change in fund balance (GAAP basis)			\$ -	

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**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**TANF/GRADS HSD Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ 8,000	\$ 8,000
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>8,000</u>	<u>8,000</u>
<b>EXPENDITURES</b>				
Insruction	-	8,000	30,783	(22,783)
Support services:				
Students	-	-	8,029	(8,029)
<i>Total expenditures</i>	<u>-</u>	<u>8,000</u>	<u>38,812</u>	<u>(30,812)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(8,000)</u>	<u>(30,812)</u>	<u>(22,812)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	8,000	-	(8,000)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>(8,000)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(30,812)</u>	<u>(30,812)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,812)</u>	<u>\$ (30,812)</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts payable			(7,683)	
Accounts receivable			38,495	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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



**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**GEAR-UP USDE Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Insruction	-	-	30	(30)
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>30</u>	<u>(30)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(30)</u>	<u>(30)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(30)</u>	<u>(30)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30)</u>	<u>\$ (30)</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts receivable			30	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Bully Proofing Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Insruction	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>3,194</u>	<u>3,194</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,194</u>	<u>\$ 3,194</u>

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**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Healthier Schools/Desert High Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Insruction	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

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**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Local Combined Grant Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
<b>EXPENDITURES</b>				
Insruction	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	-	-	992	992
<i>End of year cash balance</i>	\$ -	\$ -	\$ 992	\$ 992

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Breakfast in the Classroom Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Insruction	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 2</u>

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**JF Maddox Foundation Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
<b>EXPENDITURES</b>				
Insruction	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	-	-	615	615
<i>End of year cash balance</i>	\$ -	\$ -	\$ 615	\$ 615

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**PNM Foundation Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from local sources	\$ -	\$ -	\$ 2,400	\$ 2,400
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>2,400</u>	<u>2,400</u>
<b>EXPENDITURES</b>				
Insruction	-	2,400	2,352	48
<i>Total expenditures</i>	<u>-</u>	<u>2,400</u>	<u>2,352</u>	<u>48</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(2,400)</u>	<u>48</u>	<u>2,448</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	2,400	-	(2,400)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>2,400</u>	<u>-</u>	<u>(2,400)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>48</u>	<u>48</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48</u>	<u>\$ 48</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Deferred revenue			(48)	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Hubbard Foundation Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from local sources	\$ -	\$ -	\$ 10,000	\$ 10,000
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
<b>EXPENDITURES</b>				
Capital outlay	-	10,000	10,000	-
<i>Total expenditures</i>	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	10,000	-	(10,000)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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



**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Technology for Education Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Insruction	-	5,000	4,075	925
Support services:				
Students	-	-	406	(406)
<i>Total expenditures</i>	<u>-</u>	<u>5,000</u>	<u>4,481</u>	<u>519</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(5,000)</u>	<u>(4,481)</u>	<u>519</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	5,000	-	(5,000)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(4,481)</u>	<u>(4,481)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>286</u>	<u>286</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,195)</u>	<u>\$ (4,195)</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts payable			286	
Accounts receivable			4,195	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Incentives for School Improvement Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ -	\$ -	\$ 17,331	\$ 17,331
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>17,331</u>	<u>17,331</u>
<b>EXPENDITURES</b>				
Capital outlay	-	-	1,099	(1,099)
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>1,099</u>	<u>(1,099)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>16,232</u>	<u>16,232</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>16,232</u>	<u>16,232</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(12,116)</u>	<u>(12,116)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,116</u>	<u>\$ 4,116</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Deferred revenue			(16,232)	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Libraries - GO Bond Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ -	\$ -	\$ 10,630	\$ 10,630
Revenue from local sources	-	-	74	74
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>10,630</u>	<u>10,630</u>
<b>EXPENDITURES</b>				
Support services:				
Instruction	-	-	9,691	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues     over expenditures</i>	<u>-</u>	<u>-</u>	<u>10,630</u>	<u>10,630</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and     other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>10,630</u>	<u>10,630</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(10,630)</u>	<u>(10,630)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts receivable			(10,630)	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Beginning Teacher Mentoring Program Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ 6,992	\$ 6,992	\$ 2,798	\$ (4,194)
<i>Total revenues</i>	<u>6,992</u>	<u>6,992</u>	<u>2,798</u>	<u>(4,194)</u>
<b>EXPENDITURES</b>				
Instruction	6,992	6,992	4,717	2,275
<i>Total expenditures</i>	<u>6,992</u>	<u>6,992</u>	<u>4,717</u>	<u>2,275</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,919)</u>	<u>(1,919)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,919)</u>	<u>(1,919)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>2,506</u>	<u>2,506</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 587</u>	<u>\$ 587</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Deferred revenue			1,919	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Private Direct Grants Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Instruction	-	-	350	(350)
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>350</u>	<u>(350)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(350)</u>	<u>(350)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(350)</u>	<u>(350)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (350)</u>	<u>\$ (350)</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts receivable			350	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**School Based Health Center Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from local sources	\$ -	\$ -	\$ 150,205	\$ 150,205
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>150,205</u>	<u>150,205</u>
<b>EXPENDITURES</b>				
Support services:				
Students	-	75,000	160,000	(85,000)
<i>Total expenditures</i>	<u>-</u>	<u>75,000</u>	<u>160,000</u>	<u>(85,000)</u>
<i>Excess (deficiency) of revenues     over expenditures</i>	<u>-</u>	<u>(75,000)</u>	<u>(9,795)</u>	<u>65,205</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	75,000	-	(75,000)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>
<i>Excess (deficiency) of revenues and     other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(9,795)</u>	<u>(9,795)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,795)</u>	<u>\$ (9,795)</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts receivable			9,795	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Adequacy Tech Equity Grant Special Revenue Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
<b>EXPENDITURES</b>				
Capital outlay	-	200,550	191,456	9,094
<i>Total expenditures</i>	-	200,550	191,456	9,094
<i>Excess (deficiency) of revenues over expenditures</i>	-	(200,550)	(191,456)	9,094
<i>Other financing sources (uses):</i>				
Designated cash balance	-	200,550	-	(200,550)
<i>Total other financing sources (uses)</i>	-	200,550	-	(200,550)
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(191,456)	(191,456)
<i>Prior year cash balance</i>	-	-	-	-
<i>End of year cash balance</i>	\$ -	\$ -	\$ (191,456)	\$ (191,456)
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts payable			(109,061)	
Receivables			300,517	
Net change in fund balance (GAAP basis)			\$ -	

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Special Capital Outlay State Capital Project Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ 375,000	\$ 375,000	\$ 34,935	\$ (340,065)
<i>Total revenues</i>	<u>375,000</u>	<u>375,000</u>	<u>34,935</u>	<u>(340,065)</u>
<b>EXPENDITURES</b>				
Capital outlay	495,798	495,798	170,185	325,613
<i>Total expenditures</i>	<u>495,798</u>	<u>495,798</u>	<u>170,185</u>	<u>325,613</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(120,798)</u>	<u>(120,798)</u>	<u>(135,250)</u>	<u>(14,452)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	120,798	120,798	-	(120,798)
<i>Total other financing sources (uses)</i>	<u>120,798</u>	<u>120,798</u>	<u>-</u>	<u>(120,798)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(135,250)	(135,250)
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>332,030</u>	<u>332,030</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,780</u>	<u>\$ 196,780</u>

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



**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Capital Improvement HB-33 Capital Project Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,058,132	\$ 1,058,132	\$ 1,256,376	\$ 198,244
Investment income	-	-	26,360	26,360
<i>Total revenues</i>	<u>1,058,132</u>	<u>1,058,132</u>	<u>1,282,736</u>	<u>224,604</u>
<b>EXPENDITURES</b>				
Capital outlay	1,883,602	1,883,602	1,099,051	784,551
<i>Total expenditures</i>	<u>1,883,602</u>	<u>1,883,602</u>	<u>1,099,051</u>	<u>784,551</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(825,470)</u>	<u>(825,470)</u>	<u>183,685</u>	<u>1,009,155</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	825,470	825,470	-	(825,470)
<i>Total other financing sources (uses)</i>	<u>825,470</u>	<u>825,470</u>	<u>-</u>	<u>(825,470)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	183,685	183,685
<i>Prior year cash balance</i>	-	-	872,550	872,550
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,056,235</u>	<u>\$ 1,056,235</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts payable			(99,887)	
Deferred revenue			11,158	
Accounts receivable			90,204	
Net change in fund balance (GAAP basis)			<u>\$ 185,160</u>	

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Capital Improvements SB-9 Capital Project Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 997,970	\$ 997,970	\$ 1,191,245	\$ 193,275
Insurance recoveries	80,000	80,000	317,209	237,209
Investment income	1,500	1,500	36,921	35,421
<i>Total revenues</i>	<u>1,079,470</u>	<u>1,079,470</u>	<u>1,545,375</u>	<u>465,905</u>
<b>EXPENDITURES</b>				
Support services:				
Central services	2,500	2,500	29	2,471
Capital outlay	3,237,291	3,300,612	3,397,385	(96,773)
<i>Total expenditures</i>	<u>3,239,791</u>	<u>3,303,112</u>	<u>3,397,414</u>	<u>(94,302)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,160,321)</u>	<u>(2,223,642)</u>	<u>(1,852,039)</u>	<u>371,603</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	2,160,321	2,223,642	-	(2,223,642)
<i>Total other financing sources (uses)</i>	<u>2,160,321</u>	<u>2,223,642</u>	<u>-</u>	<u>(2,223,642)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(1,852,039)	(1,852,039)
<i>Prior year cash balance</i>	-	-	2,177,844	2,177,844
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,805</u>	<u>\$ 325,805</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts receivable			145,245	
Accounts payable			(288)	
Deferred revenue			(10,293)	
Net change in fund balance (GAAP basis)			<u>\$ (1,717,375)</u>	

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Education Technology Equipment Capital Outlay Capital Project Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
<b>EXPENDITURES</b>				
Instruction	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	-	-	249	249
<i>End of year cash balance</i>	\$ -	\$ -	\$ 249	\$ 249

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Public School Capital Outlay 20% Capital Project Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
<b>EXPENDITURES</b>				
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	-	-	818	818
<i>End of year cash balance</i>	\$ -	\$ -	\$ 818	\$ 818

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Technology Bonds Debt Service Fund**  
**For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 1,204	\$ 1,204
<i>Total revenues</i>	-	-	1,204	1,204
<b>EXPENDITURES</b>				
Debt service	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	1,204	1,204
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	1,204	1,204
<i>Prior year cash balance</i>	-	-	56,738	56,738
<i>End of year cash balance</i>	\$ -	\$ -	\$ 57,942	\$ 57,942

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

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Fiduciary Funds  
June 30, 2007**

Agency funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Loving Municipal School District has two separate funds classified as Agency Funds as follows:

**Student Activity** - To account for Elementary, Junior High, and Senior High assets held by the District until distributed to various organizations and clubs at the schools.

**Other Funds** - To account for assets held by the District until distributed to the other organizations.

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Schedule of Changes in Assets and Liabilities**  
**Activity Trust Fund**  
**For the Year Ended June 30, 2007**

	Balance 06/30/06	Restatement	Balance 06/30/06 - as restated	Additions	Deductions	Balance 06/30/07
<b>ASSETS</b>						
High School Yearbook	\$ 6,376	\$ -	\$ 6,376	\$ 10,187	\$ 10,145	\$ 6,418
Business Professional of America	-	-	-	2,523	2,226	297
7th Grade Choir	138	-	138	-	-	138
Key Club	1,186	-	1,186	-	300	886
AP Consumable Lab/Cavine	286	-	286	-	-	286
Cheerleaders-High School	2,868	1,200	4,068	79	3,234	913
Cheerleaders-Jr. High	3,501	(1,200)	2,301	3,650	3,131	2,820
Communication	1,694	-	1,694	-	496	1,198
Consumable Workbooks	198	-	198	211	431	(22)
Multicultural Conf. Fund	18,271	-	18,271	-	-	18,271
Llano Activity Fund	2,976	-	2,976	8,319	3,062	8,233
FFA	894	-	894	34,329	33,808	1,415
LHS FCCLA	187	-	187	638	-	825
FHA-Jr. High	55	-	55	-	-	55
Scholarship Activity	83	-	83	300	500	(117)
High School Computer Lab-NMJC	1,343	-	1,343	531	907	967
HS Student ID	1,289	-	1,289	-	-	1,289
TMS Technology	851	-	851	-	409	442
Administration Coke Fund	263	-	263	156	59	360
Judy Davis Memorial	398	-	398	-	-	398
TMS Activity Account	6,777	-	6,777	1,956	2,497	6,236
Junior Class	5,617	-	5,617	5,100	2,602	8,115
Library Fines	3,265	-	3,265	1,861	-	5,126
Miscellaneous	19,761	(1,022)	18,739	4,288	13,417	9,610
NOW/Account/Interest Earned	1,668	-	1,668	1,677	-	3,345
Senior Class	2,901	(400)	2,501	858	2,762	597
Sophomore Class	110	400	510	-	-	510
Choir Activity	138	-	138	-	-	138
Special Education Fund	(1,266)	-	(1,266)	14,853	11,002	2,585
TMS Honor Society	15,147	-	15,147	22,235	18,030	19,352
Student Council-High School	8,332	-	8,332	4,771	2,387	10,716
Student Council-Jr. High	300	2,420	2,720	4,009	4,989	1,740
Summer School	2,760	4,756	7,516	75	-	7,591
Volleyball - High School	75	-	75	-	-	75
A.K. Head Scholarship	3,580	-	3,580	500	-	4,080
H. Clardy Scholarship	6,862	(500)	6,362	500	1,000	5,862
Crouse Memorial Scholarship	15,415	(1,500)	13,915	3,000	4,212	12,703
Volleyball - Junior High	1,384	-	1,384	-	475	909

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Schedule of Changes in Assets and Liabilities**  
**Activity Trust Fund**  
**For the Year Ended June 30, 2007**

	Balance 06/30/06	Restatement	Balance 06/30/06 - as restated	Additions	Deductions	Balance 06/30/07
<b>ASSETS (continued)</b>						
Wal-Mart Teacher of the Year	33	-	33	-	-	33
Ben Alexander Activity	3,484	-	3,484	3,266	5,151	1,599
Project Planned Success	42,030	10,233	52,263	20,532	3,115	69,680
National Honor Society	(12)	-	(12)	501	88	401
TMS Library/M. Gutierrez	1,035	310	1,345	1,960	1,774	1,531
Jr. High Library	637	-	637	440	40	1,037
Jefferson Activity Fund	8,901	21	8,922	1,111	4,957	5,076
District 4AAA Activity Fund	2,719	(1,255)	1,464	5,125	5,284	1,305
LJHS Media Class	1,166	14	1,180	990	109	2,061
After Grads	6,118	-	6,118	5,588	6,413	5,293
High School Library	1,148	24	1,172	399	742	829
Junior High Home Economics	2,206	116	2,322	2,171	5,268	(775)
Jr. High National Honor Society	807	-	807	-	385	422
AVHS Fees	259	-	259	634	-	893
High School Principals Coke Acct.	2,091	188	2,279	2,112	2,981	1,410
LJHS Dance	1,132	-	1,132	1,070	600	1,602
High School Math-Ancell	24	-	24	100	-	124
Jr. High Cheerleading Closet-K.C.	539	-	539	150	-	689
High School Parking Sticker-A.K.	390	(1)	389	-	-	389
Yarbro Library	2,080	-	2,080	7,604	9,028	656
Jefferson Library	2,575	(1,353)	1,222	6,554	4,678	3,098
Ben A. Library	3,881	50	3,931	4,707	4,668	3,970
Lea Library	1,544	134	1,678	5,401	5,695	1,384
Llano Library	792	-	792	5,179	4,531	1,440
Bob Jameson Memorial	1,325	-	1,325	5,000	-	6,325
Elementary Fine Arts - Belinda	-	-	-	3,480	-	3,480
High School Art Club	245	-	245	-	-	245
Brian Urlacher Scholarship	3,125	-	3,125	-	-	3,125
David Templeman Memorial	5,440	-	5,440	3,240	1,000	7,680
Wildcat Tale	1,922	-	1,922	495	1,098	1,319
FCA/AK Lovejoy	118	-	118	-	117	1
Bilingual/J. Paloma	78	65	143	-	-	143
LEA Activity Fund	2,500	491	2,991	1,714	1,193	3,512
High School Tech Lab	800	-	800	-	-	800
Yarbro Activity Account	336	-	336	39,932	27,690	12,578
MNPSIA	-	(32)	(32)	-	-	(32)
Character Counts-Becky Davis	505	-	505	-	500	5
Science Activity Fund	2,805	(150)	2,655	4,015	3,529	3,141

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



**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Schedule of Changes in Assets and Liabilities**  
**Activity Trust Fund**  
**For the Year Ended June 30, 2007**

	Balance 06/30/06	Restatement	Balance 06/30/06 - as restated	Additions	Deductions	Balance 06/30/07
<b>ASSETS (continued)</b>						
Jr. High Lounge Cokes	3,384	1,021	4,405	2,008	3,679	2,734
HS - PSAT Testing	37	(1)	36	708	709	35
NHHS Activity	1,593	51	1,644	508	2,040	112
LMS NMPSIA Insurance	(85,414)	84,422	(992)	-	308	(1,300)
Aaron Austin Scholarship	335	-	335	-	-	335
J.D. Fry Scholarship	300	-	300	-	-	300
High School Band	7,925	-	7,925	5,572	12,546	951
Caprock Pipe Supply Scholarship	11,802	-	11,802	2,000	5,000	8,802
PNM Grants	2,754	-	2,754	-	2,748	6
Urlacher Royalties	3,118	-	3,118	-	-	3,118
Task Force for Substance	1,250	(1,250)	-	-	-	-
	<u>\$ 187,545</u>	<u>\$ 97,252</u>	<u>\$ 284,797</u>	<u>\$ 270,872</u>	<u>\$ 249,745</u>	<u>\$ 305,924</u>
<b>LIABILITIES</b>						
Due to Student Groups	<u>\$ 187,545</u>	<u>\$ 97,252</u>	<u>\$ 284,797</u>	<u>\$ 270,872</u>	<u>\$ 249,745</u>	<u>\$ 305,924</u>
	<u>\$ 187,545</u>	<u>\$ 97,252</u>	<u>\$ 284,797</u>	<u>\$ 270,872</u>	<u>\$ 249,745</u>	<u>\$ 305,924</u>

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Schedule of Collateral Pledged by Depository**  
**June 30, 2007**

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2009	Name and Location of Safekeeper
Western Commerce Bank	FHLMC #390234 Due 4/01/30	\$ 61,589	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FHLMC #420041 Due 09/18/18	53,900	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FHLMC #420175B Due 03/01/19	46,712	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #8076 Due 11/20/22	57,355	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80362 Due 01/20/30	113,496	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80364 Due 01/20/30	67,893	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #8302 Due 10/20/23	39,140	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80470 Due 11/20/30	69,530	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80170 Due 2/20/28	109,910	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80478 Due 12/20/30	123,667	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #859285 Due 2/20/27	55,729	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #8146 Due 02/20/23	162,220	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #8204 Due 03/20/17	169,902	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA #21564 Due 11/01/25	33,953	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 62667 Due 02/01/18	23,581	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA #64731 Due 12/1/27	55,681	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 254914 Due 09/01/13	326,946	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 254989 Due 11/01/13	450,336	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 705683 Due 01/01/33	390,957	Federal Home Loan Bank Dallas, TX
		<u>2,412,497</u>	

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Schedule of Collateral Pledged by Depository**  
**June 30, 2007**

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2009	Name and Location of Safekeeper
Lea County State Bank	Benalillo MSD 3% Due 08/01/07	274,703	Lea County State Bank
Lea County State Bank	Univ NM Gallup 5% Due 06/01/15	531,785	Lea County State Bank
		<u>806,488</u>	
Wells Fargo Bank	FNCL #882495 Due 04/01/36	1,927,658	Federal Home Loan Bank Minneapolis, MN
Wells Fargo Bank	G2SF #3321 Due 12/20/32	219,894	Federal Home Loan Bank Minneapolis, MN
Wells Fargo Bank	G2SF #3334 Due 01/20/33	223,716	Federal Home Loan Bank Minneapolis, MN
		<u>2,371,268</u>	
		<u>\$ 5,590,253</u>	

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

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**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Schedule of Cash and Temporary Investments by Depository**  
**June 30, 2007**

Deposit or Investment Account Type	Western Commerce Bank	Leas County State Bank	Wells Fargo Bank	Total
Checking	\$ 1,324,284	\$ 836,648	\$ 1,524,291	\$ 3,685,223
Checking	432,365	-	78,040	510,405
Checking	489,229	-	-	489,229
Checking	125,631	-	-	125,631
CD	5,149	-	-	5,149
CD	17,044	-	-	17,044
CD	8,275	-	-	8,275
CD	77,426	-	-	77,426
Fannie Mae Discount Note	-	-	8,547,147	8,547,147
Total on deposit	2,479,403	836,648	10,149,478	13,465,529
Reconciling items	822,321	3,894	(1,811,693)	(985,478)
Reconciled balance at June 30, 2009	<u>\$ 3,301,724</u>	<u>\$ 840,542</u>	<u>\$ 8,337,785</u>	<u>\$ 12,480,051</u>
Reconciliation to financial statements:				
Cash and cash equivalents:				
				\$ 12,170,160
				305,924
				<u>\$ 12,476,084</u>

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Cash Reconciliation**  
**June 30, 2007**

	<u>Operational Account</u>	<u>Transportation Account</u>	<u>Instructional Materials Account</u>	<u>Food Services Account</u>
Cash, June 30, 2006	\$ 3,538,877	\$ 318	\$ 21,429	\$ 44,402
Add:				
2006-07 revenues	21,037,572	1,013,546	253,388	945,855
Prior year void warrants	5,912	-	-	-
Adjustment	(2,174,233)			7,594
Loans from other funds	-	-	-	100,000
Total cash available	22,408,128	1,013,864	274,817	1,097,851
Less:				
2006-07 expenditures	(21,074,515)	(1,012,870)	(269,639)	(972,220)
Refunds	169,993	-	-	-
Change in insurance accounts	-	-	-	-
Change in held checks	-	-	-	-
Investments	-	-	-	-
Cash transfers	-	-	-	-
Miscellaneous	-	-	-	-
Loans to other funds	(1,250,000)	-	-	-
Cash, June 30, 2007	<u>\$ 253,606</u>	<u>\$ 994</u>	<u>\$ 5,178</u>	<u>\$ 125,631</u>
Bank balance end of year	\$ 1,280,338	\$ 994	\$ 5,178	\$ 125,631
Outstanding checks	(1,026,732)	-	-	-
Interest earned	-	-	-	-
Deposits in transit	-	-	-	-
Adjustment for voided checks	-	-	-	-
Amount held in escrow	-	-	-	-
Miscellaneous	-	-	-	-
Cash, June 30, 2007	<u>\$ 253,606</u>	<u>\$ 994</u>	<u>\$ 5,178</u>	<u>\$ 125,631</u>

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

<u>Athletics Account</u>	<u>Federal Projects Account</u>	<u>State and Other Grants</u>	<u>Spec. Cap. Outlay-State</u>	<u>Cap.Improv. HB- 33</u>	<u>Cap. Improve - SB-9</u>
\$ 101,220	\$ 827,161	\$ 7,917	\$ 332,030	\$ 1,371,702	\$ 2,644,334
48,202	1,690,201	193,439	34,935	1,282,736	1,545,376
189	1,640	-	-	-	-
(189)	(367,294)	(15,143)	-	(525,512)	(491,125)
-	650,000	-	-	-	-
149,422	2,801,708	186,213	366,965	2,128,926	3,698,585
(11,470)	(2,442,709)	(384,143)	(170,184)	(1,099,051)	(3,397,415)
-	(22)	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 137,952</u>	<u>\$ 358,977</u>	<u>\$ (197,930)</u>	<u>\$ 196,781</u>	<u>\$ 1,029,875</u>	<u>\$ 301,170</u>
\$ 137,952	\$ 432,365	\$ 37,775	\$ 196,781	\$ 1,029,875	\$ 301,170
-	(73,388)	(253,036)	-	-	-
-	-	-	-	-	-
-	-	17,331	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 137,952</u>	<u>\$ 358,977</u>	<u>\$ (197,930)</u>	<u>\$ 196,781</u>	<u>\$ 1,029,875</u>	<u>\$ 301,170</u>

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Cash Reconciliation**  
**June 30, 2007**

	<u>Public School Cap. Outlay - 20%</u>	<u>Debt Service</u>	<u>Educational Technology Debt Service</u>	<u>Activities</u>
Cash, June 30, 2006	\$ 818	\$ 1,420,895	\$ 56,738	\$ 187,545
Add:				
2006-07 revenues	-	1,275,013	1,204	3,540,873
Prior year void warrants	-	-	-	3,865
Adjustment	-	-	-	(119,753)
Loans from other funds	-	-	-	-
Total cash available	818	2,695,908	57,942	3,612,530
Less:				
2006-07 expenditures	-	(1,229,559)	-	(2,917,728)
Refunds	-	-	-	-
Change in insurance accounts	-	-	-	-
Change in held checks	-	-	-	-
Investments	-	-	-	-
Cash transfers	-	-	-	-
Miscellaneous	-	-	-	-
Loans to other funds	-	-	-	-
Cash, June 30, 2007	<u>\$ 818</u>	<u>\$ 1,466,349</u>	<u>\$ 57,942</u>	<u>\$ 694,802</u>
Bank balance end of year	\$ 818	\$ 1,466,349	\$ 57,942	\$ 698,696
Outstanding checks	-	-	-	(3,894)
Interest earned	-	-	-	-
Deposits in transit	-	-	-	-
Adjustment for voided checks	-	-	-	-
Amount held in escrow	-	-	-	-
Miscellaneous	-	-	-	-
Cash, June 30, 2007	<u>\$ 818</u>	<u>\$ 1,466,349</u>	<u>\$ 57,942</u>	<u>\$ 694,802</u>

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



<u>Bond Building</u>	<u>Educational Technology Equipment</u>	<u>Total</u>
\$ -	\$ 249	\$ 10,555,635
		-
8,601,045	-	41,463,385
-	-	11,606
(32,568)	-	(3,718,223)
-	-	750,000
<hr/>	<hr/>	<hr/>
8,568,477	249	49,062,403
(520,820)	-	(35,502,323)
-	-	169,971
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	(1,250,000)
<hr/>	<hr/>	<hr/>
<u>\$ 8,047,657</u>	<u>\$ 249</u>	<u>\$ 12,480,051</u>
\$ 8,356,187	\$ 249	\$ 14,128,300
(308,530)	-	(1,665,580)
	-	-
	-	17,331
	-	-
	-	-
	-	-
<hr/>	<hr/>	<hr/>
<u>\$ 8,047,657</u>	<u>\$ 249</u>	<u>\$ 12,480,051</u>

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## **COMPLIANCE SECTION**

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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 H. Balderas  
New Mexico State Auditor  
The Office of Management and Budget and  
The Board of Education  
Lovington Municipal School District  
Lovington, NM

We were engaged to audit the accompanying financial statements of the governmental activities, each major fund budgetary comparisons, and the aggregate remaining fund information of Lovington Municipal School District, (the "District"), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. We were also engaged to audit the financial statements of each of the District's nonmajor governmental funds and the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2007, and have issued our report thereon dated February 5, 2010.

Lovington Municipal School District's accounting records were not sufficient to audit. Accounting records were not available to substantiate balances reported for assets, liabilities, revenues, expenses, or expenditures for any fund. Therefore, due to limited accounting records, we were unable to apply generally accepted auditing procedures we were unable to apply 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. to cash, fund balance, interfund payables and receivables, revenues and expenses, or federal awards and expenditures. The amount by which these departures would affect the assets, liabilities, revenues, and expenditures of the funds is not reasonably determinable.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered Lovington Municipal Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessary identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting as items 2006-2, 2006-3, 2006-4, 2006-5, 2006-6, 2007-2, 2007-3, and 2007-4.

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 Lovington Municipal School District's internal control. However, of the significant deficiencies described above, we consider items 2006-2, 2006-4, 2006-5, and 2007-04 to be material weaknesses.

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 and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lovington Municipal School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings and Questioned Costs as item 2006-1, 2006-7, 2007-1, 2007-5, 2007-11, and 2007-12.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the District's responses and, accordingly, we express no opinion on them.

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

*Miller & Associates, CPA, P.C.*

Miller & Associates, CPA, P.C.

February 5, 2010

Ronald L. Miller, CPA/ABV, CVA  
Ryan L. Miller, CPA  
Robert C. Castillo, CPA



Members  
American Institute of  
Certified Public Accountants

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

Hector H. Balderas  
New Mexico State Auditor  
The Office of Management and Budget and  
The Board of Education  
Lovington Municipal School District  
Lovington, NM

**Compliance**

We were engaged to audit the compliance of Lovington Municipal Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Lovington 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 Lovington Municipal School's management. Our responsibility is to express an opinion on Lovington 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 occurred 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 Lovington 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 Lovington Municipal School's compliance with those requirements.

In our opinion, Lovington Municipal Schools complied, in all material respects, with the requirements referred to above that are applicable in each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and that are described in the accompanying schedule of findings and questioned costs as item 2006-9, 2006-10, 2006-11, 2007-8, 2007-9, and 2007-10.

## Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 Institute's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2007-5, 2007-6, and 2007-7.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Institute's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Lovington Municipal School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on them.

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

*Miller & Associates, CPA, P.C.*

Miller & Associates, CPA, P.C.

February 5, 2010



**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2007**

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Award Amount	Total Federal Awards Expended
<b><i>U.S. Department of Agriculture</i></b>				
Pass-through State Department of Education				
USDA National School Lunch Program	10.555	21000	\$ 462,042	\$ 462,042
USDA National School Breakfast Program	10.553	21000	175,558	175,558
Total Child Nutrition Cluster			<u>637,600</u>	<u>637,600</u>
Pass-through State Department of Human Services				
USDA Commodities Program	10.550	21000	55,607	59,607
Total U.S. Department of Agriculture			<u>693,207</u>	<u>697,207</u>
<b><i>U.S. Department of Education</i></b>				
Pass-through State Department of Education				
Special Education Cluster				
IDEA, Part B, Entitlement	84.027	24106	640,939	630,549
IDEA, Preschool	84.173	24109	34,847	38,931
Total Special Education Cluster			<u>675,786</u>	<u>669,480</u>
ESEA Title I Basic	84.010	24101	817,844	712,517
ESEA Title I Migrant	84.011	24103	35,000	29,182
Enhancing Education Through Technology	84.318	24133	-	3,157
Title III - English Language Acquisition	84.365	24153	25,510	33,630
Title II A	84.164	24154	186,978	176,056
Title IV-A	84.186	24157	14,627	12,673
Rural/Low Income	84.358	24160	115,873	72,445
Title III Immigrant	84.365A	24163	-	7,818
Reading First	84.357	24167	319,979	454,911
Carl D. Perkins Secondary-Current	84.048	24174	32,194	26,621
Carl Perkins High Schools That Work	84.048	24180	40,000	65,046
Total Other Grants			<u>1,588,005</u>	<u>1,594,056</u>
Total U.S. Department of Education			<u>2,263,791</u>	<u>2,263,536</u>

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

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2007**

<b>Federal Agency/Pass Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass- Through Entity Identifying Number</b>	<b>Award Amount</b>	<b>Total Federal Awards Expended</b>
<i>Department of Health &amp; Human Services</i>				
Direct Program:				
Medicaid	93.778	25153	-	143,538
GRADS Child Care	93.037	25149	5,000	2,476
Temporary Assistance for Needy Families	93.037	25162	8,000	38,812
			<u>13,000</u>	<u>184,826</u>
Total Department of Health & Human Services			<u>13,000</u>	<u>184,826</u>
Total Federal Assistance			<u>\$ 2,969,998</u>	<u>\$ 3,145,569</u>

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the budgetary basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in, or used in the presentation of the governmental fund financial statements may not be consistent with amounts used in the Schedule of Expenditures of Federal Awards.

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2007 was \$59,607 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDA number 10.550

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs  
June 30, 2007**

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**A. Summary of Audit Results**

1. The auditor's report disclaims an opinion on the fund financial statements as well as the government wide financial statements.
2. Twelve reportable conditions were disclosed during the audit of the financial statements of the primary government, four of which were material weakness.
3. Eight reportable conditions were identified during the audit of internal control over major federal award programs.
4. Eight reportable conditions were identified during the audit of compliance over major federal award programs.
5. The auditor's report on compliance for major federal award programs for Lovington Municipal School District disclaims an opinion on all federal programs.
6. There were eight audit findings that were required to be reported in accordance with OMB Circular A-133, Section 510(a).
7. The programs tested as major were:
  - Title I, Part A of ESEA; CFDA No. 84.010
  - Reading First; CFDA No. 84.357
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The Lovington Municipal School District was determined to be a low-risk auditee.

STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs  
June 30, 2007

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**B. Findings – Financial Statement Audit**

2006-1 TIMELY DEPOSIT OF PAYROLL WITHHOLDINGS - Repeated

Condition

During the course of our audit we noted that the Lovington Municipal School District failed to deposit in a timely manner payroll taxes due. Specifically, the School District failed to deposit timely the taxes due related to the Form 941 Employer's Quarterly Federal Tax Return for the tax period ending on March 31, 2007, which was approximately \$283,800.

Criteria

According to Internal Revenue Service the Form 941 Employer's Quarterly Federal Tax Return is due the last day of the calendar month following the end of each calendar quarter and taxes due must be deposited with an authorized depository or by electronic funds transfer.

Cause

Management did not have the proper policies and procedures in place to ensure that taxes due are deposited in a timely manner with the authorized depository or by electronic funds transfer.

Effect

The effect of not paying taxes in a timely manner can result in significant amount of penalties and interest. According to *IRC Section 6651 (a)(2)* the penalty for not paying taxes on time is one half percent of the unpaid tax for each month or part of a month the taxes are outstanding. In addition to penalties, the IRS charges interest from the date of the return until the taxes are paid in full.

Recommendation

We recommend that the School District establish policies and procedures to ensure that tax payments are deposited or transferred by the appropriate official in a timely manner.

Agency Response

The payroll clerk is aware of procedures regarding timely processing of tax payments.

STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs  
June 30, 2007

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**B. Findings – Financial Statement Audit (continued)**

2006-2 INACCURATE BANK RECONCILIATIONS - Repeated

Condition

During the course of our testwork we noted that the bank reconciliations were untimely, incomplete, contained numerous errors, and indicated a lack of understanding on the part of the preparer.

Criteria

Bank reconciliations should be completed timely, completed accurately on a monthly basis and reviewed by the business manager according to NMAC 6.20.2.14.

Cause

The cause of the inaccurate bank reconciliations is due to the lack of training and experience as well as improper oversight of the employee or employees preparing the bank reconciliations.

Effect

Failure to reconcile accounts accurately can lead to misstatement of balances.

Recommendation

We recommend that the School District properly and accurately perform bank reconciliations to ensure that cash balances per the general ledger are properly stated. We also recommend that the School District stop payment on checks which have been outstanding for more than one year.

Agency Response

Staff accurately performs bank reconciliations and ensures that cash balances per the general ledger are properly stated. Outstanding checks with a date of over one year are being voided.

STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs  
June 30, 2007

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**B. Findings – Financial Statement Audit (continued)**

2006-3 SEGREGATION OF DUTIES - Repeated

Condition

During the course of our audit we noted that the Lovington Municipal School District's Business office does not limit access to the general ledger. Various people can create accounts and post entries directly into the general ledger without prior authorization.

Criteria

According 6.20.2.11 NMAC, "every school district shall develop, establish and maintain a structure of internal accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions."

Cause

User access rights were not restricted to the user's duties.

Effect

The lack of restricted user access could result in the misappropriation of funds to occur without detection.

Recommendation

We recommend that the School District limit access to the general based on assigned job duties.

Agency Response

The district was not able to limit access to the general ledger based on assigned job duties until October 2009.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs  
June 30, 2007**

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**B. Findings – Financial Statement Audit (continued)**

2006-4 BOOKS WERE NOT READY IN A TIMELY MANNER - Repeated

Condition

During the course of our audit we noted that the general ledger changed during the beginning of our field work in October 2007 and again in October 2008. In addition, accounting records were not available to substantiate balances reported for assets, liabilities, and revenues and expenses for any fund.

Criteria

According to 6.20.2.13 NMAC "the school district shall maintain adequate accounting records, prepare financial statements in accordance with GAAP (specifically, GASB 34), and provide complete, accurate, and timely information to the independent public accountant as requested".

Cause

The cause of the books changing is due to the lack of competence and experience by employees in management positions.

Effect

The effect of changing the books could result in misstatement of books.

Recommendation

We recommend that management positions are filled with competent and experienced individuals.

Agency Response

Business Manager understands the importance of complete, accurate and timely information for the auditors. The old accounting system was access based and toward the end of the fiscal year it would fill up and would drop debits or credits and would not produce accurate numbers in general ledger. This was corrected in October 2009.

STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs  
June 30, 2007

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**B. Findings – Financial Statement Audit (continued)**

2006-5 MANUAL JOURNAL ENTRIES - Repeated

Condition

During our audit, we noted a significant number of manual journal entries entered into the schools system, primarily in the cash and fund balance accounts that did not indicate the preparer, did not include the proper supporting documentation, and were not properly reviewed and approved. These entries in aggregate totaled approximately \$267,868. Management was not able to resolve the adjustments.

Criteria

GAO's *Standards for Internal Control in the Federal Government* state internal controls and all transactions and other significant events need to be clearly documented, and the documentation should be readily available for examination. All documentation and records should be properly managed.

Cause

Effective policies and procedures are not in place to ensure the propriety or completeness of manual journal entries. Specifically, there are not effective processes in place to ensure that manual journal entries are properly prepared, supported, approved and monitored.

Effect

Financial statement amounts may be misstated and/or not properly supported. Failure to implement effective processes and procedures could increase the risks of fraud, violations of appropriation laws and mismanagement of funds.

Recommendation

We recommend that policies and procedures be established to ensure proper presentation of manual journal entries. In addition, we recommend that the School District develop effective policies and procedures that will strengthen controls over the journal entry review and approval process to ensure that all journal entries are complete, accurate, properly supported and approved prior to posting in the general ledger.

Agency Response

The District has established procedures to make sure all journal entries are approved and filed with supporting documentation.



**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs  
June 30, 2007**

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**B. Findings – Financial Statement Audit (continued)**

2006-6 POSTING OF TEMPORARY TRANSFERS OF CASH - Repeated

Condition

During our audit, we noted that temporary transfers of cash were not posted as "due from" and "due to" to indicate inter-fund receivables and payables. There were 22 funds that had due to/from balances, however, the balances could not be confirmed.

Criteria

According to 6.20.2.14 NMAC, "temporary transfers of cash are to be posted as "due from" and "due to" to indicate interfund receivables and payables.

Cause

The cause of this condition appears to be a lack of understanding of how to account for interfund transfers of cash.

Effect

Financial statement amounts may be misstated and/or not properly supported. Failure to implement effective processes and procedures could increase the risks of fraud, violations of appropriation laws and mismanagement of funds.

Recommendation

The School district need to comply with regulations and to post temporary transfers of cash as "due from" and "due to" to indicate interfund receivables and payables.

Agency Response

Temporary transfers are posted as "due from" and "due to."

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs  
June 30, 2007**

---

**B. Findings – Financial Statement Audit (continued)**

2006-7: LATE REPORT - Repeated

Condition

The District's June 30, 2007 audit report was not submitted to the state auditor by November 15, 2007 and was not submitted until February 23, 2010.

Criteria

New Mexico State Auditor Rule 2.2.2 NMAC Section 2.2.2.9 (A) requires that the audit report be filed by November 15<sup>th</sup>.

Cause

The District was not ready for audit and therefore it has taken over two years to get the books in order so the audit could be completed and financial statements prepared.

Effect

The result of not submitting financial statements to the State Auditor could affect the amount of funding for future years and bond ratings.

Recommendation

We recommend that the District implement procedures to ensure that the books are kept in good order to enable auditing procedures to be performed on a timely basis.

Agency Response

Miller & Associates, CPA, PC has been contracted to complete the 2008 audit as soon as the 2006-2007 audit is approved by the State Auditor.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs  
June 30, 2007**

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**B. Findings – Financial Statement Audit (continued)**

2007-01 FAILURE TO SUBMIT CASH REPORTS TO THE STATE DEPARTMENT OF EDUCATION  
ON A MONTHLY BASIS

Condition

During our audit, the District was unable to provide documentation proving that cash reports were submitted on a monthly basis. They were unable to provide the documentation for 100% of the cash reports.

Criteria

According to 6.20.2.14 (L) NMAC, "The school district shall submit cash reports to the SDE by the last working day of the month following the end of the reporting period, unless extended to a later date by the state superintendent."

Cause

The cause of this condition appears to be a lack of understanding of reporting requirements for cash.

Effect

This could affect future appropriations of public money to the School District

Recommendation

The School district needs to comply with regulations and maintain documentation proving that reports were submitted on a timely basis.

Agency Response

The District maintains documentation showing cash reports are submitted on a timely basis.

STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs  
June 30, 2007

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**B. Findings – Financial Statement Audit (continued)**

2007-02 THE DISTRICT DOES NOT REQUIRE SUBSEQUENT PROOF OF RECEIPT FOR MEAL EXPENSES THAT ARE ADVANCED TO EMPLOYEES

Condition

During inquires of the accounts payable clerk, it was noted that the district pays for meals on trips that do not require overnight stays as an advance of \$10 per day or gives a reimbursement when presented with a receipt. If an advance is given, the employee is not required to provide documentation for the \$10 advance of meals after the trip. In addition, the district does not include advances for which documentation of expenses is not subsequently provided on the employees Form W-2.

Criteria

According to Internal Revenue Service, meal expense reimbursement/allowance must meet the accountable plan rules to be excluded from wages and if the employee is not traveling overnight meals must be substantiated using an actual expense method versus a per-diem method. The accountable plan rules state that the meal must have a business connection, be substantiated, and any excess allowance be returned within a reasonable time.

Cause

Management did not have the proper controls in place to ensure that proper documentation is received for meal expenses that are given as an advance.

Effect

The district is exposed to misappropriation of funds and has incorrectly reported employees' W-2 wages to the Department of Treasury.

Recommendation

We recommend that the School District establish policies and procedures to ensure that proper documentation is received on all advances of expenses given to employees.

Agency Response

The District has established procedures where no advance is given on trips that do not require an overnight stay. Employees must provide a receipt to get reimbursed for meals for day trips.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs  
June 30, 2007**

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**B. Findings – Financial Statement Audit (continued)**

2007-03 RECORD KEEPING

Condition

Cash in the ERA clearing and payroll clearing accounts are not recorded in a general ledger. It appears that approximately \$1,472,023 and \$14,801,345 cleared the accounts, respectively. In addition, there are over 25 agency funds that have unexplained beginning fund balances that differ from the prior year ending balances.

Criteria

6.20.2.13 of the NMAC states that all school districts shall establish and maintain a general ledger in accordance with GAAP. The general ledger will be comprised of individual fund using the department's uniform chart of accounts and shall be reconciled every fiscal year with department records.

Cause

The accounts have not been set up in the general ledger because they typically have a zero balance.

Effect

The District's financial statements may not reflect all activity and balances. In addition, unexplained differences in ending and beginning fund balances can materially effect the financial statements.

Recommendation

We recommend that the District implement procedures to ensure that all activity is properly recorded in the general ledger and subject to the control of the Business Manager.

Agency Response

Cash in the ERA and payroll clearing accounts has never been recorded in a general ledger. The District will properly record these accounts in the general ledger.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs  
June 30, 2007**

**B. Findings – Financial Statement Audit (continued)**

2007-04 Over Spending of Certain Budget Line Items

Condition

During our examination we noted that lines items in the following funds had expenditures in excess of budgeted amounts for expenditures:

	Final Budget	Actual Amounts	Variance with Final Budget
General Fund:			
Instruction:			
Other purchased services	\$ 295,397	\$ 417,294	\$ (121,897)
Supplies	563,525	655,145	(91,620)
Support services - student:			
Purchased property services	-	99	(99)
Other purchased services	-	47,198	(47,198)
Supplies	-	88,950	(88,950)
Support services - general administration:			
Personnel services - employee benefits	74,928	77,245	(2,317)
Purchased professional & technical services	55,349	86,916	(31,567)
Supplies	9,248	23,105	(13,857)
Support services - school administration:			
Purchased professional & technical services	-	200	(200)
Other purchased services	-	56,471	(56,471)
Supplies	-	29,596	(29,596)
Support services - central services:			
Personnel services - employee benefits	30,578	59,110	(28,532)
Purchased professional & technical services	-	493	(493)
Purchased property services	-	280	(280)
Support services - operation and maintenance of plant:			
Other purchased services	533,147	600,682	(67,535)
Purchased professional & technical services	-	135	(135)
Support services - student transportation:			
Purchased property services	95,117	96,253	(1,136)
Reading First:			
Instruction	128,480	167,252	(38,772)
Support services:			
School administration	-	17,572	(17,572)
Students	190,984	239,461	(48,477)
Capital outlay	-	30,626	(30,626)

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs  
June 30, 2007**

**B. Findings – Financial Statement Audit (continued)**

2007-04 Over Spending of Certain Budget Line Items (continued)

Condition (continued)

	Final Budget	Actual Amounts	Variance with Final Budget
Title I - IASA:			
Support services:			
Students	19,363	32,638	(13,275)
General administration	-	1,200	(1,200)
School administration	-	73,589	(73,589)
Operation & maintenance of plant	4,000	1,215	2,785
Capital outlay	45,000	62,662	(17,662)
Title I - Migrant Children Education:			
Support services:			
School administration	-	12,819	(12,819)
IDEA-B Entitlement:			
Support services:			
Students	12,666	233,843	(221,177)
General administration	-	2	(2)
School administration	-	22,294	(22,294)
IDEA - B Preschool:			
Support services:			
Students	4,666	22,897	(18,231)
Title V - Part A:			
Capital outlay	-	2,740	(2,740)
English Language Acquisition:			
Support services:			
School administration	-	413	(413)
Teacher/Principal Training and Recruiting:			
Support services:			
Instruction	-	700	(700)
School administration	-	72,788	(72,788)
Capital outlay	-	5,664	(5,664)
Safe and Drug Free Schools:			
Support services:			
Operation & maintenance of plant	1,200	4,890	(3,690)
Title III Immigrant Funding:			
Instruction	7,818	7,819	(1)

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs  
June 30, 2007**

**B. Findings – Financial Statement Audit (continued)**

2007-04 Over Spending of Certain Budget Line Items (continued)

Condition (continued)

	Final Budget	Actual Amounts	Variance with Final Budget
Carl D Perkins - High Schools:			
Instruction	40,000	55,601	(15,601)
Support services:			
School administration	-	8,740	(8,740)
Capital Outlay	-	705	(705)
Medicaid XIX:			
Instruction	10,190	19,492	(9,302)
Support services:			
Students	66,254	72,007	(5,753)
TANF/GRADS HSD:			
Instruction	8,000	30,783	(22,783)
Support services:			
Students	-	8,029	(8,029)
GEAR-UP USDE:			
Instruction	-	30	(30)
Technology for Education:			
Support services:			
Students	-	406	(406)
Incentives for School Improvement:			
Capital outlay	-	1,099	(1,099)
Private Direct Grants:			
Instruction	-	350	(350)
School Based Health Center:			
Support services:			
Students	75,000	160,000	(85,000)
Capital Improvements SB-9:			
Capital outlay	3,300,612	3,397,385	(96,773)

Criteria

State budgeting requirement 6.20.2.9 NMSA 1978 sets forth budget preparation standards and states that budgetary control shall be at the function level and that over-expenditure of a function shall not be allowed.

Cause

No budget line item transfers for the overages were proposed or approved by the governing body.



**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs  
June 30, 2007**

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**B. Findings – Financial Statement Audit (continued)**

2007-04 Over Spending of Certain Budget Line Items (continued)

Effect

The effect of this condition is that certain expenditures exceeded budget line items.

Recommendation

We recommend that a responsible party perform a periodic review of the budget. Any anticipated budgetary transfers can be isolated and authorization can be obtained before the overspending of line item expenditures.

Agency Response

The Business Manager periodically reviews the budget and makes budget transfers to make sure expenditures in line items do not exceed budget line items.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs  
June 30, 2007**

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**B. Findings – Financial Statement Audit (continued)**

2007-05 Preparation of Budget Adjustment Requests

During our compilation of the budgetary comparison schedules, it was noticed that 46 of the 52 budget adjustment requests that were submitted to the Public Education Department and subsequently approved did not net to zero on the document total line.

Questioned Costs

None

Criteria

According to sections 10-15-1 and 22-8-12 of the NMSA, all transfer BARS must net to zero on the document total line.

Cause

The cause appears to be the result of multiple people preparing BARS who may not fully understand how to fill out the form correctly.

Effect

The effect of not preparing them correctly, could result in PED not approving the BAR, which could result in future findings related to over expenditures of line items on the budgetary comparison schedules.

Recommendation

We recommend that School District establish controls over the preparation of the budget adjustment requests, including, but not limited to, having the Business Manager or another competent individual review all BARS prior to the submission to the Public Education Department.

Agency Response

The District has policies in place to ensure this does not occur in the future.

STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs  
June 30, 2007

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**B. Findings – Financial Statement Audit (continued)**

2007-11 ACTIVITY FUND BALANCES WITH DEFICIT

Condition

During our audit, it was noticed that 5 activity fund balances have a negative fund balance as follows:

Consumable Workbooks	\$ (22)
Scholarship Activity	(117)
Junior High Home Economics	(775)
NMPSIA	(32)
LMS NMPSIA Insurance	(1,300)

Questioned Costs

None

Criteria

According to the New Mexico Public Education Department's Public School Accounting and Budgeting (PSAB) Supplement 18 – Student Activity Funds, it states that no activity fund account shall ever be permitted to incur a deficit.

Cause

The cause of the School District's over spending is the lack of accurate record keeping.

Effect

The District's inaccurate record keeping, results in the activity manager not having up-to-date information in order to spend within the required budget.

Recommendation

We recommend that School District establish controls over activity funds and require activity managers' to monitor their accounts to ensure that the District is accounting for activity properly.

Agency Response

The District has established controls over activity funds to monitor accounts to ensure that activity accounts do not have a negative balance.

STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs  
June 30, 2007

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**B. Findings – Financial Statement Audit (continued)**

2007-12 AUDIT INITIATED WITHOUT SIGNED AUDIT CONTRACT

Condition

It came to the attention of the Office of the State Auditor that Miller & Associates, CPA, PC started work on the FY 07 audit of the Lovington Municipal School District on October 8, 2007, without a signed contract.

Questioned Costs

None

Criteria

According to NMAC, Section 2.2.2.8.B (6), there are certain steps that must be followed such as the submission of the audit firm recommendation and completion of the related audit contract, before the audit can begin.

Cause

There was a lack of communication between the District and the audit firm that resulted in the early start of the audit.

Effect

Pursuant to Section 12.6.14 of NMSA 1978, “no payment of public funds may be made to an independent auditor unless a contract is entered into and approved.” Therefore, the audit firm may not be compensated for work performed prior to the implementation of the audit contract.

Recommendation

We recommend that School District implement procedures to ensure that an approved audit contract is in place prior to the start of the audit.

Agency Response

The District has implemented a procedure to ensure that an approved audit contract is in place prior to the start of the audit.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs  
June 30, 2007**

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**C. Federal Award Findings and Questioned Costs**

2006-9 EARMARKING - COMPLIANCE REQUIREMENT - Repeated

Condition

During our audit of the Reading First State Grant, CFDA No. 84.357, in accordance with OMB A-133 we determined that the School District expended more than 3.5 percent for planning and administration.

Questioned Costs

None

Criteria

According to the OMB A-133 Compliance Supplement as well as the New Mexico Reading First Request for Proposal, school districts may not spend more than 3.5 percent for planning and administration. The New Mexico Reading First Request for Proposal defines administrative costs as costs that are "for completing and submitting reports, tracking data, general oversight duties attached to a central office person with responsibility for Reading First."

Cause

The cause of the School District's over spending is the lack of complying with federal guidelines.

Effect

The effect of the over spending on planning and administration costs resulted in the School District's non-compliance with federal guidelines.

Recommendation

We recommend that School District establish controls over earmarking of federal grant funds. We further recommend that School District provide the proper training over information contained in OMB Circular A-133 which is issued by the Office of Management & Budgets (OMB).

Agency Response

This was corrected for the 07-08 year. Policies are in place to ensure this doesn't occur in the future.

STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs  
June 30, 2007

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C. Federal Award Findings and Questioned Costs (continued)

2006-10 REPORTING - FAILURE TO SUBMIT REPORTS TIMELY - Repeated

Condition

During our audit of the Reading First State Grant, CFDA No. 84.357, and the Title I, Part A of ESEA; CFDA No. 84.010 in accordance with OMB A-133 we noted that the School District failed to submit five Flow-through Program Budget and Expenditure Reports in a timely manner (i.e. 10<sup>th</sup> day of the month after the reporting quarter).

Question Costs

None

Criteria

According to the New Mexico Department of Education, Flow-through Program Budget and Expenditure Reports are required to be submitted to the New Mexico Department of Education on the 10<sup>th</sup> day of the month following the reporting quarter.

Cause

Management does not have the proper internal controls in place to ensure that the proper reports are submitted in a timely fashion.

Effect

Failure to submit reports in a timely fashion could result in non-compliance with federal guidelines.

Recommendation

The School District should implement controls to ensure timely submission of reports.

Agency Response

The District has policies in place to ensure this does not occur in the future.

STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs  
June 30, 2007

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**C. Federal Award Findings and Questioned Costs (continued)**

2006-11 FAILURE TO SUBMIT THE DATA COLLECTION FORM IN A TIMELY MANNER - COMPLIANCE REQUIREMENT - Repeated

Condition

During our audit we noted that the data collection form was not submitted to the Federal clearinghouse or to federal agencies within nine months after the fiscal year end as required by OMB Circular A-133.320.

Questioned Costs

None

Criteria

According to OMB A-133.320 the District is required to submit the data collection form as well as the reporting package to the Federal clearinghouse and federal agencies within earlier of 30 days after receipt of the auditor's report, or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

Cause

The District was not ready for audit and therefore it has taken over two years to get the books in order so they could be audited.

Effect

The District risks loosing some of its federal grants.

Recommendation

We recommend that the District implement procedures to ensure that the books are kept in good order to enable auditing procedures to be performed on a timely basis, thus allowing the District to complete the data collection form in a timely manner.

Agency Response

The district has implemented procedures to ensure that the audits can be performed on a timely basis.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs  
June 30, 2007**

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**C. Federal Award Findings and Questioned Costs (continued)**

2007-06 DOCUMENTATION OF EMPLOYEE TIME AND EFFORT (CONSOLIDATED ADMINISTRATIVE FUNDS AND SCHOOLWIDE PROGRAMS) - COMPLIANCE REQUIREMENT

Condition

During the audit we noted that the District does not document time and effort for school-wide programs such as Reading First.

Questioned Costs

None

Criteria

According to OMB A-87, Attachment B, paragraph 8.h.(3), an employee who works solely on a single cost objective must furnish a semi-annual certification that he/she has been engaged solely in activities supported by the applicable source. According to OMB A-87, Attachment B, paragraph 8.h.(4), (5), and (6), an employee who works on multiple activities or cost objectives must maintain time and effort distribution records.

Cause

The District was not aware of the requirement to document time and effort.

Effect

The district is not able to determine the time and effort related to specific federal programs or other cost objectives.

Recommendation

We recommend that the District implement procedures to document time and effort of people working on one or more cost objectives.

Agency Response

The District has policies in place to ensure this does not occur in the future.



STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs  
June 30, 2007

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**C. Federal Award Findings and Questioned Costs (continued)**

2007-07 EVIDENCE OF APPROVAL BY PROGRAM DIRECTOR OR SUPERINTENDENT FOR  
ACTIVITIES ALLOWED, ALLOWABLE COSTS, AND PROCUREMENT (CONTROL)

Condition

During the audit we tested forty transactions and found one purchase order and associated requisition for \$475 that did not have the program director's signature and/or initials on the requisition for the Reading First Grant.

Questioned Costs

None

Criteria

In reviewing the process documentation and discussing purchasing procedures with the program director, all requisitions and purchase orders require her signature or initials.

Cause

Per discussion with the program director, she approved the transaction but neglected to sign off on the requisition.

Effect

The district could be liable for the purchase of supplies that are not considered allowable costs for federal award expenditures.

Recommendation

We recommend that the District implement procedures to ensure that the program director's written approval is on all requisitions and purchase orders.

Agency Response

The District has policies in place to ensure this does not happen in the future.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs  
June 30, 2007**

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**C. Federal Award Findings and Questioned Costs (continued)**

2007-08 UNALLOWABLE DIRECT COSTS TO PROGRAMS- COMPLIANCE REQUIREMENT

Condition

During the audit we noted that post retirement health benefit costs were paid by the Reading First Grant.

Questioned Costs

All of the post retirement health benefit costs of \$14,285.11 discovered during testing are considered questioned costs.

Criteria

According to OMB A-87, Attachment B, paragraph 8.(f), post retirement health benefit costs are an unallowable direct cost of the program.

Cause

The District was not aware that it was considered an unallowable cost.

Effect

The district is not aware of the requirements for the Reading First Grant and is not monitoring costs and making a determination of what is considered an allowable cost.

Recommendation

We recommend that the District stay in contact with the administrator of the Reading First Grant and make inquiries regarding allowable costs.

Agency Response

The District payroll system does not allow you to pay RHC out of a fund the employee is not paid out of.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs  
June 30, 2007**

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**C. Federal Award Findings and Questioned Costs (continued)**

2007-09 CASH MANAGEMENT – COMPLIANCE REQUIREMENT

Condition

During our audit of the Reading First Grant, CFDA No. 84.357, in accordance with OMB A-133 we determined that the Reading First Grant was issued by the State as one large lump sum for the entire three year period rather than advancing for immediate use. Based on information received from the State of New Mexico, the Reading First fund should have a cash balance of \$144,720 that dates back to the fiscal year ending June 30, 2004.

Questioned Costs

None

Criteria

OMB A-133 requires states that “When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement”.

Cause

The State Department of Education instructed Lovington Municipal Schools to request the grant monies in one lump-sum.

Effect

The District did not provide the required services to the students.

Recommendation

We recommend that the District establish policies and procedures to ensure cash management compliance requirements are followed.

Agency Response

This was corrected in the 07-08 year.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs  
June 30, 2007**

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**C. Federal Award Findings and Questioned Costs (continued)**

2007-10 SUSPENSION AND DEBARMENT – COMPLIANCE REQUIREMENT

Condition

During our audit of the Reading First Grant and the Title I Program Grant, in accordance with OMB A-133, we found two transactions that exceeded \$25,000. In discussing the requirements for suspension and debarment, the program director was not aware of the requirements.

Questioned Costs

None

Criteria

According to the OMB A-133 Compliance Supplement, when a non-federal agency enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System* (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity. A “covered transaction” includes those procurement contracts for goods and services awarded under a non-procurement transaction that is expected to equal or exceed \$25,000 or meet certain other specified criteria.

Cause

Management was not aware of the requirement regarding suspension and debarment. Therefore, the controls were not in place to verify that entities are not suspended or debarred when entering into a covered transaction.

Effect

The effect of not verifying if vendors were not suspended or debarred resulted in the District’s non-compliance with federal guidelines.

Recommendation

We recommend that the District use the *Excluded Parties List System* to verify that an entity is not suspended or debarred before entering into a covered transaction, and keep documentation showing that the verification was performed.

Agency Response

The District has a policy in place to ensure this does not happen in the future.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs  
June 30, 2007**

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**D. Findings – Prior Year Audit**

2006-1	Timely Deposit of Payroll Withholdings	Revised and Repeated
2006-2	Inaccurate Bank Reconciliations	Revised and Repeated
2006-3	Segregation of Duties	Revised and Repeated
2006-4	Books were not Ready in a Timely Manner	Revised and Repeated
2006-5	Manual Journal Entries	Revised and Repeated
2006-6	Posting of Temporary Transfers of Cash	Revised and Repeated
2006-7	Late Report	Revised and Repeated
2006-8	Investments not Recorded	Resolved and Not Repeated
2006-9	Earmarking - Compliance Requirement	Revised and Repeated
2006-10	Reporting - Failure to Submit Reports Timely	Revised and Repeated
2006-11	Failure to Submit the Data Collection Form in a Timely Manner - Compliance Requirement	Revised and Repeated

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Exit Conference  
June 30, 2007**

The contents of this report were discussed at an exit conference held February 5, 2010. Ron Miller, Shareholder, Ryan Miller, Shareholder, and Jennifer Nunez, Supervisory Senior Accountant, represented Miller & Associates, CPA, P.C. Lynda McGinnes, Board President; Ronny Reeder, Board Member, Steven L. O'Quinn, Superintendent; LeAnne Ellis, Assistant Superintendent; Sheri Belyeu, Business Manager; Neva Bird, Director of Special Programs, and Irene Livingston, Federal Programs Director, represented Lovington Municipal Schools.

**FINANCIAL STATEMENT PRESENTATION**

The financial statements were prepared from the original books and records of Lovington Municipal Schools as of June 30, 2007 by Miller & Associates, Certified Public Accountants, a Professional Corporation.