

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

FINANCIAL STATEMENTS
with
WITH INDEPENDENT AUDITOR'S REPORT THEREON

June 30, 2008



JOHNSON, MILLER & CO.

*Certified Public Accountants
A Professional Corporation*

An Independent Member of BDO Seidman Alliance

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

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June 30, 2008

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Table of Contents
June 30, 2008**

INTRODUCTORY SECTION

Table of Contents	iii
Official Roster	vii

FINANCIAL SECTION

Independent Auditor's Report	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	5
Statement of Activities	6
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet – Governmental Funds	8
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	11
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	12
Reconciliation of Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Major Funds:	
Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual: General Fund	15
Statement of Fiduciary Assets and Liabilities	19
Notes to the Financial Statements	20
Combining Balance Sheet – General Fund	40
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund	41
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual:	
Operational	42
Transportation	46
Instructional Materials	47
Debt Service Fund	48
Capital Outlay Bond Capital Project Fund	49
Capital Improvement SB-9 Capital Project Fund	50
Non-Major Special Revenue Funds	51
Combining Balance Sheet – Non-Major Governmental Funds	57
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	69

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Table of Contents
June 30, 2008**

Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget (Non-GAAP Basis) and Actual:	
Food Services Special Revenue Fund	81
Athletics Special Revenue Fund	82
Title I- IASA Special Revenue Fund	83
Title I - Migrant Children Education Special Revenue Fund	84
IDEA - B Entitlement Special Revenue Fund	85
IDEA - B Preschool Special Revenue Fund	86
Title VI Special Revenue Fund.....	87
Title II - ESEA Special Revenue Fund	88
Title VII - Emergency Immigrant Special Revenue Fund	89
Drug Free Schools Special Revenue Fund	90
Enhancing Education Thru Technology (E2T2-F) Special Revenue Fund	91
Class Size Reduction Special Revenue Fund	92
Title III Incentive Awards Special Revenue Fund.....	93
Enhancing Education Thru Technology (E2T2-C) Special Revenue Fund.....	94
Title V - Part A Special Revenue Fund	95
English Language Acquisition Special Revenue Fund.....	96
Teacher/Principal Training and Recruiting Special Revenue Fund.....	97
Safe and Drug Free Schools Special Revenue Fund.....	98
Rural and Low Income Schools Special Revenue Fund.....	99
Title III Immigrant Funding Special Revenue Fund.....	100
Reading First Special Revenue Fund.....	101
Jobs for Americas Graduates Special Revenue Fund	102
Carl D Perkins Secondary Special Revenue Fund.....	103
Carl D Perkins - High Schools Special Revenue Fund.....	104
Title VII - Comprehensive Special Revenue Fund.....	105
Advanced Placement Incentive Grant Special Revenue Fund.....	106
Medicaid XIX Special Revenue Fund	107
Title VII - Systemwide Special Revenue Fund	108
Teacher Quality Enhancement Grants Special Revenue Fund	109
Foreign Language Incentive Special Revenue Fund	110
Bill and Melinda Gates Intel Special Revenue Fund	111
Private School Share Special Revenue Fund	112
GRADS Child Care Special Revenue Fund	113
TANF/GRADS HSD Special Revenue Fund	114
GEAR-UP USDE Special Revenue Fund.....	115
Bully Proofing Special Revenue Fund.....	116
Healthier Schools/Desert High Special Revenue Fund	117
Local Combined Grant Special Revenue Fund.....	118
Breakfast in the Classroom Special Revenue Fund	119
JF Maddox Foundation Special Revenue Fund	120
PNM Foundation Special Revenue Fund.....	121
Technology for Education Special Revenue Fund	122
Incentives for School Improvement Special Revenue Fund.....	123
Truancy Initiative PED Special Revenue Fund	124

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Table of Contents
June 30, 2008**

Libraries - GO Bond Special Revenue Fund	125
Beginning Teacher Mentoring Program Special Revenue Fund.....	126
Gear Up CHE Special Revenue Fund.....	127
Early Intervention CYFD Special Revenue Fund	128
Libraries- SB 301 GO Bonds- Laws of 2006 Special Revenue Fund.....	129
Private Direct Grants Special Revenue Fund.....	130
School Based Health Center Special Revenue Fund	131
Adequacy Tech Equity Special Revenue Fund.....	132
Special Capital Outlay State Capital Project Fund	133
Capital Improvement HB-33 Capital Project Fund.....	134
Education Technology Equipment Capital Project Fund.....	135
Public School Capital Outlay 20% Capital Project Fund	136
Technology Bonds Debt Service Fund	137

Additional Supplemental Information:

Fiduciary Funds	138
Schedule of Changes in Assets and Liabilities – Activity Trust Fund.....	139
Schedule of Collateral Pledged by Depository	142
Schedule of Cash and Temporary Investments by Depository	144
Cash Reconciliation	145
Schedule of Memorandum of Agreement.....	149

COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	150
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	152
Schedule of Expenditures of Federal Awards.....	154
Schedule of Findings and Questioned Costs	156
Exit Conference.....	179

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**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Official Roster
June 30, 2008**

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, CPA	Business Manager

FINANCIAL SECTION



JOHNSON, MILLER & CO.
Certified Public Accountants
A Professional Corporation

An Independent Member Of BDO Seidman Alliance

Hobbs, New Mexico
Midland, Texas
Odessa, Texas

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, 2008, 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, 2008, 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 for 2006-2007 were not sufficient to audit. Audited accounting records were not available to substantiate 2007-2008 beginning balances reported for assets, liabilities, revenues, expenses, or expenditures for any fund. Therefore, due to limited accounting records, 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 revenues and expenses, or federal awards and expenditures. The amount by which these departures would affect the revenue 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 Statement of Activities and the statement of revenue, expenditures and changes in fund balance of the governmental activities, each major fund, the budgetary comparisons, and the aggregate remaining fund information of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. 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, statement of revenue, expenditures and changes in fund balance, 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, 2008.

In addition, in our opinion, the statement of net assets and the balance sheet referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of June 30, 2008. Also, in our opinion, the balance sheet of the nonmajor governmental funds present fairly in all material respects, the financial position of the nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of June 30, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 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 conducted 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 are 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.

Johnson, Miller & Co.

Johnson, Miller & Co
November 8, 2010

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Government-Wide
 Statement of Net Assets
 June 30, 2008

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents (Note 3)	\$ 17,239,635
Investments	1,067,051
Receivables (Note 4)	2,139,577
Inventory	17,020
Bond issuance costs (net of accumulated amortization of \$101,191)	124,603
Capital assets, net (Note 6)	37,537,050
 Total assets	 \$ 58,124,936
LIABILITIES AND NET ASSETS	
Accounts payable	\$ 645,783
Accrued payroll and related expenses	673,208
Accrued interest	284,628
Deferred revenue	361,111
Compensated absences - current portion	239,148
Noncurrent liabilities:	
Bond premium	95,449
Compensated absences - non current portion	38,890
Bonds payable: (Note 7)	
Due within one year	1,400,000
Due in more than one year	24,925,000
Total liabilities	28,663,217
Invested in capital assets, net of related debt	11,212,050
Restricted for:	
Debt service	2,320,851
Capital projects	13,904,260
Unrestricted	2,024,558
Total net assets	29,461,719
 Total liabilities and net assets	 \$ 58,124,936

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, 2008

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental activities:			
Instruction	\$ 16,700,580	\$ 78,505	\$ 4,737,046
Support services:			
Students	3,186,943	-	319,690
Instruction	397,322	-	-
General administration	744,668	-	351,819
School administration	1,796,675	-	-
Central services	1,352,864	-	-
Operation & maintenance of plant	2,492,221	-	-
Student transportation	958,460	-	935,459
Operation of non-instruction services:			
Food services	1,029,704	295,237	696,669
Community services	27,693	-	-
Inventory exempt-unallocated	608,415	-	-
Interest on long-term debt	937,234	-	-
Total primary government	\$ 30,232,779	\$ 373,742	\$ 7,040,683

General revenues:

State equalization guarantee
 Uncollectible revenue
 Sale of real property
 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
 Beginning net assets
 Restatement
 Beginning net assets, as restated
 Net assets - end of year

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

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets	
	Primary Government	Governmental Activities
\$ 923,877	\$	(10,961,152)
-		(2,867,253)
-		(397,322)
-		(392,849)
-		(1,796,675)
-		(1,352,864)
-		(2,492,221)
-		(23,001)
-		(37,798)
-		(27,693)
-		(608,415)
-		(937,234)
<u>\$ 923,877</u>		<u>(21,894,477)</u>
		22,417,031
		(357,235)
		7,175
		57,448
		483,099
		543,568
		304,182
		1,970,403
		2,439,290
		368,150
		<u>28,233,111</u>
		6,338,634
		22,945,180
		177,904
		<u>23,123,084</u>
	\$	<u>29,461,718</u>

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2008

	General Fund	Debt Service	Capital Outlay - Bond
ASSETS			
Cash and cash equivalents	\$ 1,257,164	\$ 2,216,226	\$ 10,067,206
Investments	4,147	-	-
Accounts receivable:			
Taxes	58,400	424,256	-
Due from other governments	-	-	-
Due from other funds	1,117,966	-	53,269
Inventory	-	-	-
Advances to other funds	357,234	-	-
	<u>\$ 2,794,911</u>	<u>\$ 2,640,482</u>	<u>\$ 10,120,475</u>
<i>Total assets</i>			
LIABILITIES AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts payable	\$ 8,757	\$ -	\$ 525,462
Accrued payroll	673,208	-	-
Accrued interest	-	6,450	-
Current portion of long-term debt	-	300,000	-
Due to other funds	12,830	53,269	-
Deferred revenue:	1,950	18,494	-
Advances from other funds	-	-	-
	<u>696,745</u>	<u>378,213</u>	<u>525,462</u>
<i>Total liabilities</i>			
<i>Fund balances:</i>			
Reserved:			
Reserved for inventory	-	-	-
Reserved for debt service	-	2,262,269	-
Unreserved:			
Designated for subsequent year's expenditures reported in:			
General fund	-	-	-
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Undesignated, reported in:			
General fund	2,098,166	-	-
Special revenue funds	-	-	-
Capital projects funds	-	-	9,595,013
	<u>2,098,166</u>	<u>2,262,269</u>	<u>9,595,013</u>
<i>Total fund balances</i>			
	<u>\$ 2,794,911</u>	<u>\$ 2,640,482</u>	<u>\$ 10,120,475</u>
<i>Total liabilities and fund balances</i>			

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

Capital Improvement SB- 9	Other Governmental Funds	Total Governmental Funds
\$ 1,151,502	\$ 2,547,538	\$ 17,239,636
513,476	549,428	1,067,051
238,396	238,232	959,284
-	1,180,292	1,180,292
-	12,830	1,184,065
-	17,020	17,020
-	-	357,234
<u>\$ 1,903,374</u>	<u>\$ 4,545,340</u>	<u>\$ 22,004,582</u>
\$ -	\$ 111,564	\$ 645,783
-	-	673,208
-	-	6,450
-	-	300,000
-	1,117,966	1,184,065
10,814	371,891	403,149
-	357,234	357,234
<u>10,814</u>	<u>1,958,655</u>	<u>3,569,889</u>
-	17,020	17,020
-	58,582	2,320,851
-	-	-
-	-	-
-	-	-
-	-	2,098,166
-	94,396	94,396
1,892,560	2,416,687	13,904,260
<u>1,892,560</u>	<u>2,586,685</u>	<u>18,434,693</u>
<u>\$ 1,903,374</u>	<u>\$ 4,545,340</u>	<u>\$ 22,004,582</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, 2008

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

Fund balances - total governmental funds	\$	18,434,693
<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>		
		37,537,050
<p>Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds:</p>		
Property taxes		42,032
Bond issuance costs		124,603
<p>Other liabilities are not due and payable in the current period and therefore are not reported in the funds:</p>		
Bond premium liability		(95,449)
Accrued interest expense		(278,172)
<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>		
		(26,303,038)
Net assets of governmental activities in the statement of net assets	\$	29,461,719

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, 2008

	General Fund	Debt Service	Capital Outlay - Bond
REVENUES			
Property taxes	\$ 60,837	\$ 515,194	\$ -
Oil and gas taxes	304,182	1,969,808	-
Investment income	7,783	-	279,116
Food services	-	-	-
District activities	8,021	-	-
Insurance recoveries	6,905	-	-
Revenue from local sources	39,442	-	-
Revenue from state sources	23,752,080	-	-
Revenue from federal sources	25,432	-	-
Uncollectible revenue	-	-	-
Total revenues	<u>24,204,682</u>	<u>2,485,002</u>	<u>279,116</u>
EXPENDITURES			
Current:			
Instruction	13,943,665	-	-
Support services			
Students	2,564,383	-	-
Instruction	348,237	-	-
General administration	575,267	-	-
School administration	1,552,022	-	-
Central services	369,957	-	-
Operation and maintenance of plant	2,448,261	-	-
Student transportation	935,484	-	-
Operation of non instructional services			
Food services operations	-	-	-
Community services	649	-	-
Capital outlay	888,953	-	6,675,910
Debt service	-	1,190,822	-
Total expenditures	<u>23,626,878</u>	<u>1,190,822</u>	<u>6,675,910</u>
Excess (deficiency) of revenues over (under) expenditures	<u>577,804</u>	<u>1,294,180</u>	<u>(6,396,794)</u>
Other financing sources (uses)			
Bond proceeds	-	-	8,000,000
Bond premium	-	30,924	-
Bond issuance cost	-	-	(55,849)
Sale of real property	7,175	-	-
Increase (decrease) in inventory	-	-	-
Net changes in fund balances	584,979	1,325,104	1,547,357
Beginning fund balances	1,609,057	863,653	8,047,656
Restatements	(95,870)	73,512	-
Beginning fund balances, as restated	<u>1,513,187</u>	<u>937,165</u>	<u>8,047,656</u>
Fund balances-end of the year	<u>\$ 2,098,166</u>	<u>\$ 2,262,269</u>	<u>\$ 9,595,013</u>

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

Capital Improvements SB-9	Other Governmental Funds	Total Governmental Funds
\$ 291,102	\$ 289,946	\$ 1,157,079
1,212,687	1,227,198	4,713,875
53,083	28,168	368,150
-	295,237	295,237
-	67,693	75,714
1,677,801	-	1,684,706
-	20,000	59,442
346,875	1,655,088	25,754,043
-	2,829,834	2,855,266
-	(357,235)	(357,235)
<u>3,581,548</u>	<u>6,055,929</u>	<u>36,606,277</u>
-	1,410,052	15,353,717
-	588,222	3,152,605
-	24,368	372,605
2,401	33,567	611,235
-	208,954	1,760,976
-	4,453	374,410
-	18,074	2,466,335
-	-	935,484
-	1,024,494	1,024,494
-	24,281	24,930
2,615,790	2,317,286	12,497,939
-	-	1,190,822
<u>2,618,191</u>	<u>5,653,751</u>	<u>39,765,552</u>
<u>963,357</u>	<u>402,178</u>	<u>(3,159,275)</u>
-	-	8,000,000
-	-	30,924
-	-	(55,849)
-	-	7,175
-	3,997	3,997
963,357	406,175	4,826,972
860,840	2,048,611	13,429,817
68,363	131,899	177,904
929,203	2,180,510	13,607,721
<u>\$ 1,892,560</u>	<u>\$ 2,586,685</u>	<u>\$ 18,434,693</u>

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, 2008

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

Net change in fund balances - total governmental funds	\$ 4,826,972
--	--------------

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	10,966,016
Depreciation expense	(1,640,240)

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

Change in deferred property tax revenue	(72,954)
---	----------

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	(8,000,000)
Increase in the reserve for compensated absences	(32,164)
Increase in bond premium liability	(6,818)
Increase in capitalized bond issue costs	(7,626)
Increase in accrued interest payable	(169,551)
Principal payments on bonds	475,000

Change in net assets of governmental activities	\$ <u>6,338,635</u>
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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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 285,661	\$ 285,661	\$ 342,411	\$ 56,750
Investment income	10,000	10,000	7,783	(2,217)
District activities	7,500	7,500	8,021	521
Insurance recoveries	5,000	5,000	6,905	1,905
Revenue from local sources	-	-	39,442	39,442
Revenue from state sources	22,898,559	23,776,406	23,752,080	(24,326)
Revenue from federal sources	40,000	40,000	25,432	(14,568)
Sale of real property	-	-	7,175	7,175
<i>Total revenues</i>	<u>23,246,720</u>	<u>24,124,567</u>	<u>24,189,249</u>	<u>64,682</u>
EXPENDITURES				
Instruction:				
Personnel services - compensation	9,739,635	9,932,581	9,738,029	194,552
Personnel services - employee benefits	3,184,465	3,075,208	3,081,527	(6,319)
Other purchased services	447,850	454,891	477,039	(22,148)
Supplies	576,807	764,018	718,972	45,046
Property	-	16,180	7,253	8,927
Total instruction	<u>13,948,757</u>	<u>14,242,878</u>	<u>14,022,820</u>	<u>220,058</u>
Support services - student:				
Personnel services - compensation	2,122,421	1,938,061	1,860,230	77,831
Personnel services - employee benefits	681,681	597,957	553,617	44,340
Purchased professional & technical services	-	-	-	-
Purchased property services	-	425	425	-
Other purchased services	32,600	21,583	15,659	5,924
Supplies	130,000	89,467	134,452	(44,985)
Property	-	-	-	-
Total support services - student	<u>2,966,702</u>	<u>2,647,493</u>	<u>2,564,383</u>	<u>83,110</u>
Support services - instruction:				
Personnel services - compensation	199,795	192,939	195,037	(2,098)
Personnel services - employee benefits	72,396	77,170	77,170	-
Purchased professional & technical services	-	-	-	-
Purchased property services	-	4,988	4,988	-
Other purchased services	10,150	7,435	7,544	(109)
Supplies	62,757	73,218	61,956	11,262
Property	-	-	-	-
Total support services - instruction	<u>345,098</u>	<u>355,750</u>	<u>346,695</u>	<u>9,055</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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Support services - general administration:				
Personnel services - compensation	296,554	307,365	321,339	(13,974)
Personnel services - employee benefits	84,322	93,931	94,098	(167)
Purchased professional & technical services	85,500	63,909	68,787	(4,878)
Other purchased services	41,000	42,490	41,763	727
Supplies	20,000	24,760	46,604	(21,844)
Property	-	1,775	1,775	-
Total support services - general admin.	<u>527,376</u>	<u>534,230</u>	<u>574,366</u>	<u>(40,136)</u>
Support services - school administration:				
Personnel services - compensation	1,119,826	1,182,437	1,184,741	(2,304)
Personnel services - employee benefits	176,317	328,372	328,405	(33)
Purchased property services	-	-	-	-
Purchased professional & technical services	-	596	807	(211)
Other purchased services	38,750	9,820	9,911	(91)
Supplies	25,000	26,695	28,158	(1,463)
Property	-	-	-	-
Total support services - school admin.	<u>1,359,893</u>	<u>1,547,920</u>	<u>1,552,022</u>	<u>(4,102)</u>
Support services - central services:				
Personnel services - compensation	207,454	254,347	254,347	-
Personnel services - employee benefits	27,350	82,731	82,731	-
Purchased professional & technical services	-	826	826	-
Purchased property services	-	80	80	-
Other purchased services	10,500	20,171	21,333	(1,162)
Supplies	15,000	9,522	10,640	(1,118)
Property	-	-	-	-
Total support services - central serv.	<u>260,304</u>	<u>367,677</u>	<u>369,957</u>	<u>(2,280)</u>
Support services - operation and maintenance of plant:				
Personnel services - compensation	900,663	883,909	896,115	(12,206)
Personnel services - employee benefits	351,434	377,797	379,341	(1,544)
Purchased property services	885,000	892,274	688,510	203,764

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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>EXPENDITURES (continued)</i>				
Other purchased services	503,000	470,568	473,315	(2,747)
Supplies	365,000	382,709	70,023	312,686
Purchased professional & technical services	-	500	500	-
Total support services - operation and maintenance of plant	<u>3,005,097</u>	<u>3,007,757</u>	<u>2,507,804</u>	<u>499,953</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	-	9,899	548	9,351
Personnel services - employee benefits	-	101	101	-
Total operation of non instructional services - community services	<u>-</u>	<u>10,000</u>	<u>649</u>	<u>9,351</u>
Support services - student transportation:				
Personnel services - compensation	32,674	32,674	32,674	-
Personnel services - employee benefits	9,501	8,878	8,878	-
Purchased professional & technical services	200	285	285	-
Purchased property services	95,117	95,142	95,142	-
Other purchased services	889,640	798,109	798,109	-
Supplies	400	396	396	-
Total support services - student transportation	<u>1,027,532</u>	<u>935,484</u>	<u>935,484</u>	<u>-</u>
Capital outlay	<u>683,651</u>	<u>1,353,067</u>	<u>1,099,400</u>	<u>253,667</u>
<i>Total expenditures</i>	<u>24,124,410</u>	<u>25,002,256</u>	<u>23,973,580</u>	<u>1,028,676</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(877,690)</u>	<u>(877,689)</u>	<u>215,669</u>	<u>1,093,358</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, 2008

	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>	(13,527)	1,439,541	215,669	(1,223,872)
<i>Prior year cash balance</i>	<u>1,814,117</u>	<u>1,814,117</u>	<u>1,814,117</u>	<u>1,814,117</u>
<i>End of year cash balance</i>	<u>\$ 1,800,590</u>	<u>\$ 3,253,658</u>	<u>\$ 2,029,786</u>	<u>\$ 590,245</u>

RECONCILIATION TO GAAP

Adjustments:

Change in:

Deferred revenue	843
Accounts payable	346,702
Receivables	21,765
Net change in fund balance (GAAP basis)	<u>\$ 584,979</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, 2008

	<u>Agency Funds</u>
ASSETS	
<i>Current assets</i>	
Cash	\$ 792,949
	<u> </u>
 LIABILITIES	
<i>Current liabilities</i>	
Deposits held in trust for others	\$ 792,949
	<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, 2008

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, 2008

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 60 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.

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

Capital Outlay Fund – The capital outlay 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, 2008**

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, 2008**

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 of property located in the District as of the preceding January 1st. The assessed valuation for the 2008 fiscal year was \$146,042,491. 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 10th and April 10th following the levy and become delinquent after 30 days.

3. Inventories

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

4. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the applicable governmental-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of 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, 2008

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, 2008 was \$278,038.

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, 2008**

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. 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, 2008**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

10. 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 \$22,417,031 in state equalization guarantee distributions during the year ended June 30, 2008.

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 \$935,459 in transportation distributions during the year ended June 30, 2008.

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 \$5,797,990 in tax revenues during the year ended June 30, 2008. 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, 2008**

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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, 2008 was properly amended by the Board throughout the year. New Mexico state law prohibits a school district to exceed a function line item.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2008**

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, 2008.

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, 2008, 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 \$100,000 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, 2008, \$19,487,333 of the District's bank balances were exposed to custodial credit risk as follows:

	District
Insured (FDIC)	\$ 400,000
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the District's name	19,087,333
Uninsured and uncollateralized	0
Balance exposed to custodial credit risk	19,087,333
Total bank balances	19,087,333
 Carrying Amount	 \$ 18,032,584

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2008**

NOTE 3: DEPOSITS AND INVESTMENTS (continued)

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, 2008, the New MexicGROW Local Government Investment Pool was rated at AAAM and was considered a 46-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	\$ 2,187,651	\$ 890,532	\$16,409,150	\$19,487,333
FDIC coverage	200,000	100,000	100,000	400,000
Total uninsured public funds	<u>\$ 1,987,651</u>	<u>\$ 790,532</u>	<u>\$16,309,150</u>	<u>\$19,087,333</u>
Collateral requirement (50% of uninsured public funds)	\$ 993,826	\$ 395,266	\$ 15,152,989	\$ 16,542,081
Pledged securities	3,689,584	500,000	15,423,943	19,613,527
Over (under) collateralization	<u>\$ 2,695,758</u>	<u>\$ 104,734</u>	<u>\$ 270,954</u>	<u>\$ 3,071,446</u>

The collateral pledged is listed on Page 142-143 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.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2008**

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	\$ 18,032,584
Less amounts included in agency funds	(792,949)
Total	\$ 17,239,635
Included in the following balance sheet captions:	
Cash and cash equivalents	\$ 17,239,635

As of June 30, 2008, the District had the following investments and maturities in an overnight purchase agreement:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Fannie Mae Note	\$ 9,176,428	\$ -	\$ 9,176,428	\$ -	\$ -
Fed Home Loan Discount Note	3,568,979	3,568,979	-	-	-
Fed Home Loan Discount Note	965,048	-	-	-	965,048
Total	\$ 13,711,455	\$ 3,568,979	\$ 9,176,428	\$ -	\$ 965,048

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, 2008 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, 2008**

NOTE 4: RECEIVABLES

Receivables as of June 30, 2008 for the government's individual major funds and non-major funds in the aggregate, include the following:

	General	Capital Outlay	Debt Service	Other	Total
Receivables:					
Property taxes	\$ 3,127	\$ 34,540	\$ 29,654	\$ -	\$ 67,321
Oil & gas taxes	55,273	442,088	394,602	-	891,963
Due from other govts	-	124,737	-	1,055,556	1,180,293
	<u>\$ 58,400</u>	<u>\$601,365</u>	<u>\$ 424,256</u>	<u>\$ 1,055,556</u>	<u>\$2,139,577</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, 2008 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Reading First	\$ 409,571
General Fund	Food Services	10,000
General Fund	Truancy Initiative	19,711
General Fund	Adequacy Tech Grant	275,102
General Fund	Gear Up CHE	19,402
General Fund	Title I - IASA	89,812
General Fund	Migrant Children Education	16,320
General Fund	IDEA-B Entitlement	178,896
General Fund	IDEA-B Preschool	30,569
General Fund	Title V - A	628
General Fund	Teacher/Principal Training	6,751
General Fund	Rural & Low Income Schools	53,144
General Fund	Carl Perkins High School	5,892
General Fund	Medicaid XIX	2,168
Capital Outlay Bond	Debt Service	53,269
Rural and Low Income	General Fund	12,830
		<u>\$ 1,184,065</u>

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2008**

NOTE 5: INTERFUND RECEIVABLES (continued)

Interfund balances represent long-term advances to funds that failed to receive reimbursement for grants on a reimbursement basis. The composition of interfund balances during the year ended June 30, 2008 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Reading First	\$ 169,498
General Fund	Private Direct Grants	350
General Fund	Libraries GO Bonds	635
General Fund	Migrant Children Education	29,250
General Fund	IDEA-B Preschool	600
General Fund	Title III Incentive Awards	3,041
General Fund	Enhancing Education Through Tech	5,754
General Fund	Title V - A	4,942
General Fund	English Language Acquisition	46,343
General Fund	Jobs for Graduates	48,573
General Fund	Carl Perkins High School	10,060
General Fund	TANF/GRADS	38,158
General Fund	GEAR-UP USDE	30
		<u>\$ 357,234</u>

NOTE 6: CAPITAL ASSETS

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

	Beginning Balance 06/30/07	Increases	Decreases/ Adjustments	Ending Balance 06/30/08
Governmental Activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 73,609	\$ -	\$ -	\$ 73,609
Capital assets, being depreciated:				
Buildings and improvements	76,711,441	10,172,387	-	86,883,828
Equipment	7,590,229	653,809	-	8,244,038
Vehicles	968,994	247,311	(107,493)	1,108,812
Total at historical cost	<u>85,344,273</u>	<u>11,073,507</u>	<u>(107,493)</u>	<u>96,310,287</u>
Less Accumulated Depreciation:				
Buildings and improvements	(50,631,214)	(967,874)	-	(51,599,088)
Equipment	(5,824,632)	(425,736)	-	(6,250,368)
Vehicles	(677,151)	(246,630)	-	(923,781)
Total accumulated depreciation	<u>(57,132,997)</u>	<u>(1,640,240)</u>	<u>-</u>	<u>(58,773,237)</u>
Governmental activities capital assets, net	<u>\$ 28,211,276</u>	<u>\$ 9,433,267</u>	<u>\$ (107,493)</u>	<u>\$ 37,537,050</u>

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2008**

NOTE 6: CAPITAL ASSETS (continued)

Depreciation expense for the year ended June 30, 2008 was charged to the following functions:

	District
Instruction	\$ 513,510
Support services:	
Students	17,741
Instruction	23,552
School administration	9,741
General administration	55,288
Central services	961,009
Operation and maintenance of plant	24,452
Student transportation	22,975
Food services	9,207
Community services	2,765
Total depreciation expense	\$ 1,640,240

NOTE 7: 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, 2008 are comprised of the following:

	Original Amount	Interest Rates	Balance 06/30/08
Series 1998 General Obligation Bond	\$ 2,500,000	4.0-4.3%	\$ 300,000
Series 2002 General Obligation Bond	5,300,000	6.1%	4,925,000
Series 2003 General Obligation Bond	4,700,000	2.4-4.0%	4,600,000
Series 2007 General Obligation Bond	8,500,000	3.85-4.0%	8,500,000
Series 2008 General Obligation Bond	8,000,000	3.0%	8,000,000
Total General Obligation Bonds	\$ 29,000,000		\$ 26,325,000

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

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2008**

NOTE 7: LONG – TERM DEBT (continued)

Year Ending June 30,	Principal	Interest	Total Requirements
2009	\$ 1,400,000	\$ 959,567	\$ 2,359,567
2010	1,250,000	914,374	2,164,374
2011	1,550,000	1,160,900	2,710,900
2012	1,700,000	800,612	2,500,612
2013	1,700,000	736,684	2,436,684
2014-2018	10,725,000	2,197,869	12,922,869
2019-2023	8,000,000	506,450	8,506,450
Total	\$ 26,325,000	\$ 7,276,456	\$ 33,601,456

Changes in long-term liabilities – During the year ended June 30, 2008, the following changes occurred in liabilities reported in the general obligation bonds and compensated absences.

	Balance 06/30/07	Additions	Retirements	Balance 06/30/08	Due Within One Year
1997 Series	\$ 365,000	\$ -	\$ (365,000)	\$ -	\$ -
1998 Series	590,000	-	(290,000)	300,000	300,000
2002 Series	5,050,000	-	(125,000)	4,925,000	350,000
2003 Series	4,650,000	-	(50,000)	4,600,000	250,000
2007 Series	8,500,000	-	-	8,500,000	500,000
2008 Series	-	8,000,000	-	8,000,000	-
Compensated Absences	245,874	271,312	(239,148)	278,038	239,148
Total Long-Term Liabilities	\$ 19,400,874	\$ 8,271,312	\$ (1,069,148)	\$ 26,603,038	\$ 1,639,148

Compensated absences typically have been liquidated in the general and other governmental funds. Total interest expense on outstanding bonds for the year ended June 30, 2008 was \$937,234.

NOTE 8: 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

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2008**

NOTE 8: RISK MANAGEMENT (continued)

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, 2008, there have been no claims that have exceeded insurance coverage.

NOTE 9: PENSION PLAN-EDUCATIONAL RETIREMENT BOARD

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 (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes the financial statements and required supplementary information. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, New Mexico 87502-6129. The report is also available on ERB's website at www.nmerb.org.

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, 2008, 2007, and 2006 were: \$1,650,044, \$1,472,023, and \$1,263,327, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 10: POST-EMPLOYMENT BENEFITS-STATE RETIREE HEALTH CARE PLAN

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

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

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

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2008**

NOTE 10: POST-EMPLOYMENT BENEFITS-STATE RETIREE HEALTH CARE PLAN (continued)

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.

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employees and their employees. During the fiscal year ended June 30, 2008, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary.

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

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

The District's contributions to the RHCA for the years ended June 30, 2008, 2007, and 2006, were \$198,503, \$184,987, and \$174,044 in employer contributions and \$99,252, \$92,491, and \$89,977, in employee contributions, respectively, which equal the required contributions for each year.

NOTE 11: 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 12: 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

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2008**

NOTE 12: ACCOUNTING STANDARDS (continued)

effective for financial statements for periods beginning after June 30, 2008. The statement establishes uniform financial reporting standards for OPEB plans and supersedes the interim guidance included

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, 2008. 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, 2008. 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 December 2007, 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, 2008. 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 13: 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.

Migrant Children Education	\$	29,250
IDEA-B Preschool		600
Title III-Incentive Awards		3,041
Enhancing Education through Tech		5,754
Title V-Part A		4,942
English Language Acquisition		46,343
Reading First		169,498
Jobs for Americas Graduates		48,573
Carl D. Perkins High Schools		10,060
TANF/GRADS HSD		38,158
GEAR UP USDE		30
Libraries GO Bonds		635
Private Direct Grants		350
		<hr/>
Total	\$	<u>357,234</u>

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2008**

B. Excess of expenditures over appropriations.

For the fiscal year ended June 30, 2010, expenditures exceed appropriations in the following funds:

	Final Budget	Actual Amounts	Variance with Final Budget
Capital Improvements-SB-9			
Capital outlay	2,414,452	2,616,078	(201,626)
Title III Incentive Awards			
Instruction	-	2,000	(2,000)
Title III Immigrant Funding			
Instruction	-	2,021	(2,021)
Carl D Perkins Secondary			
Instruction	-	2,943	(2,943)
Support services	-	105	(105)
GRADS Child Care			
Instruction	-	4,729	(4,729)
TANF/GRADS HSD			
Instruction	-	7,659	(7,659)
Technology for Education			
Instruction	-	39,355	(39,355)
Incentives for school improvement			
Instruction	-	857	(857)
Libraries – GO Bond			
Support services	-	64	(64)
Beginning Teacher Mentoring Program			
Instruction	13,934	14,361	(427)
Gear Up CHE			
General administration	56,472	56,811	(339)
Early Intervention CYFD			
Instruction	-	4,885	(4,885)

NOTE 14: SCHEDULE OF APPROPRIATIONS

The bonds appropriated for construction of capital projects at June 30, 2008 was as follows:

	Original Appropriation	Unexpended Balance	Appropriation Period
\$	55,000	\$55,000	July 1, 2007 to June 30, 2009
	75,000	75,000	July 1, 2007 to June 30, 2011
	100,000	100,000	July 1, 2007 to June 30, 2009
	125,000	125,000	July 1, 2007 to June 30, 2009
	60,000	60,000	July 1, 2007 to June 30, 2009
	125,000	125,000	July 1, 2007 to June 30, 2011
	100,000	100,000	July 1, 2007 to June 30, 2011
	50,000	50,000	July 1, 2007 to June 30, 2011
\$	690,000	\$ 690,000	

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Notes to the Financial Statements
June 30, 2008

NOTE 15: CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At June 30, 2008, the District had several uncompleted construction contracts in the capital projects fund. The remaining commitment on these construction contracts was \$5,934,323.

NOTE 16: 403(B) RETIREMENT PLAN

The District maintains a defined contribution 403(b) retirement plan. All employees who work 1,000 hours or more are eligible to contribute up to the maximum yearly amount. The District does not match contributions. Employee contributions for the year ended June 30, 2008 were \$51,936.

NOTE 17: 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 was approximately \$15,000. Charges were filed against the former employee. The former employee entered into a restitution agreement to pay the District \$400 per month.

NOTE 18: PRIOR PERIOD RESTATEMENT

During the fiscal year ended June 30, 2008, it was discovered that the ending agency fund balances in the June 30, 2007 financial statements were incorrect. An adjustment of \$436,207 was needed to adjust beginning balances to actual in the Statement of Changes in Assets and Liabilities.

The following adjustments were also recorded as prior period adjustments to the Statement of Net Assets:

Property tax receivable	\$	196,497
Early Intervention CYFD moved from Agency fund		
Project Planned Success		59,447
Increase in prior year benefit payable		<u>(78,040)</u>
Total restatement	\$	<u>177,904</u>

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, 2008

	Operational	Transportation	Instructional Materials	Total General Fund
REVENUES				
Taxes	\$ 365,019	\$ -	\$ -	\$ 365,019
District activities	8,021	-	-	8,021
Insurance recoveries	6,905	-	-	6,905
Revenue from local sources	39,442	-	-	39,442
Revenue from state sources	22,417,031	935,459	399,590	23,752,080
Revenue from federal sources	25,432	-	-	25,432
Investment income	7,783	-	-	7,783
Sale of real property	7,175	-	-	7,175
Total revenues	<u>22,876,808</u>	<u>935,459</u>	<u>399,590</u>	<u>24,211,857</u>
EXPENDITURES				
Current:				
Instruction	13,637,650	-	306,015	13,943,665
Support services:				
Students	2,564,383	-	-	2,564,383
Instruction	326,963	-	21,274	348,237
General administration	575,267	-	-	575,267
School administration	1,552,022	-	-	1,552,022
Central services	369,957	-	-	369,957
Operation and maintenance of plant	2,448,261	-	-	2,448,261
Student transportation	25	935,459	-	935,484
Operation of non instructional services:				
Community services	649	-	-	649
Capital outlay	888,953	-	-	888,953
Total expenditures	<u>22,364,130</u>	<u>935,459</u>	<u>327,289</u>	<u>23,626,878</u>
Excess (deficiency) of revenues over expenditures	<u>512,678</u>	<u>-</u>	<u>72,301</u>	<u>584,979</u>
Other financing sources (uses) increase (decrease) in inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	512,678	-	72,301	584,979
Fund balances - beginning of year	1,635,888	994	(27,825)	1,609,057
Restatements	(95,870)			(95,870)
Beginning fund balances, as restated	<u>1,540,018</u>	<u>994</u>	<u>(27,825)</u>	<u>1,513,187</u>
Fund balances - end of year	<u>\$ 2,052,696</u>	<u>\$ 994</u>	<u>\$ 44,476</u>	<u>\$ 2,098,166</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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 285,661	\$ 285,661	\$ 342,411	\$ 56,750
Investment income	10,000	10,000	7,783	(2,217)
District activities	7,500	7,500	8,021	521
Insurance recoveries	5,000	5,000	6,905	1,905
Revenue from local sources	-	-	39,442	39,442
Revenue from state sources	21,589,963	22,450,158	22,417,031	(33,127)
Revenue from federal sources	40,000	40,000	25,432	(14,568)
Sale of real property	-	-	7,175	7,175
<i>Total revenues</i>	<u>21,938,124</u>	<u>22,798,319</u>	<u>22,854,200</u>	<u>55,881</u>
EXPENDITURES				
Instruction:				
Personnel services - compensation	9,739,635	9,932,581	9,738,028	194,553
Personnel services - employee benefits	3,184,465	3,075,208	3,081,527	(6,319)
Other purchased services	447,850	454,891	477,039	(22,148)
Supplies	318,500	398,496	379,954	18,542
Property	-	16,180	7,253	8,927
Instruction	<u>13,690,450</u>	<u>13,877,356</u>	<u>13,683,801</u>	<u>193,555</u>
Support services - student:				
Personnel services - compensation	2,122,421	1,938,061	1,860,229	77,832
Personnel services - employee benefits	681,681	597,957	553,617	44,340
Purchase prof. & tech. services	-	-	-	-
Purchased property services	-	425	425	-
Other purchased services	32,600	21,583	15,659	5,924
Supplies	130,000	89,467	134,452	(44,985)
Property	-	-	-	-
Total support services - student	<u>2,966,702</u>	<u>2,647,493</u>	<u>2,564,382</u>	<u>83,111</u>
Support services - instruction:				
Personnel services - compensation	199,795	192,939	195,037	(2,098)
Personnel services - employee benefits	72,396	77,170	77,170	-
Purchase prof. & tech. services	-	-	-	-
Purchased property services	-	4,988	4,988	-
Other purchased services	10,150	7,435	7,544	(109)
Supplies	40,000	47,951	41,976	5,975
Property	-	-	-	-
Total support services - instruction	<u>322,341</u>	<u>330,483</u>	<u>326,715</u>	<u>3,768</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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Support services - general administration:				
Personnel services - compensation	296,554	307,365	321,338	(13,973)
Personnel services - employee benefits	84,322	93,931	94,098	(167)
Purchased professional & technical services	85,500	63,909	68,787	(4,878)
Other purchased services	41,000	42,490	41,763	727
Supplies	20,000	24,760	46,604	(21,844)
Property	-	1,775	1,775	-
Total support services - general admin	<u>527,376</u>	<u>534,230</u>	<u>574,365</u>	<u>(40,135)</u>
Support services - school administration:				
Personnel services - compensation	1,119,826	1,182,437	1,184,741	(2,304)
Personnel services - employee benefits	176,317	328,372	328,405	(33)
Purchase prof. & tech. services	-	596	807	(211)
Purchased property services	-	-	-	-
Other purchased services	38,750	9,820	9,911	(91)
Supplies	25,000	26,695	28,158	(1,463)
Property	-	-	-	-
Total support services - school admin.	<u>1,359,893</u>	<u>1,547,920</u>	<u>1,552,022</u>	<u>(4,102)</u>
Support services - central services:				
Personnel services - compensation	207,454	254,347	254,347	-
Personnel services - employee benefits	27,350	82,731	82,731	-
Purchased professional & technical services	-	826	826	-
Purchased property services	-	80	80	-
Other purchased services	10,500	20,171	21,332	(1,161)
Supplies	15,000	9,522	10,640	(1,118)
Property	-	-	-	-
Total support services - central serv.	<u>260,304</u>	<u>367,677</u>	<u>369,956</u>	<u>(2,279)</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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Support services - operation and maintenance of plant:				
Personnel services - compensation	900,663	883,909	896,115	(12,206)
Personnel services - employee benefits	351,434	377,797	379,341	(1,544)
Purchased professional & technical services	-	500	500	-
Purchased property services	885,000	892,274	688,510	203,764
Other purchased services	503,000	470,568	473,315	(2,747)
Supplies	365,000	382,709	70,023	312,686
Property	-	-	-	-
Total support services - operation and maintenance of plant	3,005,097	3,007,757	2,507,804	499,953
Support services - community services				
Personnel services - compensation	-	9,899	548	9,351
Personnel services - employee benefits	-	101	101	-
Total support services - operation and maintenance of plant	-	10,000	649	9,351
Support services - other support:				
Debt service and miscellaneous	-	-	-	-
Total support services - other support	-	-	-	-
Operation of non instructional services - transportation services:				
Other purchased services	-	25	25	-
Total transportation services	-	25	25	-

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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Capital outlay	683,651	1,353,067	1,099,400	253,667
Non-operating	-	-	-	-
<i>Total expenditures</i>	22,815,814	23,676,008	22,679,119	996,889
<i>Excess (deficiency) of revenues over expenditures</i>	(877,690)	(877,689)	175,081	1,052,770
<i>Other financing sources (uses):</i>				
Designated cash balance	1,988,820	1,988,820	-	(1,988,820)
<i>Total other financing sources (uses)</i>	1,988,820	1,988,820	-	(1,988,820)
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	1,111,130	1,111,131	175,081	(936,050)
<i>Prior year cash balance</i>	-	-	1,807,945	1,807,945
<i>End of year cash balance</i>	<u>\$ 1,111,130</u>	<u>\$ 1,111,131</u>	<u>\$ 1,983,026</u>	<u>\$ 871,895</u>

RECONCILIATION TO GAAP

Adjustments:

Change in:

Deferred revenue	843
Accounts payable	314,993
Receivables	21,765
Net change in fund balance (GAAP basis)	<u>\$ 512,682</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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)
	Original	Final	
REVENUES			
Revenues from state sources	\$ 1,027,532	\$ 935,459	\$ 935,459
<i>Total revenues</i>	<u>1,027,532</u>	<u>935,459</u>	<u>935,459</u>
EXPENDITURES			
Support services:			
Student transportation	1,027,532	935,459	935,459
<i>Total expenditures</i>	<u>1,027,532</u>	<u>935,459</u>	<u>935,459</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<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>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-
<i>Prior year cash balance</i>	-	-	994
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 994</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
 Instructional Materials
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)
	Original	Final	
REVENUES			
Revenue from local sources	\$ -	\$ -	\$ -
Revenues from state sources	281,064	390,789	399,590
<i>Total revenues</i>	<u>281,064</u>	<u>390,789</u>	<u>399,590</u>
EXPENDITURES			
Instruction	258,307	365,522	339,018
Support services:			
Instruction	22,757	25,267	19,980
<i>Total expenditures</i>	<u>281,064</u>	<u>390,789</u>	<u>358,998</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>40,592</u>
<i>Other financing sources (uses):</i>			
Designated cash balance	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>40,592</u>
<i>Prior year cash balance</i>	-	-	5,178
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,770</u>
RECONCILIATION TO GAAP			
Adjustments:			
Accounts payable			31,709
Net change in fund balance (GAAP basis)			<u>\$ 72,301</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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,572,533	\$ 1,572,533	\$ 2,226,674	\$ 654,141
<i>Total revenues</i>	<u>1,572,533</u>	<u>1,572,533</u>	<u>2,226,674</u>	<u>654,141</u>
EXPENDITURES				
Debt service	3,043,032	3,043,032	1,560,989	1,482,043
<i>Total expenditures</i>	<u>3,043,032</u>	<u>3,043,032</u>	<u>1,560,989</u>	<u>1,482,043</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,470,499)</u>	<u>(1,470,499)</u>	<u>665,685</u>	<u>2,136,184</u>
<i>Other financing sources (uses):</i>				
Bond Premium	-	-	84,193	84,193
Designated cash balance	1,470,499	1,470,499	-	(1,470,499)
<i>Total other financing sources (uses)</i>	<u>1,470,499</u>	<u>1,470,499</u>	<u>84,193</u>	<u>(1,386,306)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	749,878	749,878
<i>Prior year cash balance</i>	-	-	1,466,348	1,466,348
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,216,226</u>	<u>\$ 2,216,226</u>
RECONCILIATION TO GAAP				
Adjustments:				
Change in:				
Due from other funds			(53,269)	
Accrued interest			15,168	
Deferred revenue			(7,360)	
Accounts receivable			265,687	
Bond payments			355,000	
Net change in fund balance (GAAP basis)			<u>\$ 1,325,104</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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 279,116	279,116
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>279,116</u>	<u>279,116</u>
EXPENDITURES				
Capital outlay	8,442,823	8,442,823	6,206,297	2,236,526
<i>Total expenditures</i>	<u>8,442,823</u>	<u>8,442,823</u>	<u>6,206,297</u>	<u>2,236,526</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(8,442,823)</u>	<u>(8,442,823)</u>	<u>(5,927,181)</u>	<u>2,515,642</u>
<i>Other financing sources (uses):</i>				
Bond proceeds	-	-	8,000,000	8,000,000
Designated cash balance	8,442,823	8,442,823	-	(8,442,823)
<i>Total other financing sources (uses)</i>	<u>8,442,823</u>	<u>8,442,823</u>	<u>8,000,000</u>	<u>(442,823)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>2,072,819</u>	<u>2,072,819</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>\$ 2,072,819</u>	<u>\$ 2,072,819</u>
RECONCILIATION TO GAAP				
Adjustments:				
Change in:				
Accounts payable			(525,462)	
Net change in fund balance (GAAP basis)			<u>\$ 1,547,357</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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,180,825	\$ 1,180,825	\$ 1,413,403	\$ 232,578
Revenue from state sources	-	66,463	346,875	280,412
Insurance recoveries	-	-	1,677,801	1,677,801
Investment income	37,000	37,000	53,083	16,083
<i>Total revenues</i>	<u>1,217,825</u>	<u>1,284,288</u>	<u>3,491,162</u>	<u>2,206,874</u>
EXPENDITURES				
Support services:				
General administration	2,500	2,500	2,401	99
Capital outlay	1,661,665	2,414,452	2,616,078	(201,626)
<i>Total expenditures</i>	<u>1,664,165</u>	<u>2,416,952</u>	<u>2,618,479</u>	<u>(201,527)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(446,340)</u>	<u>(1,132,664)</u>	<u>872,683</u>	<u>2,005,347</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>	1,713,981	1,090,978	872,683	(218,295)
<i>Prior year cash balance</i>	-	-	301,170	301,170
<i>End of year cash balance</i>	<u>\$ 1,713,981</u>	<u>\$ 1,090,978</u>	<u>\$ 1,173,853</u>	<u>\$ 82,875</u>
RECONCILIATION TO GAAP				
Adjustments:				
Change in:				
Accounts receivable			90,907	
Accounts payable			288	
Deferred revenue			(521)	
Net change in fund balance (GAAP basis)			<u>\$ 963,357</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, 2008**

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, 2008**

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).

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).

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.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Non-Major Special Revenue Funds
June 30, 2008**

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).

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.

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, 2008**

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, 2008**

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 receive 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 receive 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 receive 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. The fund was created by state grant provisions.

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. The fund was created by state grant provisions.

Gear Up CHE - To account for revenues and expenditures for grants provide services at high poverty middle schools and high schools. The fund was created by state grant provisions.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Non-Major Special Revenue Funds
June 30, 2008**

Early Intervention CYFD-To account for revenues and expenditures for grants to provide daycare for high school students with children. The fund was created by state grant provisions.

Library GO Bond 2006 - 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.

**Non-Major Capital Projects Funds
June 30, 2008**

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.

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, 2008**

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.

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2008

	Special Revenue Funds		
	Food Services	Athletics	Title I - IASA
ASSETS			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 45,619	\$ 127,984	\$ -
Accounts receivable:			
Taxes	-	-	-
Due from other funds	-	-	-
Due from other governments	124,591	-	190,643
Inventory	17,020	-	-
	<u>\$ 187,230</u>	<u>\$ 127,984</u>	<u>\$ 190,643</u>
<i>Total assets</i>	<u>\$ 187,230</u>	<u>\$ 127,984</u>	<u>\$ 190,643</u>
LIABILITIES AND FUND BALANCES			
<i>Current liabilities:</i>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	10,000	-	89,812
Deferred revenue	-	-	100,831
Advances from other funds	-	-	-
	<u>10,000</u>	<u>-</u>	<u>190,643</u>
<i>Total liabilities</i>	<u>10,000</u>	<u>-</u>	<u>190,643</u>
<i>Fund balances:</i>			
Reserved:			
Reserved for inventory	17,020	-	-
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	160,210	127,984	-
Capital project funds	-	-	-
	<u>177,230</u>	<u>127,984</u>	<u>-</u>
<i>Total fund balances</i>	<u>177,230</u>	<u>127,984</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 187,230</u>	<u>\$ 127,984</u>	<u>\$ 190,643</u>

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

Special Revenue Funds

Migrant Children Education	IDEA-B Entitlement	IDEA-B Preschool	Title VI	Title II - ESEA	Emergency Immigrant
\$ -	\$ -	\$ -	\$ 414	\$ 1,212	\$ 6,538
-	-	-	-	-	-
-	-	-	-	-	-
16,320	178,896	30,569	-	-	-
-	-	-	-	-	-
<u>\$ 16,320</u>	<u>\$ 178,896</u>	<u>\$ 30,569</u>	<u>\$ 414</u>	<u>\$ 1,212</u>	<u>\$ 6,538</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16,320	178,896	30,569	-	-	-
-	-	-	414	1,212	6,538
29,250	-	600	-	-	-
<u>45,570</u>	<u>178,896</u>	<u>31,169</u>	<u>414</u>	<u>1,212</u>	<u>6,538</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(29,250)	-	(600)	-	-	-
-	-	-	-	-	-
<u>(29,250)</u>	<u>-</u>	<u>(600)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 16,320</u>	<u>\$ 178,896</u>	<u>\$ 30,569</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, 2008

	Special Revenue Funds		
	Drug Free Schools	Enhancing Education Thru Technology (E2T2-F)	Class Size Reduction
ASSETS			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 1	\$ 17	\$ 2
Accounts receivable:			
Taxes	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Inventory	-	-	-
	<u>\$ 1</u>	<u>\$ 17</u>	<u>\$ 2</u>
<i>Total assets</i>	<u>\$ 1</u>	<u>\$ 17</u>	<u>\$ 2</u>
LIABILITIES AND FUND BALANCES			
<i>Current liabilities:</i>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenue	-	17	2
Advances from other funds	-	-	-
	<u>-</u>	<u>17</u>	<u>2</u>
<i>Total liabilities</i>	<u>-</u>	<u>17</u>	<u>2</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	1	-	-
Capital project funds	-	-	-
	<u>1</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>1</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1</u>	<u>\$ 17</u>	<u>\$ 2</u>

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

Special Revenue Funds

Title III - Incentive Awards	Enhancing Education Thru Technology (E2T2-C)	Title V - Part A	English Language Acquisition	Teacher/ Principal Training & Recruiting
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	628	-	9,409
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 628</u>	<u>\$ -</u>	<u>\$ 9,409</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	628	-	6,751
-	-	-	-	2,658
3,041	5,754	4,942	46,343	-
<u>3,041</u>	<u>5,754</u>	<u>5,570</u>	<u>46,343</u>	<u>9,409</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(3,041)	(5,754)	(4,942)	(46,343)	-
-	-	-	-	-
<u>(3,041)</u>	<u>(5,754)</u>	<u>(4,942)</u>	<u>(46,343)</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 628</u>	<u>\$ -</u>	<u>\$ 9,409</u>

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2008

	Special Revenue Funds			
	Safe and Drug Free Schools	Rural and Low Income Schools	Title III - Immigrant Funding	Reading First
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 2,971	\$ -	\$ 40,565	\$ 409,167
Accounts receivable:				
Taxes	-	-	-	-
Due from other funds	-	12,830	-	-
Due from other governments	-	40,458	-	404
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 2,971</u>	<u>\$ 53,288</u>	<u>\$ 40,565</u>	<u>\$ 409,571</u>
LIABILITIES AND FUND BALANCES				
<i>Current liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	53,144	-	409,571
Deferred revenue	2,971	144	40,565	-
Advances from other funds	-	-	-	169,498
<i>Total liabilities</i>	<u>2,971</u>	<u>53,288</u>	<u>40,565</u>	<u>579,069</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	-	-	-	(169,498)
Capital project funds	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(169,498)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 2,971</u>	<u>\$ 53,288</u>	<u>\$ 40,565</u>	<u>\$ 409,571</u>

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
\$ -	\$ 11,258	\$ -	\$ 499	\$ 706	\$ -	\$ 788
-	-	-	-	-	-	-
-	22,573	5,892	-	-	87,842	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 33,831</u>	<u>\$ 5,892</u>	<u>\$ 499</u>	<u>\$ 706</u>	<u>\$ 87,842</u>	<u>\$ 788</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	5,892	-	-	2,168	-
-	33,831	-	499	706	-	788
48,573	-	10,060	-	-	-	-
<u>48,573</u>	<u>33,831</u>	<u>15,952</u>	<u>499</u>	<u>706</u>	<u>2,168</u>	<u>788</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(48,573)	-	(10,060)	-	-	85,674	-
-	-	-	-	-	-	-
<u>(48,573)</u>	<u>-</u>	<u>(10,060)</u>	<u>-</u>	<u>-</u>	<u>85,674</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 33,831</u>	<u>\$ 5,892</u>	<u>\$ 499</u>	<u>\$ 706</u>	<u>\$ 87,842</u>	<u>\$ 788</u>

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2008

	Special Revenue Funds		
	Teacher Quality Enhancement Grants	Foreign Language Incentive	Bill & Melinda Gates Intel
ASSETS			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 1	\$ 14	\$ 5
Accounts receivable:			
Taxes	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Inventory	-	-	-
<i>Total assets</i>	<u>\$ 1</u>	<u>\$ 14</u>	<u>\$ 5</u>
LIABILITIES AND FUND BALANCES			
<i>Current liabilities:</i>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenue	-	14	-
Advances from other funds	-	-	-
<i>Total liabilities</i>	<u>-</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	1	-	5
Capital project funds	-	-	-
<i>Total fund balances</i>	<u>1</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	\$ 6,107	\$ -	\$ -	\$ 3,194	\$ 1	\$ 1,143
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 151</u>	<u>\$ 6,107</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,194</u>	<u>\$ 1</u>	<u>\$ 1,143</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
151	6,107	-	-	3,194	-	-
-	-	38,158	30	-	-	-
<u>151</u>	<u>6,107</u>	<u>38,158</u>	<u>30</u>	<u>3,194</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(38,158)	(30)	-	1	1,143
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>(38,158)</u>	<u>(30)</u>	<u>-</u>	<u>1</u>	<u>1,143</u>
<u>\$ 151</u>	<u>\$ 6,107</u>	<u>\$ -</u>	<u>\$ -</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, 2008

	Special Revenue Funds			
	Breakfast in the Classroom	JF Maddox Foundation	PNM Foundation	Technology for Education
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 2	\$ 615	\$ 48	\$ 132,947
Accounts receivable:				
Taxes	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 2</u>	<u>\$ 615</u>	<u>\$ 48</u>	<u>\$ 132,947</u>
LIABILITIES AND FUND BALANCES				
<i>Current liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Deferred revenue	-	615	48	132,947
Advances from other funds	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>615</u>	<u>48</u>	<u>132,947</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	2	-	-	-
Capital project funds	-	-	-	-
<i>Total fund balances</i>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 2</u>	<u>\$ 615</u>	<u>\$ 48</u>	<u>\$ 132,947</u>

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

Special Revenue Funds

Incentives for School Improvement	Libraries - GO Bonds	Beginning Teacher Mentoring Program	Private Direct Grants	School Based Health Center	Adequacy Tech Equity Grant	Truancy Initiative
\$ 16,152	\$ -	\$ 4,313	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	308,217	19,711
-	-	-	-	-	-	-
<u>\$ 16,152</u>	<u>\$ -</u>	<u>\$ 4,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 308,217</u>	<u>\$ 19,711</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,115	\$ -
-	-	-	-	-	275,102	19,711
16,152	-	4,313	-	-	-	-
-	635	-	350	-	-	-
<u>16,152</u>	<u>635</u>	<u>4,313</u>	<u>350</u>	<u>-</u>	<u>308,217</u>	<u>19,711</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(635)	-	(350)	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>(635)</u>	<u>-</u>	<u>(350)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 16,152</u>	<u>\$ -</u>	<u>\$ 4,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 308,217</u>	<u>\$ 19,711</u>

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2008

	Special Revenue Funds			
	Libraries - SB 301 GO Bonds-Laws of 2006	Gear Up CHE	Early Intervention CYFD	Total Nonmajor Special Revenue Funds
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 6,400	\$ -	\$ 76,609	\$ 895,443
Investments	-	-	-	-
Accounts receivable:				
Taxes	-	-	-	-
Due from other funds	-	-	-	12,830
Due from other governments	-	19,402	-	1,055,555
Inventory	-	-	-	17,020
<i>Total assets</i>	<u>\$ 6,400</u>	<u>\$ 19,402</u>	<u>\$ 76,609</u>	<u>\$ 1,980,848</u>
LIABILITIES AND FUND BALANCES				
<i>Current liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ 33,115
Due to other funds	-	19,402	-	1,117,966
Deferred revenue	6,400	-	-	361,117
Advances from other funds	-	-	-	357,234
<i>Total liabilities</i>	<u>6,400</u>	<u>19,402</u>	<u>-</u>	<u>1,869,432</u>
<i>Fund balances:</i>				
Reserved:				
Reserved for inventory	-	-	-	17,020
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	-	-	76,609	94,396
Capital project funds	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>76,609</u>	<u>111,416</u>
<i>Total liabilities and fund balances</i>	<u>\$ 6,400</u>	<u>\$ 19,402</u>	<u>\$ 76,609</u>	<u>\$ 1,980,848</u>

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

Capital Outlay Funds

Special Capital Outlay - State	Capital Improvement HB-33	Ed Technology Equipment	Public Capital Outlay - 20%	Total Nonmajor Capital Projects Funds	Technology Bonds - Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ 1,592,446	\$ 249	\$ 818	\$ 1,593,513	\$ 58,582	\$ 2,547,538
-	549,428	-	-	549,428	-	549,428
-	238,232	-	-	238,232	-	238,232
-	-	-	-	-	-	12,830
124,737	-	-	-	124,737	-	1,180,292
-	-	-	-	-	-	17,020
<u>\$ 124,737</u>	<u>\$ 2,380,106</u>	<u>\$ 249</u>	<u>\$ 818</u>	<u>\$ 2,505,910</u>	<u>\$ 58,582</u>	<u>\$ 4,545,340</u>
\$ 34,677	\$ 43,772	\$ -	\$ -	\$ 78,449	\$ -	\$ 111,564
-	-	-	-	-	-	1,117,966
-	10,774	-	-	10,774	-	371,891
-	-	-	-	-	-	357,234
<u>34,677</u>	<u>54,546</u>	<u>-</u>	<u>-</u>	<u>89,223</u>	<u>-</u>	<u>1,958,655</u>
-	-	-	-	-	-	17,020
-	-	-	-	-	58,582	58,582
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	94,396
90,060	2,325,560	249	818	2,416,687	-	2,416,687
90,060	2,325,560	249	818	2,416,687	58,582	2,586,685
<u>\$ 124,737</u>	<u>\$ 2,380,106</u>	<u>\$ 249</u>	<u>\$ 818</u>	<u>\$ 2,505,910</u>	<u>\$ 58,582</u>	<u>\$ 4,545,340</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, 2008

	Special Revenue Funds		
	Food Services	Athletics	Title I - IASA
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-
Investment income	482	3,770	-
Food services	295,237	-	-
District activities	-	67,693	-
Insurance recoveries	-	-	-
Revenue from local sources	-	-	-
Revenue from state sources	166,685	-	-
Revenue from federal sources	696,669	-	661,503
Uncollectible revenue	-	-	-
<i>Total revenues</i>	1,159,073	71,463	661,503
EXPENDITURES			
Current:			
Instruction	-	81,431	539,851
Support services			
Students	-	-	7,742
Instruction	-	-	500
General administration	-	-	6,606
School administration	-	-	100,825
Central services	-	-	413
Operation and maintenance of plant	-	-	732
Operation of non instructional services			
Food services operation	1,024,494	-	-
Community services	-	-	1,514
Capital outlay	-	-	3,320
Debt service	-	-	-
<i>Total expenditures</i>	1,024,494	81,431	661,503
<i>Excess (deficiency) of revenues over (under) expenditures</i>	134,579	(9,968)	-
<i>Other financing sources (uses):</i>			
Increases (decreases) in inventory	3,997	-	-
<i>Net changes in fund balance</i>	138,576	(9,968)	-
<i>Beginning fund balances</i>	38,654	137,952	-
<i>Restatement</i>	-	-	-
<i>Beginning fund balances, as restated</i>	38,654	137,952	-
<i>Fund balances--end of the year</i>	\$ 177,230	\$ 127,984	\$ -

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

Special Revenue Funds

Migrant Children Education	IDEA-B Entitlement	IDEA-B Preschool	Title VI	Title II - ESEA	Emergency Immigrant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
30,414	626,522	41,206	-	-	-
(29,250)	-	(601)	-	-	-
1,164	626,522	40,605	-	-	-
23,757	297,342	25,514	-	-	-
-	249,015	850	-	-	-
-	-	-	-	-	-
434	9,480	373	-	-	-
6,223	31,958	-	-	-	-
-	-	-	-	-	-
-	11,532	-	-	-	-
-	-	-	-	-	-
-	9,340	500	-	-	-
-	17,855	13,968	-	-	-
-	-	-	-	-	-
30,414	626,522	41,205	-	-	-
(29,250)	-	(600)	-	-	-
-	-	-	-	-	-
(29,250)	-	(600)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ (29,250)	\$ -	\$ (600)	\$ -	\$ -	\$ -

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, 2008

	Special Revenue Funds		
	Drug Free Schools	Enhancing Education Thru Technology (E2T2-F)	Class Size Reduction
REVENUES			
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	-	1,800	-
Uncollectible revenue	-	-	-
<i>Total revenues</i>	-	1,800	-
EXPENDITURES			
Current:			
Instruction	-	1,800	-
Support services			
Students	-	-	-
Instruction	-	-	-
General administration	-	-	-
School administration	-	-	-
Central services	-	-	-
Operation and maintenance of plant	-	-	-
Operation of non instructional services			
Food services operation	-	-	-
Community service	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
<i>Total expenditures</i>	-	1,800	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-
<i>Other financing sources(uses):</i>			
Increase (decreases)in inventory	-	-	-
<i>Net changes in fund balance</i>	-	-	-
<i>Beginning fund balances</i>	1	-	-
<i>Restatement</i>			
<i>Beginning fund balances, as restated</i>	1	-	-
<i>Fund balances--end of the year</i>	\$ 1	\$ -	\$ -

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

Special Revenue Funds

Title III - Incentive Awards	Enchancing Education Thru Technology (E2T2-C)	Title V - Part A	English Language Acquisition	Teacher/ Principal Training & Recruiting
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,000	-	5,281	19,974	180,219
(3,041)	(5,754)	(4,942)	(46,343)	-
(1,041)	(5,754)	339	(26,369)	180,219
2,000	-	5,235	19,164	66,144
-	-	-	-	30,917
-	-	-	-	11,589
-	-	46	-	2,302
-	-	-	-	69,027
-	-	-	-	240
-	-	-	810	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,000	-	5,281	19,974	180,219
(3,041)	(5,754)	(4,942)	(46,343)	-
-	-	-	-	-
(3,041)	(5,754)	(4,942)	(46,343)	-
-	-	-	-	-
-	-	-	-	-
\$ (3,041)	\$ (5,754)	\$ (4,942)	\$ (46,343)	\$ -

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, 2008

	Special Revenue Funds			
	Safe and Drug Free Schools	Rural and Low Income Schools	Title III - Immigrant Funding	Reading First
REVENUES				
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	13,634	107,714	2,021	176,294
Uncollectible revenue	-	-	-	(169,498)
<i>Total revenues</i>	<u>13,634</u>	<u>107,714</u>	<u>2,021</u>	<u>6,796</u>
EXPENDITURES				
Current:-				
Instruction	5,127	106,423	2,021	10,500
Support services				
Students	3,325	-	-	163,596
Instruction	-	-	-	-
General administration	182	1,291	-	2,198
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	5,000	-	-	-
Operation of non instructional services				
Food services operation	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	<u>13,634</u>	<u>107,714</u>	<u>2,021</u>	<u>176,294</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(169,498)</u>
<i>Other financing sources(uses):</i>				
Increases (decreases)in inventory	-	-	-	-
<i>Net changes in fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(169,498)</u>
<i>Beginning fund balances</i>	-	-	-	-
<i>Restatement</i>				
<i>Beginning fund balances, as restated</i>	-	-	-	-
<i>Fund balances-end of the year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (169,498)</u>

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
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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, 2008

	Special Revenue Funds		
	Teacher Quality Enhancement Grants	Foreign Language Incentive	Bill & Melinda Gates Intel
REVENUES			
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	-	-	-
Uncollectible revenue	-	-	-
<i>Total revenues</i>	-	-	-
EXPENDITURES			
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	-	-	-
Community services	-	-	-
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>Beginning fund balances</i>	1	-	5
<i>Restatement</i>			
<i>Beginning fund balances, as restated</i>	1	-	5
<i>Fund balances--end of the year</i>	\$ 1	\$ -	\$ 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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	4,729	7,658	-	-	-	-
-	-	(38,158)	(30)	-	-	-
-	4,729	(30,500)	(30)	-	-	-
-	4,729	7,658	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	4,729	7,658	-	-	-	-
-	-	(38,158)	(30)	-	-	-
-	-	-	-	-	-	-
-	-	(38,158)	(30)	-	-	-
-	-	-	-	-	1	1,143
-	-	-	-	-	1	1,143
\$ -	\$ -	\$ (38,158)	\$ (30)	\$ -	\$ 1	\$ 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, 2008

	Special Revenue Funds				
	Breakfast in the Classroom	JF Maddox Foundation	PNM Foundation	Tech. for Education	Incentives for School Improvement
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-	-
Investment income	-	-	-	-	-
Food services	-	-	-	-	-
District activities	-	-	-	-	-
Insurance recoveries	-	-	-	-	-
Revenue from local sources	-	-	-	-	-
Revenue from state sources	-	-	-	50,744	857
Revenue from federal sources	-	-	-	-	-
Uncollectible revenue	-	-	-	-	-
<i>Total revenues</i>	-	-	-	50,744	857
EXPENDITURES					
Current:					
Instruction	-	-	-	39,355	857
Support services					
Students	-	-	-	-	-
Instruction	-	-	-	7,589	-
General administration	-	-	-	-	-
School administration	-	-	-	-	-
Central services	-	-	-	3,800	-
Operation and maintenance of plant	-	-	-	-	-
Operation of non instructional services					
Food services operation	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	-
<i>Total expenditures</i>	-	-	-	50,744	857
<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>Beginning fund balances Restatement</i>	2	-	-	-	-
<i>Beginning fund balances, as restated</i>	2	-	-	-	-
<i>Fund balances--end of the year</i>	\$ 2	\$ -	\$ -	\$ -	\$ -

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

Special Revenue Funds

Libraries - GO Bonds	Beginning Teacher Mentoring Program	Private Direct Grants	School Based Health Center	Adequacy Tech Equity Grant	Truancy Initiative
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	20,000	-	-
64	14,361	-	-	323,893	24,376
-	-	-	-	-	-
(635)	-	(350)	-	-	-
<u>(571)</u>	<u>14,361</u>	<u>(350)</u>	<u>20,000</u>	<u>323,893</u>	<u>24,376</u>
-	14,361	-	-	65,539	-
-	-	-	20,000	-	11,449
64	-	-	-	3,286	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	12,927
-	-	-	-	255,068	-
-	-	-	-	-	-
<u>64</u>	<u>14,361</u>	<u>-</u>	<u>20,000</u>	<u>323,893</u>	<u>24,376</u>
<u>(635)</u>	<u>-</u>	<u>(350)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>(635)</u>	<u>-</u>	<u>(350)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ (635)</u>	<u>\$ -</u>	<u>\$ (350)</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, 2008

	Special Revenue Funds			
	Libraries - SB 301 GO Bonds-Laws of 2006	Gear Up-CHE	Early Intervention CYFD	Total Special Revenue Funds
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Investment income	-	-	-	4,252
Food services	-	-	-	295,237
District activities	-	-	-	67,693
Insurance recoveries	-	-	-	-
Revenue from local sources	-	-	-	20,000
Revenue from state sources	873	56,811	22,047	660,711
Revenue from federal sources	-	-	-	2,829,834
Uncollectible revenue	-	-	-	(357,235)
<i>Total revenues</i>	<u>873</u>	<u>56,811</u>	<u>22,047</u>	<u>3,520,492</u>
EXPENDITURES				
Current:				
Instruction	-	56,811	4,885	1,410,052
Support services				
Students	-	-	-	588,222
Instruction	873	-	-	24,368
General administration	-	-	-	31,273
School administration	-	-	-	208,954
Central services	-	-	-	4,453
Operation and maintenance of plant	-	-	-	18,074
Operation of non instructional services				
Food services operation	-	-	-	1,024,494
Community services	-	-	-	24,281
Capital outlay	-	-	-	316,108
Debt service	-	-	-	-
<i>Total expenditures</i>	<u>873</u>	<u>56,811</u>	<u>4,885</u>	<u>3,650,279</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>17,162</u>	<u>(129,787)</u>
<i>Other financing sources(uses):</i>				
Increases (decreases) in inventory	-	-	-	3,997
<i>Net changes in fund balance</i>	<u>-</u>	<u>-</u>	<u>17,162</u>	<u>(125,790)</u>
<i>Beginning fund balances</i>	-	-	-	177,759
<i>Restatement</i>	-	-	59,447	59,447
<i>Beginning fund balances, as restated</i>	-	-	59,447	237,206
<i>Fund balances--end of the year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,609</u>	<u>\$ 111,416</u>

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

Capital Outlay Funds

Special Capital Outlay - State	Capital Improvement HB-33	Ed Technology Equipment	Public Capital Outlay - 20%	Total Nonmajor Capital Projects Funds	Technology Bonds - Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ 289,901	\$ -	\$ -	\$ 289,901	\$ 45	\$ 289,946
-	1,226,603	-	-	1,226,603	595	1,227,198
-	23,916	-	-	23,916	-	28,168
-	-	-	-	-	-	295,237
-	-	-	-	-	-	67,693
-	-	-	-	-	-	-
-	-	-	-	-	-	20,000
903,877	90,500	-	-	994,377	-	1,655,088
-	-	-	-	-	-	2,829,834
-	-	-	-	-	-	(357,235)
<u>903,877</u>	<u>1,630,920</u>	<u>-</u>	<u>-</u>	<u>2,534,797</u>	<u>640</u>	<u>6,055,929</u>
-	-	-	-	-	-	1,410,052
-	-	-	-	-	-	588,222
-	-	-	-	-	-	24,368
-	2,294	-	-	2,294	-	33,567
-	-	-	-	-	-	208,954
-	-	-	-	-	-	4,453
-	-	-	-	-	-	18,074
-	-	-	-	-	-	1,024,494
-	-	-	-	-	-	24,281
1,010,597	990,581	-	-	2,001,178	-	2,317,286
-	-	-	-	-	-	-
<u>1,010,597</u>	<u>992,875</u>	<u>-</u>	<u>-</u>	<u>2,003,472</u>	<u>-</u>	<u>5,653,751</u>
<u>(106,720)</u>	<u>638,045</u>	<u>-</u>	<u>-</u>	<u>531,325</u>	<u>640</u>	<u>402,178</u>
-	-	-	-	-	-	3,997
<u>(106,720)</u>	<u>638,045</u>	<u>-</u>	<u>-</u>	<u>531,325</u>	<u>640</u>	<u>406,175</u>
196,780	1,615,063	249	818	1,812,910	57,942	2,048,611
-	72,452	-	-	72,452	-	131,899
196,780	1,687,515	249	818	1,885,362	57,942	2,180,510
<u>\$ 90,060</u>	<u>\$ 2,325,560</u>	<u>\$ 249</u>	<u>\$ 818</u>	<u>\$ 2,416,687</u>	<u>\$ 58,582</u>	<u>\$ 2,586,685</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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 200	\$ 200	\$ 482	\$ 282
District activities	316,543	316,543	295,237	(21,306)
Revenues from federal sources	724,458	724,458	572,078	(152,380)
Revenue from state sources	-	-	166,685	166,685
<i>Total revenues</i>	<u>1,041,201</u>	<u>1,041,201</u>	<u>1,034,482</u>	<u>(6,719)</u>
EXPENDITURES				
Operation of non-instructional services:				
Food services	1,041,201	1,034,379	1,024,494	9,885
Capital outlay	-	1,823	-	1,823
<i>Total expenditures</i>	<u>1,041,201</u>	<u>1,036,202</u>	<u>1,024,494</u>	<u>11,708</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>4,999</u>	<u>9,988</u>	<u>4,989</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>4,999</u>	<u>9,988</u>	<u>4,989</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>25,631</u>	<u>25,631</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ 4,999</u>	<u>\$ 35,619</u>	<u>\$ 30,620</u>
RECONCILIATION TO GAAP				
Adjustments:				
Change in:				
Accounts receivable			124,591	
Inventory			3,997	
Net change in fund balance (GAAP basis)			<u>\$ 138,576</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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ -	\$ -	\$ 3,770	\$ 3,770
District activities	50,000	50,000	67,693	17,693
Revenue from local sources	-	-	-	-
<i>Total revenues</i>	50,000	50,000	71,463	17,693
EXPENDITURES				
Instruction	151,220	151,220	81,431	69,789
<i>Total expenditures</i>	151,220	151,220	81,431	69,789
<i>Excess (deficiency) of revenues over expenditures</i>	(101,220)	(101,220)	(9,968)	91,252
<i>Other financing sources (uses):</i>				
Designated cash balance	101,220	101,220	-	(101,220)
<i>Total other financing sources (uses)</i>	101,220	101,220	-	(101,220)
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(9,968)	(9,968)
<i>Prior year cash balance</i>	-	-	137,952	137,952
<i>End of year cash balance</i>	\$ -	\$ -	\$ 127,984	\$ 127,984

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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 656,060	\$ 755,347	\$ 846,492	\$ 91,145
<i>Total revenues</i>	656,060	755,347	846,492	91,145
EXPENDITURES				
Instruction	540,946	620,249	539,851	80,398
Support services:				
Students	-	7,742	7,742	-
Instruction	-	500	500	-
General administration	8,200	8,200	6,606	1,594
School administration	104,414	102,760	100,824	1,936
Central Services	-	413	413	-
Operation & maintenance of plant	2,500	2,500	731	1,769
Community Services	0	2,000	1,514	486
Capital outlay	-	10,983	3,320	7,663
<i>Total expenditures</i>	656,060	755,347	661,501	93,846
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	184,991	184,991
<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>	-	-	184,991	184,991
<i>Prior year cash balance</i>	-	-	(274,803)	(274,803)
<i>End of year cash balance</i>	\$ -	\$ -	\$ (89,812)	\$ (89,812)

RECONCILIATION TO GAAP

Adjustments:

Change in:

Accounts receivable	(84,162)
Deferred Revenue	(100,829)
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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 35,000	\$ 35,000	\$ 14,124	\$ (20,876)
<i>Total revenues</i>	<u>35,000</u>	<u>35,000</u>	<u>14,124</u>	<u>(20,876)</u>
EXPENDITURES				
Instruction	20,000	25,000	23,757	1,243
Support services:				
Students	1,441	1,441	-	1,441
General administration	434	434	434	-
School administration	13,125	8,125	6,223	1,902
<i>Total expenditures</i>	<u>35,000</u>	<u>35,000</u>	<u>30,414</u>	<u>4,586</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(16,290)</u>	<u>(16,290)</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>(16,290)</u>	<u>(16,290)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(29,280)</u>	<u>(29,280)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (45,570)</u>	<u>\$ (45,570)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Change in:				
Accounts receivable			(12,960)	
Net change in fund balance (GAAP basis)			<u>\$ (29,250)</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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 640,939	\$ 692,022	\$ 567,213	\$ (124,809)
<i>Total revenues</i>	<u>640,939</u>	<u>692,022</u>	<u>567,213</u>	<u>(124,809)</u>
EXPENDITURES				
Instruction	289,304	304,945	297,342	7,603
Support services:				
Students	290,155	295,204	249,015	46,189
General administration	9,480	9,480	9,480	-
School administration	37,000	41,210	31,958	9,252
Central services	-	12,711	11,531	1,180
Community services	-	10,616	9,340	1,276
Capital outlay	15,000	17,856	17,856	-
<i>Total expenditures</i>	<u>640,939</u>	<u>692,022</u>	<u>626,522</u>	<u>65,500</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(59,309)</u>	<u>(59,309)</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>(59,309)</u>	<u>(59,309)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(119,588)</u>	<u>-</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (178,897)</u>	<u>\$ (59,309)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Change in:				
Accounts receivable			59,309	
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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 34,847	\$ 49,454	\$ 17,501	\$ (31,953)
<i>Total revenues</i>	34,847	49,454	17,501	(31,953)
EXPENDITURES				
Instruction	24,474	29,468	25,514	3,954
Support services:				
Students	10,000	3,532	850	2,682
General Administration	373	373	373	-
Community services	-	2,113	500	1,613
Capital outlay	-	13,968	13,968	-
<i>Total expenditures</i>	34,847	49,454	41,205	8,249
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(23,704)	(23,704)
<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>	-	-	(23,704)	(23,704)
<i>Prior year cash balance</i>	-	-	(7,465)	(7,465)
<i>End of year cash balance</i>	\$ -	\$ -	\$ (31,169)	\$ (31,169)

RECONCILIATION TO GAAP

Adjustments:

Change in:

Accounts receivable	23,104
Net change in fund balance (GAAP basis)	\$ (600)

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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenues from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,538</u>	<u>\$ 6,538</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
 Drug Free Schools Special Revenue Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
Support services:				
Students	-	-	-	-
<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
 Enhancing Education Thru Technology (E2T2-F) Special Revenue Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenues from state sources	\$ -	\$ 7,408	\$ -	\$ (7,408)
<i>Total revenues</i>	-	7,408	-	(7,408)
EXPENDITURES				
Instruction	-	7,408	4,700	2,708
<i>Total expenditures</i>	-	7,408	4,700	2,708
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(4,700)	(4,700)
<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>	-	-	(4,700)	(4,700)
<i>Prior year cash balance</i>	-	-	4,717	4,717
<i>End of year cash balance</i>	\$ -	\$ -	\$ 17	\$ 17
RECONCILIATION TO GAAP				
Adjustments:				
Change in:				
Deferred revenue			1,800	
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
 Class Size Reduction Special Revenue Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Instruction	-	-	2,000	(2,000)
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>(2,000)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(2,000)</u>	<u>(2,000)</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>(2,000)</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>\$ (3,041)</u>	<u>\$ (3,041)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Change in:				
Accounts receivable			(1,041)	
Net change in fund balance (GAAP basis)			<u>\$ (3,041)</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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
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>-</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>	-	-	(5,754)	(5,754)
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,754)</u>	<u>\$ (5,754)</u>

RECONCILIATION TO GAAP

Adjustments:

Change in:

Accounts receivable	(5,754)
Net change in fund balance (GAAP basis)	<u>\$ (5,754)</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 V - Part A Special Revenue Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 3,692	\$ 5,348	\$ 6,732	\$ 1,384
<i>Total revenues</i>	3,692	5,348	6,732	1,384
EXPENDITURES				
Instruction	3,646	5,302	5,235	67
Support services:				
General administration	46	46	46	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	3,692	5,348	5,281	67
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	1,451	1,451
<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>	-	-	1,451	1,451
<i>Prior year cash balance</i>	-	-	(7,021)	(7,021)
<i>End of year cash balance</i>	\$ -	\$ -	\$ (5,570)	\$ (5,570)
RECONCILIATION TO GAAP				
Adjustments:				
Change in:				
Accounts receivable			(6,393)	
Net change in fund balance (GAAP basis)			\$ (4,942)	

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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 32,616	\$ 35,976	\$ -	\$ (35,976)
<i>Total revenues</i>	32,616	35,976	-	(35,976)
EXPENDITURES				
Instruction	30,616	33,976	19,163	14,813
Support services				
Students	1,073	73	-	73
General administration	927	927	-	927
Operating & maintenance of plant	-	1,000	811	189
<i>Total expenditures</i>	32,616	35,976	19,974	16,002
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(19,974)	(19,974)
<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>	-	-	(19,974)	(19,974)
<i>Prior year cash balance</i>	-	-	(26,369)	-
<i>End of year cash balance</i>	\$ -	\$ -	\$ (46,343)	\$ (19,974)
RECONCILIATION TO GAAP				
Adjustments:				
Change in:				
Accounts receivable			(26,369)	
Net change in fund balance (GAAP basis)			\$ (46,343)	

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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 184,237	\$ 245,801	\$ 274,339	\$ 28,538
Revenue from local sources	-	-	-	-
<i>Total revenues</i>	184,237	245,801	274,339	28,538
EXPENDITURES				
Instruction	45,483	113,843	66,144	47,699
Support services:				
Students	-	35,062	33,151	1,911
Instruction	57,323	15,465	11,589	3,876
General administration	2,302	2,302	2,302	-
School administration	79,129	78,889	69,027	9,862
Central services	-	240	240	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	184,237	245,801	182,453	63,348
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	91,886	91,886
<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>	-	-	91,886	91,886
<i>Prior year cash balance</i>	-	-	(98,637)	-
<i>End of year cash balance</i>	\$ -	\$ -	\$ (6,751)	\$ 91,886

RECONCILIATION TO GAAP

Adjustments:

Change in:

Accounts receivable	(91,464)
Deferred revenue	(2,656)
Accounts payable	2,234
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
 Safe and Drug Free Schools Special Revenue Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 14,591	\$ 18,029	\$ 29,446	\$ 11,417
<i>Total revenues</i>	14,591	18,029	29,446	11,417
EXPENDITURES				
Instruction	9,410	9,448	5,128	4,320
Support services:				
Students	-	3,400	3,325	75
General administration	181	181	181	-
Operation & maintenance of plant	5,000	5,000	5,000	-
<i>Total expenditures</i>	14,591	18,029	13,634	4,395
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	15,812	15,812
<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>	-	-	15,812	15,812
<i>Prior year cash balance</i>	-	-	(12,841)	(12,841)
<i>End of year cash balance</i>	\$ -	\$ -	\$ 2,971	\$ 2,971
RECONCILIATION TO GAAP				
Adjustments:				
Change in:				
Deferred revenue			(2,971)	
Accounts receivable			(12,841)	
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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 123,343	\$ 141,372	\$ 110,549	\$ (30,823)
<i>Total revenues</i>	<u>123,343</u>	<u>141,372</u>	<u>110,549</u>	<u>(30,823)</u>
EXPENDITURES				
Instruction	121,802	139,831	106,424	33,407
Support services:				
General administration	1,541	1,541	1,291	250
<i>Total expenditures</i>	<u>123,343</u>	<u>141,372</u>	<u>107,715</u>	<u>33,657</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>2,834</u>	<u>2,834</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>2,834</u>	<u>2,834</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(43,148)</u>	<u>(43,148)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (40,314)</u>	<u>\$ (40,314)</u>

RECONCILIATION TO GAAP

Adjustments:

Change in:

 Accounts receivable

(2,689)

 Deferred revenue

(145)

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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
Instruction	-	-	2,021	(2,021)
<i>Total expenditures</i>	-	-	2,021	(2,021)
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(2,021)	(2,021)
<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>	-	-	(2,021)	(2,021)
<i>Prior year cash balance</i>	-	-	42,585	42,585
<i>End of year cash balance</i>	\$ -	\$ -	\$ 40,564	\$ 40,564
RECONCILIATION TO GAAP				
Adjustments:				
Deferred revenue			2,021	
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
 Reading First Special Revenue Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ 177,297	\$ 117,010	\$ (60,287)
<i>Total revenues</i>	<u>-</u>	<u>177,297</u>	<u>117,010</u>	<u>(60,287)</u>
EXPENDITURES				
Instruction	-	10,500	10,500	-
Support services:				
Students	-	164,599	163,596	1,003
General administration	-	2,198	2,198	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>177,297</u>	<u>176,294</u>	<u>1,003</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(59,284)</u>	<u>(59,284)</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>(59,284)</u>	<u>(59,284)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(110,618)</u>	<u>(110,618)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (169,902)</u>	<u>\$ (169,902)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Change in:				
Receivables			(110,214)	
Net change in fund balance (GAAP basis)			<u>\$ (169,498)</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
 Jobs for Americas Graduates Special Revenue Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
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>-</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>(48,573)</u>	<u>-</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (48,573)</u>	<u>\$ -</u>

RECONCILIATION TO GAAP

Adjustments:

Change in:

Accounts receivable	(48,573)
Net change in fund balance (GAAP basis)	<u>\$ (48,573)</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 Secondary Special Revenue Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ 29,040	\$ 23,327	\$ (5,713)
Revenue from local sources	-	-	-	-
<i>Total revenues</i>	-	29,040	23,327	(5,713)
EXPENDITURES				
Instruction	-	-	2,943	(2,943)
Support services:				
School administration	-	-	105	(105)
Capital outlay	-	29,040	25,897	3,143
<i>Total expenditures</i>	-	29,040	28,945	95
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(5,618)	(5,618)
<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>	-	-	(5,618)	(5,618)
<i>Prior year cash balance</i>	-	-	16,876	-
<i>End of year cash balance</i>	\$ -	\$ -	\$ 11,258	\$ (5,618)
RECONCILIATION TO GAAP				
Adjustments:				
Change in:				
Deferred revenue			(16,955)	
Accounts receivable			22,573	
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 - High Schools Special Revenue Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ 20,000	\$ 47,047	\$ 27,047
<i>Total revenues</i>	<u>-</u>	<u>20,000</u>	<u>47,047</u>	<u>27,047</u>
EXPENDITURES				
Instruction	-	15,702	11,657	4,045
Support services:				
Instruction	-	1,767	467	1,300
School administration	-	2,531	815	1,716
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>20,000</u>	<u>12,939</u>	<u>7,061</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>34,108</u>	<u>34,108</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>34,108</u>	<u>34,108</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(50,060)</u>	<u>-</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,952)</u>	<u>\$ 34,108</u>

RECONCILIATION TO GAAP

Adjustments:

Change in:

 Accounts receivable

(44,168)

Net change in fund balance (GAAP basis)

\$ (10,060)

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 - Comprehensive Special Revenue Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ 159,440	\$ 129,883	\$ (29,557)
Revenue from local sources	-	-	-	-
<i>Total revenues</i>	-	159,440	129,883	(29,557)
EXPENDITURES				
Instruction	-	17,965	14,948	3,017
Support services:				
Students	-	120,620	101,328	19,292
General administration	-	20,855	8,361	12,494
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	159,440	124,637	34,803
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	5,246	5,246
<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>	-	-	5,246	5,246
<i>Prior year cash balance</i>	-	-	(7,414)	(7,414)
<i>End of year cash balance</i>	\$ -	\$ -	\$ (2,168)	\$ (2,168)
RECONCILIATION TO GAAP				
Adjustments:				
Change in:				
Accounts receivable			80,428	
Net change in fund balance (GAAP basis)			\$ 85,674	

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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
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>	<u>-</u>	<u>-</u>	<u>14</u>	<u>14</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14</u>	<u>\$ 14</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
 Bill and Melinda Gates Intel Special Revenue Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
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>	-	-	5	5
<i>End of year cash balance</i>	\$ -	\$ -	\$ 5	\$ 5

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 School Share Special Revenue Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
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>	-	-	151	151
<i>End of year cash balance</i>	\$ -	\$ -	\$ 151	\$ 151

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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ 5,000	\$ 5,000
<i>Total revenues</i>	-	-	5,000	5,000
EXPENDITURES				
Instruction	-	-	4,729	(4,729)
<i>Total expenditures</i>	-	-	4,729	(4,729)
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	271	271
<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>	-	-	271	271
<i>Prior year cash balance</i>	-	-	5,836	5,836
<i>End of year cash balance</i>	\$ -	\$ -	\$ 6,107	\$ 6,107
RECONCILIATION TO GAAP				
Adjustments:				
Change in:				
Deferred revenue			(271)	
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
 TANF/GRADS HSD Special Revenue Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ 7,995	\$ 7,995
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>7,995</u>	<u>7,995</u>
EXPENDITURES				
Insruction	-	-	7,659	(7,659)
Support services:				
Students	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>7,659</u>	<u>(7,659)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>336</u>	<u>336</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>336</u>	<u>336</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(38,494)</u>	<u>(38,494)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (38,158)</u>	<u>\$ (38,158)</u>

RECONCILIATION TO GAAP

Adjustments:

Change in:

 Accounts payable

 Accounts receivable

Net change in fund balance (GAAP basis)

(38,494)
\$ (38,158)

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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
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>	-	-	(30)	(30)
<i>End of year cash balance</i>	\$ -	\$ -	\$ (30)	\$ (30)
RECONCILIATION TO GAAP				
Adjustments:				
Change in:				
Accounts receivable			(30)	
Net change in fund balance (GAAP basis)			\$ (30)	

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
 Bully Proofing Special Revenue Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
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>	-	-	3,194	3,194
<i>End of year cash balance</i>	\$ -	\$ -	\$ 3,194	\$ 3,194

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
 Healthier Schools/Desert High Special Revenue Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
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>	-	-	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
 Local Combined Grant Special Revenue Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
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>	-	-	1,143	1,143
<i>End of year cash balance</i>	\$ -	\$ -	\$ 1,143	\$ 1,143

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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
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>	-	-	2	2
<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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from local sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
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>	-	-	48	48
<i>End of year cash balance</i>	\$ -	\$ -	\$ 48	\$ 48

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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ 48,916	\$ 187,886	\$ 138,970
<i>Total revenues</i>	-	48,916	187,886	138,970
EXPENDITURES				
Instruction	-	-	39,355	(39,355)
Support services:				
Students	-	-	-	-
Instruction	-	5,000	7,589	(2,589)
Central services	-	43,916	3,800	40,116
<i>Total expenditures</i>	-	48,916	50,744	(1,828)
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	137,142	137,142
<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>	-	-	137,142	137,142
<i>Prior year cash balance</i>	-	-	(4,195)	(4,195)
<i>End of year cash balance</i>	\$ -	\$ -	\$ 132,947	\$ 132,947

RECONCILIATION TO GAAP

Adjustments:

Change in:

 Deferred revenue

(132,947)

 Accounts receivable

(4,195)

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
 Incentives for School Improvement Special Revenue Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ 777	\$ 777
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>777</u>	<u>777</u>
EXPENDITURES				
Instruction	-	-	857	(857)
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>857</u>	<u>(857)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(80)</u>	<u>(80)</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>(80)</u>	<u>(80)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>16,232</u>	<u>16,232</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,152</u>	<u>\$ 16,152</u>
RECONCILIATION TO GAAP				
Adjustments:				
Change in:				
Deferred revenue			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
 Truancy Initiative PED Special Revenue Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 30,000	\$ 4,665	\$ (25,335)
<i>Total revenues</i>	-	30,000	4,665	(25,335)
EXPENDITURES				
Instruction	-	-	-	-
Support services:				
Students	-	13,001	11,450	1,551
Community services	-	16,999	12,926	4,073
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	30,000	24,376	5,624
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(19,711)	(19,711)
<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>	-	-	(19,711)	(19,711)
<i>Prior year cash balance</i>	-	-	-	-
<i>End of year cash balance</i>	\$ -	\$ -	\$ (19,711)	\$ (19,711)

RECONCILIATION TO GAAP

Adjustments:

Change in:

 Accounts receivable

19,711

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
 Libraries - GO Bond Special Revenue Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ 9,046	\$ 9,046
Revenue from local sources	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>9,046</u>	<u>9,046</u>
EXPENDITURES				
Support services:				
Instruction	-	-	64	(64)
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>64</u>	<u>(64)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>8,982</u>	<u>8,982</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>8,982</u>	<u>8,982</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(9,617)</u>	<u>(9,617)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (635)</u>	<u>\$ (635)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Change in:				
Accounts receivable			(9,617)	
Net change in fund balance (GAAP basis)			<u>\$ (635)</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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ 13,934	\$ 18,087	\$ 4,153
<i>Total revenues</i>	<u>-</u>	<u>13,934</u>	<u>18,087</u>	<u>4,153</u>
EXPENDITURES				
Instruction	-	13,934	14,361	(427)
<i>Total expenditures</i>	<u>-</u>	<u>13,934</u>	<u>14,361</u>	<u>(427)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>3,726</u>	<u>3,726</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>3,726</u>	<u>3,726</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>587</u>	<u>587</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,313</u>	<u>\$ 4,313</u>
RECONCILIATION TO GAAP				
Adjustments:				
Change in:				
Deferred revenue			(3,726)	
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 CHE Special Revenue Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 56,472	\$ 56,472	\$ 37,409	\$ (19,063)
<i>Total revenues</i>	56,472	56,472	37,409	(19,063)
EXPENDITURES				
Instruction	56,472	56,472	56,811	(339)
<i>Total expenditures</i>	56,472	56,472	56,811	(339)
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(19,402)	(19,402)
<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>	-	-	(19,402)	(19,402)
<i>Prior year cash balance</i>	-	-	-	-
<i>End of year cash balance</i>	\$ -	\$ -	\$ (19,402)	\$ (19,402)
RECONCILIATION TO GAAP				
Adjustments:				
Change in:				
Accounts receivable			19,402	
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
 Early Intervention CYFD Special Revenue Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ 22,047	\$ 22,047
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>22,047</u>	<u>22,047</u>
EXPENDITURES				
Instruction	-	-	4,885	(4,885)
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>4,885</u>	<u>(4,885)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>17,162</u>	<u>17,162</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>17,162</u>	<u>17,162</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>59,447</u>	<u>59,447</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,609</u>	<u>\$ 76,609</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 - SB 301 GO Bonds-Laws of 2008 Special Revenue Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ 31,780	\$ 7,273	\$ (24,507)
<i>Total revenues</i>	<u>-</u>	<u>31,780</u>	<u>7,273</u>	<u>(24,507)</u>
EXPENDITURES				
Support Services				
Instruction	-	31,780	873	30,907
<i>Total expenditures</i>	<u>-</u>	<u>31,780</u>	<u>873</u>	<u>30,907</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>6,400</u>	<u>6,400</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>6,400</u>	<u>6,400</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>\$ 6,400</u>	<u>\$ 6,400</u>

RECONCILIATION TO GAAP

Adjustments:

Change in:

 Deferred revenue

(6,400)

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
 Private Direct Grants Special Revenue Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
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>	-	-	(350)	(350)
<i>End of year cash balance</i>	\$ -	\$ -	\$ (350)	\$ (350)
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(350)	
Net change in fund balance (GAAP basis)			\$ (350)	

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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from local sources	\$ 75,000	\$ 75,000	\$ 20,000	\$ (55,000)
Revenue from state sources	-	-	9,795	9,795
<i>Total revenues</i>	<u>75,000</u>	<u>75,000</u>	<u>29,795</u>	<u>(45,205)</u>
EXPENDITURES				
Support services:				
Students	75,000	75,000	20,000	55,000
<i>Total expenditures</i>	<u>75,000</u>	<u>75,000</u>	<u>20,000</u>	<u>55,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>9,795</u>	<u>9,795</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>9,795</u>	<u>9,795</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(9,795)</u>	<u>(9,795)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION TO GAAP				
Adjustments:				
Change in:				
Accounts receivable			<u>(9,795)</u>	
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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 445,754	\$ 191,456	\$ (254,298)
<i>Total revenues</i>	<u>-</u>	<u>445,754</u>	<u>191,456</u>	<u>(254,298)</u>
EXPENDITURES				
Instruction	-	93,539	65,539	28,000
Student services:				
Instruction	-	21,201	3,286	17,915
Capital outlay	-	331,014	331,014	-
<i>Total expenditures</i>	<u>-</u>	<u>445,754</u>	<u>399,839</u>	<u>45,915</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(208,383)</u>	<u>(208,383)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	200,550	-	(200,550)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>200,550</u>	<u>-</u>	<u>(200,550)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>200,550</u>	<u>(208,383)</u>	<u>(408,933)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(66,719)</u>	<u>(66,719)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ 200,550</u>	<u>\$ (275,102)</u>	<u>\$ (475,652)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Change in:				
Accounts payable			75,946	
Receivables			132,437	
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
 Special Capital Outlay State Capital Project Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ 2,040,000	\$ 2,090,000	\$ 903,877	\$ (1,186,123)
<i>Total revenues</i>	<u>2,040,000</u>	<u>2,090,000</u>	<u>903,877</u>	<u>(1,186,123)</u>
EXPENDITURES				
Capital outlay	2,040,000	2,090,000	975,920	1,114,080
<i>Total expenditures</i>	<u>2,040,000</u>	<u>2,090,000</u>	<u>975,920</u>	<u>1,114,080</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(72,043)</u>	<u>(72,043)</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>	-	-	(72,043)	(72,043)
<i>Prior year cash balance</i>	-	-	72,043	72,043
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION TO GAAP				
Adjustments:				
Change in:				
Accounts payable			(34,677)	
Accounts receivable			0	
Net change in fund balance (GAAP basis)			<u>\$ (106,720)</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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,244,378	\$ 1,244,378	\$ 1,434,512	\$ 190,134
Revenue from state sources	-	-	90,500	90,500
Investment income	36,000	36,000	23,916	(12,084)
<i>Total revenues</i>	<u>1,280,378</u>	<u>1,280,378</u>	<u>1,548,928</u>	<u>268,550</u>
EXPENDITURES				
Support services:				
General administration	2,500	2,500	2,294	206
Capital outlay	2,811,335	2,811,335	960,147	1,851,188
<i>Total expenditures</i>	<u>2,813,835</u>	<u>2,813,835</u>	<u>962,441</u>	<u>1,851,394</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,533,457)</u>	<u>(1,533,457)</u>	<u>586,487</u>	<u>2,119,944</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>(1,533,457)</u>	<u>(1,533,457)</u>	<u>586,487</u>	<u>2,119,944</u>
<i>Prior year cash and investments balance</i>	<u>1,555,387</u>	<u>1,555,387</u>	<u>1,029,875</u>	<u>1,029,875</u>
<i>End of year cash balance</i>	<u>\$ 21,930</u>	<u>\$ 21,930</u>	<u>\$ 1,616,362</u>	<u>\$ 3,149,819</u>
RECONCILIATION TO GAAP				
Adjustments:				
Change in:				
Accounts payable			(30,434)	
Deferred revenue			384	
Accounts receivable			81,608	
Net change in fund balance (GAAP basis)			<u>\$ 638,045</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 Project Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
Capital Outlay	249	249	-	249
<i>Total expenditures</i>	249	249	-	249
<i>Excess (deficiency) of revenues over expenditures</i>	(249)	(249)	-	249
<i>Other financing sources (uses):</i>				
Designated cash balance	249	249	-	(249)
<i>Total other financing sources (uses)</i>	249	249	-	(249)
<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, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Capital outlay	818	818	-	818
<i>Total expenditures</i>	<u>818</u>	<u>818</u>	<u>-</u>	<u>818</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(818)</u>	<u>(818)</u>	<u>-</u>	<u>818</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	818	818	-	(818)
<i>Total other financing sources (uses)</i>	<u>818</u>	<u>818</u>	<u>-</u>	<u>(818)</u>
<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 818</u>	<u>\$ 818</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 Bonds Debt Service Fund
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ 640	\$ 640
<i>Total revenues</i>	-	-	640	640
EXPENDITURES				
Debt service	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	640	640
<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>	-	-	640	640
<i>Prior year cash balance</i>	-	-	57,942	57,942
<i>End of year cash balance</i>	\$ -	\$ -	\$ 58,582	\$ 58,582

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

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Fiduciary Funds
June 30, 2008**

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.

Lovington 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 & Agency Funds
 For the Year Ended June 30, 2008

	Balance 06/30/07	Restatement	Balance 06/30/07 - as restated	Additions	Deductions	Balance 06/30/08
ACTIVITY ASSETS						
High School Yearbook	\$ 6,418		\$ 6,418	14,035	9,620	\$ 10,833
6th Grade Energy Club	-		-	8,677	4,344	4,333
Business Professional of America	297		297	1,780	1,068	1,009
7th Grade Choir	138		138	0	0	138
Key Club	886		886	600	1,158	328
AP Consumable Lab/Cavine	286		286	0	0	286
Cheerleaders-High School	913		913	2,272	2,087	1,098
Cheerleaders-Jr. High	2,820		2,820	200	259	2,761
Communication	1,198		1,198	0	216	982
Consumable Workbooks	(22)		(22)	130	0	108
Multicultural Conf. Fund	18,271		18,271	0	0	18,271
Llano Activity Fund	8,233		8,233	1,888	9,442	679
FFA	1,415		1,415	46,497	39,096	8,816
LHS FCCLA	825		825	575	1,275	125
FHA-Jr. High	55		55	0	0	55
Scholarship Activity	(117)	200	83	500	300	283
High School Computer Lab-NMJC	967		967	6,900	1,272	6,595
HS Student ID	1,289		1,289	0	0	1,289
TMS Technology	442		442	0	148	294
Administration Coke Fund	360		360	179	277	262
Judy Davis Memorial	398		398	0	0	398
TMS Activity Account	6,236		6,236	25,032	29,083	2,185
Junior Class	8,115		8,115	5,623	3,751	9,987
Library Fines	5,126		5,126	1,326	0	6,452
Miscellaneous	9,610		9,610	3,750	11,220	2,140
NOW/Account/Interest Earned	3,345		3,345	1,235	3,770	810
Senior Class	597		597	0	568	29
Sophomore Class	510		510	0	225	285
Choir Activity	138		138	0	0	138
Special Education Fund	2,585		2,585	9,516	9,862	2,239
TMS Honor Society	19,352		19,352	0	1,783	17,569
Student Council-High School	10,716		10,716	6,243	2,778	14,181
Student Council-Jr. High	1,740	(2,420)	(680)	2,347	1,114	553
Summer School	7,591	(4,756)	2,835	1,880	17	4,698
Volleyball - High School	75		75	515	17	573
A.K. Head Scholarship	4,080		4,080	258	0	4,338
H. Clardy Scholarship	5,862	500	6,362	401	0	6,763
Crouse Memorial Scholarship	12,703	1,300	14,003	1,107	2,988	12,122
Volleyball - Junior High	909		909	0	263	646

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 & Agency Funds
 For the Year Ended June 30, 2008

	Balance 06/30/07	Restatement	Balance 06/30/07 - as restated	Additions	Deductions	Balance 06/30/08
ACTIVITY ASSETS (continued)						
Wal-Mart Teacher of the Year	33		33	0	0	33
Ben Alexander Activity	1,599		1,599	3,935	4,339	1,195
Project Planned Success	69,680	(69,680)	-	0	0	-
National Honor Society	401		401	658	552	507
TMS Library/M. Gutierrez	1,531	(310)	1,221	1,842	1,428	1,635
Jr. High Library	1,037		1,037	592	119	1,510
Jefferson Activity Fund	5,076	(21)	5,055	1,625	3,380	3,300
District 4AAA Activity Fund	1,305	1,255	2,560	7,532	6,664	3,428
LJHS Media Class	2,061	(14)	2,047	1,151	1,117	2,081
After Grads	5,293		5,293	9,150	11,806	2,637
High School Library	829	(24)	805	2,503	397	2,911
Junior High Home Economics	(775)	(116)	(891)	2,431	61	1,479
Jr. High National Honor Society	422		422	0	0	422
Culinary Arts Lab Fee	893		893	927	0	1,820
High School Principals Coke Acct.	1,410	(188)	1,222	1,404	2,218	408
LJHS Dance	1,602		1,602	1,445	495	2,552
High School Math-Ancell	124		124	360	0	484
Jr. High Cheerleading Closet-K.C.	689		689	0	0	689
High School Parking Sticker-A.K.	389	1	390	0	0	390
Yarbro Library	656		656	9,715	9,736	635
Jefferson Library	3,098	1,353	4,451	6,752	5,306	5,897
Ben A. Library	3,970	(50)	3,920	5,705	4,793	4,832
Lea Library	1,384	(134)	1,250	5,579	6,664	165
Llano Library	1,440		1,440	6,058	5,145	2,353
Bob Jameson Memorial	6,325		6,325	0	0	6,325
Elementary Fine Arts - Belinda	3,480		3,480	3,402	0	6,882
High School Art Club	245		245	0	0	245
Brian Urlacher Scholarship	3,125		3,125	0	0	3,125
David Templeman Memorial	7,680		7,680	1,100	1,000	7,780
Wildcat Tale	1,319		1,319	0	0	1,319
FCA/AK Lovejoy	1		1	0	0	1
Bilingual/J. Paloma	143	(65)	78	0	0	78
LEA Activity Fund	3,512	(491)	3,021	0	1,585	1,436
High School Tech Lab	800		800	0	0	800
Yarbro Activity Account	12,578		12,578	2,531	8,137	6,972
MNPSIA	(32)	32	-	0	0	-
Character Counts-Becky Davis	5		5	0	0	5
Science Activity Fund	3,141	150	3,291	5,536	4,330	4,497

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 & Agency Funds
 For the Year Ended June 30, 2008

	Balance 06/30/07	Restatement	Balance 06/30/07 - as restated	Additions	Deductions	Balance 06/30/08
ACTIVITY ASSETS (continued)						
Jr. High Lounge Cokes	2,734	(1,021)	1,713	985	1,550	1,148
HS - PSAT Testing	35	1	36	644	632	48
NHHS Activity	112	(51)	61	940	616	385
Aaron Austin Scholarship	335		335	0	0	335
J.D. Fry Scholarship	300		300	0	0	300
High School Band	951		951	8,556	5,816	3,691
Caprock Pipe Supply Scholarship	8,802		8,802	0	0	8,802
PNM Grants	6		6	5,700	0	5,706
Urlacher Royalties	3,118		3,118	0	0	3,118
Department of Public Safety	-		-	2,917	2,497	420
Task Force for Substance		1,250	1,250	0	0	1,250
Total Activity Assets	\$ 307,224	\$ (73,299)	\$ 233,925	\$ 245,141	\$ 228,384	\$ 250,682
LIABILITIES						
Due to Student Groups and other agencies	\$ 307,224	\$ (73,299)	\$ 233,925	\$ 245,141	\$ 228,384	\$ 250,682
Total Activity Liabilities	\$ 307,224	\$ (73,299)	\$ 233,925	\$ 245,141	\$ 228,384	\$ 250,682
OTHER AGENCY FUNDS						
ASSETS						
NMPSIA Insurance	\$ (1,300)	\$ 509,506	\$ 508,206	\$ 3,039,300	\$ 3,005,239	\$ 542,267
LIABILITIES						
Due to Other Agencies	\$ (1,300)	\$ 509,506	\$ 508,206	\$ 3,039,300	\$ 3,005,239	\$ 542,267
TOTAL AGENCY FUNDS						
ASSETS	\$ 305,924	\$ 436,207	\$ 742,131	\$ 3,284,441	\$ 3,233,623	\$ 792,949
DEPOSITS HELD IN TRUST FOR OTHERS	\$ 305,924	\$ 436,207	\$ 742,131	\$ 3,284,441	\$ 3,233,623	\$ 792,949

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, 2008

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2008	Name and Location of Safekeeper
Western Commerce Bank	FHLMC #390234 Due 4/01/30	\$ 57,830	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FHLMC #420041 Due 09/18/18	31,152	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FHLMC #420175B Due 03/01/19	40,641	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #8076 Due 11/20/22	50,566	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80362 Due 01/20/30	82,349	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80364 Due 01/20/30	44,359	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #8302 Due 10/20/23	33,328	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80470 Due 11/20/30	41,751	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80170 Due 2/20/28	85,043	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80478 Due 12/20/30	89,970	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #859285 Due 2/20/27	53,550	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #8146 Due 02/20/23	118,830	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #8204 Due 03/20/17	130,561	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA #21564 Due 11/01/25	27,823	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 62667 Due 02/01/18	19,712	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA #64731 Due 12/1/27	47,740	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 254914 Due 09/01/13	247,777	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 254989 Due 11/01/13	350,962	Federal Home Loan Bank Dallas, TX

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, 2008

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2008	Name and Location of Safekeeper
Western Commerce Bank	FNMA # 705683 Due 10/01/33	283,129	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 879518 Due 03/01/26	<u>1,852,511</u>	Federal Home Loan Bank Dallas, TX
		<u>3,689,584</u>	
Lea County State Bank	Univ NM Gallup 5% Due 06/01/15	<u>500,000</u>	Lea County State Bank
		<u>500,000</u>	
Wells Fargo Bank	FHMLC #313384 Due 08/15/08	3,568,979	Wells Fargo Brokerage Salt Lake City, UT
	FNMA#31359 Due 10/10/13	9,176,428	Wells Fargo Brokerage Salt Lake City, UT
	FHMLC #3128M Due 3/1/36	984,350	Wells Fargo Brokerage Salt Lake City, UT
	FNCL #882455 Due 04/01/36	<u>1,694,186</u>	Wells Fargo Brokerage San Francisco, CA
		<u>15,423,943</u>	
		<u>\$ 19,613,527</u>	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Schedule of Cash and Temporary Investments by Depository
June 30, 2008

Deposit or Investment Account Type	Western Commerce Bank	Lea County State Bank	Wells Fargo Bank	Total
Checking	\$ 1,427,209	\$ 890,532	\$ 2,274,808	\$ 4,592,549
Checking	426,242	-	675,855	1,102,097
Checking	176,397	-	-	176,397
Checking	45,619	-	-	45,619
CD	5,406	-	-	5,406
CD	17,947	-	-	17,947
CD	8,577	-	-	8,577
CD	80,254	-	-	80,254
Freddie Mac Discount Note			965,048	965,048
Fannie Mae Discount Note	-	-	12,493,439	12,493,439
Total on deposit	2,187,651	890,532	16,409,150	19,487,333
Reconciling items	(803,543)	(4,938)	(646,268)	(1,454,749)
Reconciled balance at June 30, 2008	<u>\$ 1,384,108</u>	<u>\$ 885,594</u>	<u>\$ 15,762,882</u>	<u>\$ 18,032,584</u>
Reconciliation to financial statements:				
Cash and cash equivalents:				
Government-wide balance sheet				17,239,635
Fiduciary balance sheet				792,949
				<u>\$ 18,032,584</u>

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

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Cash Reconciliation
 June 30, 2008

	<u>Operational Account</u>	<u>Payroll Clearing</u>	<u>ERA Clearing</u>	<u>Transportation Account</u>
Cash, June 30, 2007	\$ 253,606	\$ -	\$ -	\$ 994
Add:				
2007-08 revenues	22,854,805	-	3,210,080	935,459
Prior year void warrants	1,545	-	-	-
Restatement of June 30, 2007 balances	306,405	10,701	78,040	-
Loans from other funds	-	-	-	-
Total cash available	<u>23,416,361</u>	<u>10,701</u>	<u>3,288,120</u>	<u>936,453</u>
Less:				
2007-08 expenditures	(22,671,973)	(7,146)	(2,612,266)	(935,459)
Refunds	(4,974)	-	-	-
Change in insurance accounts	-	-	-	-
Change in held checks	-	-	-	-
Investments	(179)	-	-	-
Cash transfers	106,955	-	-	-
Miscellaneous	-	-	-	-
Loans to other funds balances	(315,200)	-	-	-
Cash, June 30, 2008	<u>\$ 530,990</u>	<u>\$ 3,555</u>	<u>\$ 675,854</u>	<u>\$ 994</u>
Bank balance end of year	\$ 267,149	\$ 426,248	\$ 675,854	\$ 1,159
Outstanding checks	(346,717)	(422,693)	-	(165)
Interest earned	-	-	-	-
Deposits in transit	925,758	-	-	-
Adjustment for voided checks	-	-	-	-
Amount held in escrow	-	-	-	-
Reclassification of deficit cash balances	<u>(315,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, June 30, 2008	<u>\$ 530,990</u>	<u>\$ 3,555</u>	<u>\$ 675,854</u>	<u>\$ 994</u>

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

Instructional Materials Account	Food Services Account	Athletics Account	Federal Projects Account	Activities	State and Other Grants
\$ 5,178	\$ 125,631	\$ 137,952	\$ 358,977	\$ 694,802	\$ (197,930)
399,590	1,034,482	71,463	2,196,658	3,049,236	611,132
-	-	-	1,092	-	-
-	-	-	(6,523)	106,964	-
-	-	-	-	-	-
404,768	1,160,113	209,415	2,550,204	3,851,002	413,202
(358,998)	(1,024,494)	(81,431)	(2,052,620)	(2,981,443)	(567,925)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(90,000)	-	-	-	-
-	-	-	-	-	-
-	-	-	(12,830)	-	-
-	-	-	-	-	315,200
<u>\$ 45,770</u>	<u>\$ 45,619</u>	<u>\$ 127,984</u>	<u>\$ 484,754</u>	<u>\$ 869,559</u>	<u>\$ 160,477</u>
\$ 47,315	\$ 45,619	\$ 130,523	\$ 1,427,204	\$ 872,192	\$ (139,225)
(1,545)	-	(2,539)	(942,450)	(3,231)	(15,498)
-	-	-	-	-	-
-	-	-	-	598	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	315,200
<u>\$ 45,770</u>	<u>\$ 45,619</u>	<u>\$ 127,984</u>	<u>\$ 484,754</u>	<u>\$ 869,559</u>	<u>\$ 160,477</u>

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT**

**Cash Reconciliation
June 30, 2008**

	Spec. Cap. Outlay-State	Cap.Improv. HB-33	Cap. Improve - SB-9	Public School Cap. Outlay - 20%
Cash, June 30, 2007	\$ 196,781	\$ 1,029,875	\$ 301,170	\$ 818
Add:				
2007-08 revenues	903,877	1,548,928	3,491,162	-
Prior year void warrants	-	-	-	-
Restatement of June 30, 2007 balances	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	1,100,658	2,578,803	3,792,332	818
Less:				
2007-08 expenditures	(1,100,658)	(962,441)	(2,618,479)	-
Refunds	-	-	-	-
Change in insurance accounts	-	-	-	-
Change in held checks	-	-	-	-
Investments	-	-	-	-
Cash transfers	-	(23,917)	(22,351)	-
Miscellaneous	-	-	-	-
Loans to other funds	-	-	-	-
Reclassification of deficit cash balances	-	-	-	-
Cash, June 30, 2008	<u>\$ -</u>	<u>\$ 1,592,445</u>	<u>\$ 1,151,502</u>	<u>\$ 818</u>
Bank balance end of year	\$ -	\$ 1,812,515	\$ 1,194,048	\$ 818
Outstanding checks	-	(220,070)	(42,546)	-
Interest earned	-	-	-	-
Deposits in transit	-	-	-	-
Adjustment for voided checks	-	-	-	-
Amount held in escrow	-	-	-	-
Reclassification of deficit cash balances	-	-	-	-
Cash, June 30, 2008	<u>\$ -</u>	<u>\$ 1,592,445</u>	<u>\$ 1,151,502</u>	<u>\$ 818</u>

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

Debt Service	Educational Technology Debt Service	Bond Building	Educational Technology Equipment	Total
\$ 1,466,349	\$ 57,942	\$ 8,047,657	\$ 249	\$ 12,480,051
2,310,867	640	8,279,116	-	50,897,495
-	-	-	-	2,637
-	-	-	-	495,587
-	-	-	-	-
3,777,216	58,582	16,326,773	249	63,875,770
(1,560,990)	-	(6,206,298)	-	(45,742,621)
-	-	-	-	(4,974)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(179)
-	-	-	-	(29,313)
-	-	-	-	-
-	-	(53,269)	-	(66,099)
-	-	-	-	-
<u>\$ 2,216,226</u>	<u>\$ 58,582</u>	<u>\$ 10,067,206</u>	<u>\$ 249</u>	<u>\$ 18,032,584</u>
\$ 2,216,226	\$ 58,582	\$ 10,450,857	\$ 249	\$ 19,487,333
-	-	(383,651)	-	(2,381,105)
-	-	-	-	-
-	-	-	-	926,356
-	-	-	-	-
-	-	-	-	-
<u>\$ 2,216,226</u>	<u>\$ 58,582</u>	<u>\$ 10,067,206</u>	<u>\$ 249</u>	<u>\$ 18,032,584</u>

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Schedule of Memorandum of Agreement
June 30, 2008

Participants	New Mexico Department of Health Lovington Municipal School District
Party responsible for operations	Lovington Municipal School District
Description	Lovington Municipal School District agrees to provide quality direct care through integrated primary care, behavioral health services and health promotion and risk reduction services, as well as coordination for these services, through a Level Two School-Based Health Center.
Effective Dates	July 1, 2007 to June 30, 2008
Estimated portion	\$85,000
Contribution	\$20,000
Party responsible for audit	Lovington Municipal School District

Revenues and Expenditures are reported in the School Based Health Center Special Revenue fund on the books of Lovington Municipal School District.

COMPLIANCE SECTION



JOHNSON, MILLER & CO.
Certified Public Accountants
A Professional Corporation

An Independent Member Of BDO Seidman Alliance

Hobbs, New Mexico
Midland, Texas
Odessa, Texas

**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, 2008, 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, 2008, and have issued our report thereon dated November 8, 2010.

Lovington Municipal School District's accounting records for 2006-2007 were not sufficient to audit. Audited accounting records were not available to substantiate 2007-2008 beginning balances reported for assets, liabilities, revenues, expenses, or expenditures for any fund. Therefore, due to limited accounting records, 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 revenues and expenses, or federal awards and expenditures. The amount by which these departures would affect the revenue 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 necessarily 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 questioned costs to be significant deficiencies in internal control over financial reporting as items, 2006-03, 2006-04, 2007-03, 2008-01, 2008-04, and 2008-05

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 2006-03, 2008-01, and 2008-05 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.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported under *Government Auditing Standards January 2007 Revision* paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as findings 2006-7, 2007-04, 2008-02, 2008-03, 2008-06, 2008-07, and 2008-11.

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.

Johnson, Miller & Co.

Johnson, Miller & Co.
November 8, 2010



JOHNSON, MILLER & CO.
Certified Public Accountants
A Professional Corporation

An Independent Member Of BDO Seidman Alliance

Hobbs, New Mexico
Midland, Texas
Odessa, Texas

**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, 2008. 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. 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 School District 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, 2008. 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 2006-10, 2006-11, 2007-06, 2007-07, 2008-08, 2008-09, and 2008-10.

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 District's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2007-07, 2008-09, 2008-10.

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 District'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.

Johnson, Miller & Co.

Johnson, Miller & Co.
November 8, 2010

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

<u>Federal Agency/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State ID Number</u>	<u>Total Federal Awards Expended</u>
<u>U.S. Department of Agriculture</u>			
Pass-Through State Department of Education			
USDA National School Lunch Program	10.555	21000	\$ 624,012 (1)
USDA National School Breakfast Program	10.553	21000	239,342 (1)
Total Child Nutrition Cluster			<u>863,354</u>
Pass-Through State Department of Human Services			
USDA Commodities Program	10.550	21000	<u>40,612</u>
Total U.S. Department of Agriculture			903,966
<u>U.S. Department of Education</u>			
Pass-Through State Department of Education			
Special Education Cluster:			
IDEA, Part B, Entitlement	84.027	24106	626,522 (1)
IDEA, Preschool	84.173	24109	<u>41,205 (1)</u>
Total Special Education Cluster			667,727
Other:			
ESEA Title I Basic	84.010	24101	661,501 (1)
EDEA Title I Migrant	84.011	24103	30,414
Enhancing Education Through Technology	84.318	24133	4,700
ELL Title III Incentive Awards	84.365	24143	2,000
Title V - Part A Innovative Ed Pro Strategies	84.298	24150	5,281
Title III - English Language Acquisition	84.365	24153	19,974
Title II A	84.164	24154	182,452
Title IV-A	84.186	24157	13,634
Rural/Low Income	84.358	24160	107,715
Title III Immigrant	84.365A	24163	2,021
Reading First	84.357	24167	176,294
Carl D. Perkins Secondary-Current	84.048	24174	28,945
Carl Perkins High Schools That Work	84.048	24180	<u>12,939</u>
Total Other Grants			1,247,870
Total U.S. Department of Education			1,915,597

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

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOLS
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2008

<u>Federal Agency/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State ID Number</u>	<u>Total Federal Awards Expended</u>
<u>Department of Health & Human Services</u>			
Direct Programs:			
Medicaid	93.778	25153	124,637
GRADS Child Care	93.037	25149	4,729
Temp Asst for Needy Families	93.558	25162	<u>7,659</u>
Total Department of Health & Human Services			137,025
Total Federal Assistance			<u>\$ 2,956,588</u>

(1) Denotes program audited as major

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, 2008 was \$40,612 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, 2008

A. Summary of Audit Results

1. The auditor's report disclaims an opinion on the government wide statement of activities and the fund financial statements of revenue, expenditures and changes in fund balance and budgetary comparisons.
2. Twelve reportable conditions were disclosed during the audit of the financial statements of the primary government; six are considered significant deficiencies, three of which were material weakness.
3. Seven reportable conditions were identified during the audit of internal control over major federal award programs.
4. Seven reportable conditions were identified during the audit of compliance over major federal award programs, none of which was considered material to the financial statements.
5. The auditor's report on compliance for major federal award programs for Lovington Municipal School District expresses an unqualified opinion on all federal programs.
6. There were seven 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
 - Special Education IDEA-B 84.027
 - Special Education IDEA-Preschool 84.173
 - School Lunch Program 10.555
 - School Breakfast Program 10.553
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The Lovington Municipal School District was determined not be a low-risk auditee.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs
June 30, 2008

B. Findings – Financial Statement Audit

2006-3 SEGREGATION OF DUTIES - Repeated

Condition

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

Criteria

According to 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 ledger 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, 2008

B. Findings – Financial Statement Audit (continued)

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

Condition

Accounting records were not available to substantiate balances for 2007-2008 until after the initial audit report was due.

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

Fieldwork for the 2006-2007 audit was not completed until February 2010.

Effect

The District was unable to file a timely report to the State Auditor.

Recommendation

The necessary audits should be completed so that the 2010-2011 audit can be completed in a timely manner.

Agency Response

The District's 2007-2008, 2008-2009, and 2009-2010 audits will be submitted to the State Auditor in November 2010. The 2010-2011 audit will be completed in a timely manner.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs
June 30, 2008

B. Findings – Financial Statement Audit (continued)

2006-7: LATE REPORT - Repeated

Condition

The District's June 30, 2008 audit report was not submitted to the state auditor by November 15, 2008 and was not submitted until November 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 15th.

Cause

Fieldwork for the 2006-2007 audit was not completed until February 2010, which delayed the audit process for the 2007-2008 school year.

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

The District has implemented procedures to ensure that the books are kept in good order enabling auditing procedures to be performed on a timely basis.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs
June 30, 2008

B. Findings – Financial Statement Audit (continued)

2007-03 RECORD KEEPING

Condition

Cash in the ERA clearing and payroll clearing accounts are not recorded in the general ledger. Balances in the bank accounts in excess of outstanding employee payroll checks represent amounts owed to the Education Retirement Board or the IRS for tax withholding.

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 funds 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 could understate cash and payroll related liabilities.

Recommendation

We recommend that the District record the transfer of cash to these two clearing accounts along with the related payroll liabilities for each payroll.

Agency Response

Cash in the ERA and clearing accounts has never been recorded in general ledger. Entries are made internally in the payroll program. The District will set up accounts to record transfers to ERA & payroll clearing.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2008**

B. Findings – Financial Statement Audit (continued)

2007-04 OVERSPENDING OF CERTAIN BUDGET LINE ITEMS - Repeated

Condition

During our audit we noted that the line items on the following funds had expenditures in excess of budgeted amounts:

	Final Budget	Actual Expenditures	Variance with Final Budget
Capital Improvements-SB-9			
Capital outlay	2,414,452	2,616,078	(201,626)
Title III Incentive Awards			
Instruction	-	2,000	(2,000)
Title III Immigrant Funding			
Instruction	-	2,021	(2,021)
Carl D Perkins Secondary			
Instruction	-	2,943	(2,943)
Support services	-	105	(105)
GRADS Child Care			
Instruction	-	4,729	(4,729)
TANF/GRADS HSD			
Instruction	-	7,659	(7,659)
Technology for Education			
Instruction	-	39,355	(39,355)
Incentives for school improvement			
Instruction	-	857	(857)
Libraries – GO Bond			
Support services	-	64	(64)
Beginning Teacher Mentoring Program			
Instruction	13,934	14,361	(427)
Gear Up CHE			
General administration	56,472	56,811	(339)
Early Intervention CYFD			
Instruction	-	4,885	(4,885)

Criteria

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

Cause

No budget line item transfers for the overages were proposed or approved the school board.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs
June 30, 2008

B. Findings – Financial Statement Audit (continued)

2007-04 OVERSPENDING OF CERTAIN BUDGET LINE ITEMS – Repeated (continued)

Effect

Without appropriate budgetary control, the District could have overspent the funds as a whole and not had the funding available.

Recommendation

We recommend grant managers or other responsible party review budget to actual expenditures to determine if budget transfers or additions need to be made.

Agency Response

The District will review budget to actual expenditures to determine if budget transfers need to be made.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs
June 30, 2008

B. Findings – Financial Statement Audit (continued)

2008-01 SEGREGATION OF DUTIES-PAYROLL

Condition

Employees are added to the payroll system by the payroll clerk and records are not verified with the human resource department. The payroll clerk also prints and stuffs payroll checks.

Criteria

According to 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

The payroll clerk has access and authority to add new employees.

Effect

The payroll clerk was able to add and pay fictitious employees during the 2008-2009 and 2009-2010 school years.

Recommendation

We recommend that the District cross-train the human resource clerk to input new employees into the payroll system and restrict the ability for the new payroll clerk to input new employees or implement procedures to allow other district personnel to verify that all payroll related changes are valid.

Agency Response

As a compensating control, our new software will allow the Business Manager to print a report of all payroll changes per pay period. This report will be reviewed by the Business Manager, HR, and the payroll clerk for reconciliation purposes.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2008**

B. Findings – Financial Statement Audit (continued)

2008-02 EMPLOYMENT ELIGIBILITY DOCUMENTATION

Condition

The required form for employment eligibility documentation, the IRS I-9, was not completed or was not completed correctly for four of the forty employees tested. One did not contain an I-9 form, and three were not completed correctly. Also, student workers paid out of Special Education funds as part of their individual education plans did not complete I-9 forms.

Criteria

NMAC states “School districts shall maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application, and direct deposit authorizations.”

Cause

Current and previous staff in the human resource position have not been properly trained to complete the I-9 form.

Effect

The District risks fines of \$110-\$1,100 related to each I-9 form missing or not properly completed.

Recommendation

We recommend that the District staff obtain the necessary training to properly complete the I-9 form as well as obtain corrected forms for those identified as improperly prepared.

Agency Response

The District will make sure HR employees receive proper training. HR will obtain corrected forms for improperly prepared forms.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs
June 30, 2008

B. Findings – Financial Statement Audit (continued)

2008-03 TIMELY DEPOSITS

Condition

One deposit of twenty-five tested was not deposited within twenty-four hours.

Criteria

NMAC 6.20.2.14 C states “Money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day. If the distance to the bank is considerable, or the cash collection is limited to small amounts and/or low volume and it is impractical to meet the twenty-four hour/one banking day requirement, the local board may request approval from the department for an alternative plan. The bank deposit slip shall have the numbers from applicable receipts entered on it or attached as a reference.”

Cause

Checks from book fair were deposited within 48 hours instead of the required 24 hours.

Effect

The District is not in compliance with NMAC standards and risks stricter financial controls from state governments.

Recommendation

We recommend that the District principals or their staff make sure that all funds from fund raising activities are deposited on a daily basis.

Agency Response

All principals and their staff are aware of the 24 hour banking requirement.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2008**

B. Findings – Financial Statement Audit (continued)

2008-04 PAYMENT IN EXCESS OF AUTHORIZED AMOUNT

Condition

One invoice of twenty-five tested was paid in excess of the original purchase order amount. Documentation of approval of the excess amounts was not available and it did not appear that the purchase order was revised.

Criteria

NMAC 6.20.2.17 states, “Each school district shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq., NMSA 1978. Purchasing policies and procedures for grant funding shall comply with requirements established within the grant and the Procurement Code. An internal control structure over purchasing shall be established and maintained to assure compliance with school district policy, and state and federal regulations.”

Cause

The District’s computer control to stop a payment to a vendor in excess of the purchase order amount was not in place or not operating effectively.

Effect

Amounts paid to vendors could be more than the approved and budgeted amount leading to overexpenditure of funds.

Recommendation

We recommend that the District ensure that the computer control is working and that all invoices are checked against purchase orders to ensure that the District is not overspending.

Agency Response

The District has new software that provides control to stop a payment if it is over the purchase order amount.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs
June 30, 2008

B. Findings – Financial Statement Audit (continued)

2008-05 UNREIMBURSABLE FEDERAL AND STATE GRANTS AND FUND DEFICITS

Condition

The District expended funds budgeted to be reimbursed by federal and state agencies. The resulting accounts receivable of \$357,234 were deemed uncollectible by the District due to the lack of timeliness of the reimbursement requests. The receivables arose from years prior to and including the 2007-2008 fiscal year. The resulting fund balances after adjustments for these accounts resulted in deficit balances in the corresponding funds.

Criteria

Grant contracts for the Reading First Grant, CFDA 84.359 state that final reimbursement requests must be made by November 10th following the end of the fiscal year. The New Mexico Department of Education also requires that reimbursement requests be submitted by July 31st of the current year.

Cause

During the 2006-2007 fiscal year, the State converted grant funds to a reimbursement basis rather than on an advance basis. This caused confusion related to the beginning cash balances. Reimbursement requests were previously mailed, and the District did not know when the State received the request. Program directors were also unable to obtain accurate financial data from the previous business manager which allowed reimbursement requests to be erroneous. An effort was made to give an accounting to the State for funds that were never received, but since a significant time elapsed between the end of the fiscal year and the correspondence, the State was unable to reimburse the funds.

Effect

The federal and state funds will have to be reimbursed by the operational funds.

Recommendation

We understand that all reimbursement requests are now done through Operating Budget Management System (OBMS) and the District knows when a reimbursement request has been received. We recommend that the Business Manager review the reimbursement requests to determine that all portions are completed correctly before the requests are submitted.

Agency Response

The Business Manager now checks and approves all requests for reimbursement through OBMS.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs
June 30, 2008

B. Findings – Financial Statement Audit (continued)

2008-06 INACCURATE 941

Condition

The first page of the 941 Form covering the months of April 2008 to June 2008 included only the employee portion of Medicare and Social Security. Page two of the return filed in July 2008 included both employer and employee portions of the amounts and the funds were sent in a timely manner.

Criteria

The instructions to the 2008 IRS 941 Form require that the total taxes reported must include the employees' federal tax withheld and employer and employee portions of Medicare and Social Security taxes.

Cause

The 941 Form was not reviewed for accuracy before the form was submitted.

Effect

The IRS will require the form to be correctly filed, but other inaccuracies could result in inaccurate payments to the IRS and associated penalties.

Recommendation

We recommend that the Business Manager review the 941 employment tax filings before they are mailed to the IRS to ensure that the form does not have any calculation mistakes.

Agency Response

The payroll clerk that prepared the inaccurate form 941 has been replaced. The Business Manager now reviews the form 941 each quarter.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs
June 30, 2008

B. Findings – Financial Statement Audit (continued)

2008-07 SUBSTITUTE PAY RATE

Condition

Substitute teachers sign a contract with a pay rate schedule, but the applicable pay rate is not indicated on the contract.

Criteria

NMAC 6.20.2.18 states that “School districts shall maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application, and direct deposit authorizations.”

Cause

The District’s policies did not require the pay rate to be indicated on the schedule.

Effect

Pay for substitute teachers could have been at the incorrect rate.

Recommendation

We recommend that the pay rate be clearly stated on the substitute teachers’ contract.

Agency Response

HR has adjusted the substitute teacher contract to reflect the level of compensation. The Assistant Superintendent will review the contract and document the review.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs
June 30, 2008

B. Findings – Financial Statement Audit (continued)

2008-11 PED CASH REPORT

Condition

Cash balances on the cash report submitted to the New Mexico Public Education Department at June 30, 2008 do not match the cash recorded in the general ledger account for the following items:

	General Ledger	PED Cash Report	Difference
Federal Funds	\$ 514,507	\$ 472,475	\$ 42,032
Federal Direct Funds	(29,753)	25,109	(54,862)
Bond Building Funds	10,067,206	10,310,478	(243,272)
Capital Improvement SB-9	1,151,502	1,655,488	(503,986)
Special Capital Outlay	-	(748,617)	748,617

Criteria

NMAC 6.20.2.13 D. states that the cash basis of accounting should be used for budgeting and reporting.

Cause

The District's June 30th, 2008 cash report went through several revisions in coordination with PED. Adjustments were made to the general ledger after the cash report was submitted.

Effect

The cash balances reported to PED were not correct.

Recommendation

We recommend further communication with the PED Budget Analyst for any issues arising from the submission of the cash reports.

Agency Response

The District keeps in contact with the assigned Budget Analyst to make necessary revisions with the cash reports.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs
June 30, 2008

C. Federal Award Findings and Questioned Costs

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

Condition

During our audit of the Special Education, IDEA-B; CFDA No. 84.027 and Special Education, IDEA Preschool; CFDA No. 84.173 in accordance with OMB A-133 we noted that the School District failed to submit four flow-through Program Budget and Expenditure Reports in a timely manner (i.e. 10th day of the month after the reporting quarter).

Questioned 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 10th 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

Quarterly reports are not a requirement in the current year.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs
June 30, 2008

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's 2006-2007 audit was not completed until February 2010, so subsequent years were not ready to audit until after that date.

Effect

The District risks losing some of its federal grants.

Recommendation

We recommend that the District file data collection reports as quickly as possible following the release of its audit reports to ensure that it can timely file the 2010-2011 reports.

Agency Response

The District will file data collection reports as quickly as possible following the release of its audit report.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs
June 30, 2008

C. Federal Award Findings and Questioned Costs (continued)

2007-06 DOCUMENTATION OF EMPLOYEE TIME AND EFFORT (SCHOOLWIDE PROGRAMS) - COMPLIANCE REQUIREMENT-Repeated

Condition

During our audit of Special Education, IDEA-B; CFDA No. 84.027; Special Education, IDEA Preschool; CFDA No. 84.173; and Title I, Part A of ESEA, CFDA No. 84.010; we noted that the District does not document time and effort for school-wide programs such as Title I and Special Education IDEA. Semi-annual certifications are not completed for employees who are solely paid out of Special Education funds.

Questioned Costs

Salaries	\$362,665
Fringe Benefits	\$130,865

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 Special Education Coordinator was not aware of the requirement to document time and effort or semi-annual certifications. Title I teachers that started in the middle of the year were inadvertently left off the semi-annual certification letter.

Effect

The District is not able to determine the time and effort related to specific federal programs or other cost objective, and is not in compliance with federal program regulations.

Recommendation

We recommend that the District require semi-annual certifications for all employees paid from single federal funds. We also recommend that the District require quarterly time and effort sheets for those employees paid from multiple funds.

Agency Response

The District will require semi-annual certifications for all employees paid from single federal funds.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs
June 30, 2008

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)-Repeated

Condition

During the audit of Special Education, IDEA-B; CFDA No. 84.027; and Special Education, IDEA Preschool; CFDA No. 84.173; we tested forty transactions and found five blanket purchase orders where the total purchases exceeded the purchase order amount.

Questioned Costs

\$22,457

Criteria

NMAC 6.20.2.17 states, "Each school district shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq., NMSA 1978. Purchasing policies and procedures for grant funding shall comply with requirements established within the grant and the Procurement Code. An internal control structure over purchasing shall be established and maintained to assure compliance with school district policy, and state and federal regulations."

Cause

The requisition order for supplies and materials was approved at \$1500, the maximum amount, but the purchase order was reused throughout the school year. These consumable supplies were purchased on a weekly shopping trip in which the weekly amount did not exceed the requisition amount.

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 create a purchase order that includes the expected amount of supplies for a month or semester. When that purchase order is filled, another purchase order should be completed. Due to the numerous compliance requirements associated with procurement, we also recommend that the Procurement Manager prepare all purchase orders to ensure that the applicable legal requirements are met.

Agency Response

The District has new software that will not let a purchase go over the purchase order amount. The Procurement Manager will also prepare and revise all purchase orders.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs
June 30, 2008

C. Federal Award Findings and Questioned Costs (continued)

2008-08 UNALLOWABLE INDIRECT COSTS TO PROGRAMS- COMPLIANCE REQUIREMENT

Condition

During the audit we noted that the indirect costs charged to the Special Education IDEA-B; CFDA No. 84.027; and Special Education IDEA-B Preschool; CFDA No. 84.173; grants exceeded the calculated costs by \$3,638 and \$99, respectively.

Questioned Costs

Indirect Costs-\$3,737

Criteria

According to OMB A-87, Attachment B, indirect costs are only allowable up to the cognizant agency approved rate.

Cause

The calculation of the indirect costs was at a different rate than the PED approved indirect cost rate.

Effect

The operational funds of the District were over reimbursed for indirect costs from federal funds and could be liable to pay the funds back to the applicable state agency.

Recommendation

We recommend that the District review all indirect cost formulas and rates and agree them to approved rates before charging the federal funds for the expenses.

Agency Response

The District will review all indirect cost rates before charging the federal funds.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs
June 30, 2008

C. Federal Award Findings and Questioned Costs (continued)

2008-09 CASH MANAGEMENT – COMPLIANCE REQUIREMENT

Condition

During our audit of the Title I, Part A of ESEA; CFDA No. 84.010, in accordance with OMB A-133 we noted that the request for reimbursements totaled \$100,829 more than was spent during the fiscal year. We also noted that for the Special Education IDEA-Preschool; CFDA No. 84.127, the first reimbursement request was \$454 more than had been expended, but the amount was corrected the following request.

Questioned Costs

\$100,829

Criteria

OMB A-133 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 amounts received year to date on the reimbursement request for Title I funds did not include all funds received, and led to over requesting the funds.

Effect

The District is not in compliance with the federal regulations and it could be necessary to pay applicable interest earned charges to the State. Requested funds ultimately matched with expended funds during the 2009-2010 school year.

Recommendation

We recommend that the Business Manager review the reimbursement request to ensure that all deposits and outstanding claims to date are reflected in the request for reimbursement or that staff completing the reimbursement request are provided with printouts of all funds received to date.

Agency Response

As of July 2008 this is done electronically through OBMS.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs
June 30, 2008

C. Federal Award Findings and Questioned Costs (continued)

2008-10 APPROVAL OF APPLICATIONS -COMPLIANCE

Condition

During our audit of the USDA School Breakfast Program, CFDA No. 10.553 and the USDA School Lunch Program, CFDA No. 10.555 we found that applications processed by the food service management company only had approvals of the business manager in batches.

Questioned Costs

None

Criteria

OMB A-133 requires states that "Each application for food services must contain the signature of an approving official".

Cause

Due to the influx of applications at the beginning of the year, the applications were reviewed, but only signed in batches.

Effect

The District is not in compliance with the federal regulations.

Recommendation

We recommend that the Business Manager sign each application during the review process. This ensures that each application has indeed been reviewed.

Agency Response

The Business Manager will sign each application during the review process.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs
June 30, 2008

D. Findings – Prior Year Audit

2006-1	Timely Deposit of Payroll Withholdings	Resolved and Not Repeated
2006-2	Inaccurate Bank Reconciliations	Resolved and Not 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	Resolved and Not Repeated
2006-6	Posting of Temporary Transfers of Cash	Resolved and Not Repeated
2006-7	Late Report	Revised and Repeated
2006-8	Investments not Recorded	Resolved and Not Repeated
2006-9	Earmarking - Compliance Requirement	Resolved and Not 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
2007-1	Failure to Submit Cash Reports to the State Department of Education on a Monthly Basis	Resolved and Not Repeated
2007-2	The District Does Not Require Subsequent Proof Of Receipt for Meal Expenses that are Advanced to Employees	Resolved and Not Repeated
2007-3	Record Keeping	Revised and Repeated
2007-4	Over Spending of Certain Budget Line Items	Revised and Repeated
2007-5	Preparation of Budget Adjustment Requests	Resolved and Not Repeated
2007-6	Documentation of Employee Time and Effort (Schoolwide Programs)	Revised and Repeated
2007-07	Evidence of Approval by Program Director or Superintendent For Activities Allowed, Allowable Costs, and Procurement (Control)	Revised and Repeated
2007-08	Unallowable Direct Costs to Programs-Compliance Requirement	Determined Not to be Unallowable
2007-09	Cash Management-Compliance Requirement	Resolved and Not Repeated
2007-10	Suspension and Debarment-Compliance Requirement	Resolved and Not Repeated
2007-11	Activity Fund Balances with Deficit	Resolved and Not Repeated
2007-12	Audit Initiated Without Signed Audit Contract	Resolved and Not Repeated

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Exit Conference
June 30, 2008**

The contents of this report were discussed at an exit conference held November 8, 2010. Mary Hinds, CPA, Partner; and Shellie Davidson, CPA, Senior Accountant, represented Johnson, Miller & Co, P.C. LaRhonda Kidd, Board Member; Junior Contreas, Board Member; Pat Capps, Audit Committee Member; Steven L. O'Quinn, Superintendent; LeAnne Ellis, Assistant Superintendent; Sheri Belyeu, CPA, Business Manager; Neva Byrd, 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, 2008 by Johnson, Miller & Co., Certified Public Accountants, a Professional Corporation.