

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

FINANCIAL STATEMENTS
with
WITH INDEPENDENT AUDITOR'S REPORT THEREON

June 30, 2009



JOHNSON, MILLER & CO.

*Certified Public Accountants
A Professional Corporation*

An Independent Member of BDO Seidman Alliance

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

FINANCIAL STATEMENTS
with
WITH INDEPENDENT AUDITOR'S REPORT THEREON

June 30, 2009

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Table of Contents
June 30, 2009**

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, 2009**

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 Discretionary Special Revenue Fund	86
IDEA - B Preschool Special Revenue Fund	87
Title VI Special Revenue Fund.....	88
Title II - ESEA Special Revenue Fund.....	89
Title VII - Emergency Immigrant Special Revenue Fund	90
Drug Free Schools Special Revenue Fund	91
Title I – 1003 G Special Revenue Fund.....	92
Enhancing Education Thru Technology (E2T2-F) Special Revenue Fund	93
Class Size Reduction Special Revenue Fund	94
Title III Incentive Awards Special Revenue Fund.....	95
Enhancing Education Thru Technology (E2T2-C) Special Revenue Fund.....	96
Title V - Part A Special Revenue Fund	97
English Language Acquisition Special Revenue Fund.....	98
Teacher/Principal Training and Recruiting Special Revenue Fund.....	99
Safe and Drug Free Schools Special Revenue Fund.....	100
Rural and Low Income Schools Special Revenue Fund.....	101
Title III Immigrant Funding Special Revenue Fund.....	102
Reading First Special Revenue Fund.....	103
Jobs for Americas Graduates Special Revenue Fund	104
Carl D Perkins Secondary Special Revenue Fund.....	105
Carl D Perkins - High Schools Special Revenue Fund.....	106
Title VI - Comprehensive Special Revenue Fund	107
Advanced Placement Incentive Grant Special Revenue Fund.....	108
Medicaid XIX Special Revenue Fund	109
Title VII - Systemwide Special Revenue Fund	110
Teacher Quality Enhancement Grants Special Revenue Fund	111
Foreign Language Incentive Special Revenue Fund	112
Bill and Melinda Gates Intel Special Revenue Fund	113
Private School Share Special Revenue Fund.....	114
GRADS Child Care Special Revenue Fund	115
TANF/GRADS HSD Special Revenue Fund	116
GEAR-UP USDE Special Revenue Fund.....	117
Bully Proofing Special Revenue Fund.....	118
Healthier Schools/Desert High Special Revenue Fund	119
Local Combined Grant Special Revenue Fund.....	120
Breakfast in the Classroom Special Revenue Fund	121
JF Maddox Foundation Special Revenue Fund	122
Technology for Education Special Revenue Fund	123
Incentives for School Improvement Special Revenue Fund.....	124
Truancy Initiative PED Special Revenue Fund	125

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Table of Contents
June 30, 2009**

Libraries - GO Bond Special Revenue Fund	126
Beginning Teacher Mentoring Program Special Revenue Fund.....	127
Breakfast for Elementary Students Special Revenue Fund	128
Gear Up CHE Special Revenue Fund.....	129
Schools in Need of Improvement Special Revenue Fund.....	130
Early Intervention CYFD Special Revenue Fund	131
Libraries- SB 301 GO Bonds- Laws of 2006 Special Revenue Fund.....	132
Private Direct Grants Special Revenue Fund.....	133
School Based Health Center Special Revenue Fund	134
Adequacy Tech Equity Special Revenue Fund.....	135
Special Capital Outlay State Capital Project Fund	136
Capital Improvement HB-33 Capital Project Fund.....	137
Education Technology Equipment Capital Project Fund.....	138
Public School Capital Outlay 20% Capital Project Fund	139
Technology Bonds Debt Service Fund	140

Additional Supplemental Information:

Fiduciary Funds	141
Schedule of Changes in Assets and Liabilities – Activity Trust Fund.....	142
Schedule of Collateral Pledged by Depository	145
Schedule of Cash and Temporary Investments by Depository	147
Cash Reconciliation	148
Schedule of Memorandum of Agreement.....	152

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>	153
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	155
Schedule of Expenditures of Federal Awards.....	157
Schedule of Findings and Questioned Costs	159
Exit Conference.....	181

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Official Roster
June 30, 2009**

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 AUDITORS' 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 have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund of the Lovington Municipal School District (the "District"), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds and the budgetary comparisons presented as supplemental information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009 as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the Lovington Municipal School District as of June 30, 2009, and the respective changes in financial position thereof, and the budgetary comparison for the general fund and major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Lovington Municipal School District, as of June 30, 2009, and the respective changes in financial position thereof and the respective budgetary comparisons for the major capital project funds, debt service funds, and all non major funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2010 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over the 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 read in conjunction with this report in considering 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 subjected to the auditing procedures applied in the audit of the basic, combining and individual fund financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements of each of the respective individual funds and the basic financial statements taken as a whole.

Johnson, Miller & Co.

Johnson, Miller & Co
November 15, 2010

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Government-Wide
 Statement of Net Assets
 June 30, 2009

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents (Note 3)	\$ 13,580,430
Investments (Note 3)	1,081,875
Receivables (Note 4)	1,280,326
Inventory	15,847
Bond issuance costs (net of accumulated amortization of \$45,025)	113,072
Capital assets, net (Note 6)	45,366,544
 Total assets	 \$ 61,438,094
LIABILITIES AND NET ASSETS	
Accounts payable	\$ 544,562
Due to agency funds	1,064
Accrued payroll and related expenses	81,528
Accrued interest	264,507
Deferred revenue	291,450
Compensated absences - current portion (Note 7)	226,579
Noncurrent liabilities:	
Bond premium	102,267
Compensated absences - non current portion (Note 7)	79,267
Bonds payable: (Note 7)	
Due within one year	1,250,000
Due in more than one year	23,675,000
Total liabilities	26,516,224
Invested in capital assets, net of related debt	20,441,544
Restricted for:	
Debt service	2,889,080
Capital projects	8,577,931
Unrestricted	3,013,315
Total net assets	34,921,870
 Total liabilities and net assets	 \$ 61,438,094

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, 2009

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental activities:			
Instruction	\$ 17,004,919	\$ 111,431	\$ 3,537,582
Support services:			
Students	2,765,874	-	118,603
Instruction	402,426	-	-
General administration	659,370	-	1,272,237
School administration	2,202,844	-	-
Central services	1,480,115	-	-
Operation & maint. of plant	2,585,067	-	-
Student transportation	1,171,054	-	1,100,784
Operation of non-instruction services:			
Food services	1,338,024	280,625	983,495
Community services	56,083	-	-
Inventory exempt-unallocated	1,118,650	-	-
Interest on long-term debt	957,796	-	-
Total primary government	\$ 31,742,222	\$ 392,056	\$ 7,012,701

General revenues:

State equalization guarantee
 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
 Net assets - end of year

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

		Net (Expense) Revenue and Changes in Net Assets	
		<u>Primary Government</u>	
<u>Capital Grants and Contributions</u>		<u>Governmental Activities</u>	
\$	-	\$	(13,355,906)
	-		(2,647,271)
	-		(402,426)
	-		612,867
	-		(2,202,844)
	-		(1,480,115)
	-		(2,585,067)
	-		(70,270)
	-		(73,904)
	-		(56,083)
	-		(1,118,650)
	-		(957,796)
<u>\$</u>	<u>-</u>		<u>(24,337,465)</u>
			23,604,699
			3,320
			64,270
			507,273
			608,045
			311,439
			2,125,737
			2,493,939
			78,894
			<u>29,797,616</u>
			5,460,151
			<u>29,461,719</u>
<u>\$</u>			<u>34,921,870</u>

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

**Balance Sheet
Governmental Funds
June 30, 2009**

	General Fund	Debt Service	Capital Outlay - Bond
ASSETS			
Cash and cash equivalents	\$ 2,065,414	\$ 2,708,428	\$ 2,849,401
Investments	4,204	-	-
Accounts receivable:			
Taxes	28,512	199,280	-
Due from other governments	-	-	-
Due from other funds	1,071,442	-	53,269
Inventory	-	-	-
Advances to other funds	359,404	-	-
<i>Total assets</i>	<u>\$ 3,528,976</u>	<u>\$ 2,907,708</u>	<u>\$ 2,902,670</u>
LIABILITIES AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts payable	\$ -	\$ -	\$ 304,984
Accrued payroll	81,528	-	-
Accrued interest	-	-	-
Due to other funds	-	53,269	-
Due to agency funds	-	0	-
Deferred revenue:	2,346	25,054	-
Advances from other funds	-	-	-
<i>Total liabilities</i>	<u>83,874</u>	<u>78,323</u>	<u>304,984</u>
<i>Fund balances:</i>			
Reserved:			
Reserved for inventory	-	-	-
Reserved for debt service	-	2,829,385	-
Unreserved:			
Designated for subsequent year's expenditures reported in:			
General Fund	-	-	-
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Undesignated, reported in:			
General Fund	3,445,102	-	-
Special revenue funds	-	-	-
Capital projects funds	-	-	2,597,686
<i>Total fund balances</i>	<u>3,445,102</u>	<u>2,829,385</u>	<u>2,597,686</u>
<i>Total liabilities and fund balances</i>	<u>\$ 3,528,976</u>	<u>\$ 2,907,708</u>	<u>\$ 2,902,670</u>

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

Capital Improvement SB-9	Other Governmental Funds	Total Governmental Funds
\$ 3,148,894	\$ 2,808,293	\$ 13,580,430
520,609	557,061	1,081,874
119,693	120,034	467,519
-	812,808	812,808
-	124,737	1,249,448
-	15,847	15,847
-	-	359,404
<u>\$ 3,789,196</u>	<u>\$ 4,438,780</u>	<u>\$ 17,567,330</u>
\$ 86,733	\$ 152,846	\$ 544,563
-	-	81,528
-	-	-
-	1,196,179	1,249,448
-	1,064	1,064
13,012	304,056	344,468
-	359,404	359,404
<u>99,745</u>	<u>2,013,549</u>	<u>2,580,475</u>
-	15,847	15,847
-	59,695	2,889,080
-	-	-
-	-	-
-	-	-
-	-	3,445,102
-	58,895	58,895
3,689,451	2,290,794	8,577,931
<u>3,689,451</u>	<u>2,425,231</u>	<u>14,986,855</u>
<u>\$ 3,789,196</u>	<u>\$ 4,438,780</u>	<u>\$ 17,567,330</u>

This page is intentionally left blank.

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Reconciliation of Governmental Funds Balance Sheet
 to the Statement of Net Assets
 June 30, 2009

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

Fund balances - total governmental funds	\$	14,986,855
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.		45,366,544
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds:		
Property taxes		53,017
Bond issuance costs		113,072
Other liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Bond premium liability		(102,267)
Accrued interest expense		(264,507)
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.		(25,230,844)
Net assets of governmental activities in the statement of net assets	\$	34,921,870

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, 2009

	General Fund	Debt Service	Capital Outlay - Bond
REVENUES			
Property taxes	\$ 63,875	\$ 507,273	\$ -
Oil and gas taxes	311,439	2,118,062	-
Investment income	6,553	-	51,803
Food services	-	-	-
District activities	11,924	-	-
Insurance recoveries	-	-	-
Revenue from local sources	38,138	-	-
Revenue from state sources	25,198,111	-	-
Revenue from federal sources	16,026	-	-
Total revenues	25,646,066	2,625,335	51,803
EXPENDITURES			
Current:			
Instruction	14,966,106	-	-
Support services			
Students	2,153,193	-	-
Instruction	337,247	-	-
General administration	543,259	-	-
School administration	1,958,343	-	-
Central services	483,350	-	-
Operation and maintenance of plant	2,539,997	-	-
Student transportation	1,128,362	-	-
Operation of non instructional services			
Food services operations	740	-	-
Community services	-	-	-
Capital outlay	191,503	-	7,048,811
Debt service	-	2,058,221	-
Total expenditures	24,302,100	2,058,221	7,048,811
Excess (deficiency) of revenues over (under) expenditures	1,343,966	567,114	(6,997,008)
Other financing sources (uses)			
Bond proceeds	-	-	-
Bond premium	-	-	-
Bond issuance cost	-	-	(320)
Sale of real property	3,320	-	-
Increase (decrease) in inventory	-	-	-
Transfers in (out)	(350)	-	-
Net changes in fund balances	1,346,936	567,114	(6,997,328)
Beginning fund balances,	2,098,166	2,262,271	9,595,014
Fund balances--end of the year	\$ 3,445,102	\$ 2,829,385	\$ 2,597,686

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

Capital Improvements SB-9	Other Governmental Funds	Total Governmental Funds
\$ 302,672	\$ 301,346	\$ 1,175,166
1,246,594	1,248,458	4,924,553
11,120	9,417	78,893
-	280,625	280,625
-	98,075	109,999
917,843	-	917,843
296,978	615	335,731
-	1,236,149	26,434,260
-	2,914,974	2,931,000
<u>2,775,207</u>	<u>6,089,659</u>	<u>37,188,070</u>
-	1,210,991	16,177,097
-	597,526	2,750,719
-	231,786	569,033
3,049	19,637	565,945
-	223,956	2,182,299
-	15,041	498,391
-	9,569	2,549,566
-	-	1,128,362
-	1,270,054	1,270,794
-	53,319	53,319
975,267	2,618,412	10,833,993
-	-	2,058,221
<u>978,316</u>	<u>6,250,291</u>	<u>40,637,739</u>
<u>1,796,891</u>	<u>(160,632)</u>	<u>(3,449,669)</u>
-	-	-
-	-	-
-	-	(320)
-	-	3,320
-	(1,173)	(1,173)
-	350	-
<u>1,796,891</u>	<u>(161,455)</u>	<u>(3,447,842)</u>
<u>1,892,560</u>	<u>2,586,686</u>	<u>18,434,697</u>
<u>\$ 3,689,451</u>	<u>\$ 2,425,231</u>	<u>\$ 14,986,855</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, 2009

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

Net change in fund balances - total governmental funds	\$ (3,447,842)
--	----------------

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	9,498,579
Depreciation expense	(1,669,085)

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	10,984
---	--------

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:

Increase in the reserve for compensated absences	(27,808)
Increase in bond premium liability	(6,817)
Decrease in capitalized bond issue costs	(11,531)
Decrease in accrued interest payable	13,671
Principal payments on bonds	1,100,000

Change in net assets of governmental activities	\$ <u>5,460,151</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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 315,735	\$ 315,735	\$ 405,598	\$ 89,863
Investment income	3,000	3,000	6,553	3,553
District activities	5,400	5,400	11,924	6,524
Insurance recoveries	-	-	-	-
Revenue from local sources	35,000	35,000	38,138	3,138
Revenue from state sources	24,770,413	25,309,172	25,198,111	(111,061)
Revenue from federal sources	25,000	25,000	16,026	(8,974)
Sale of real property	-	-	3,320	3,320
Total revenues	25,154,548	25,693,307	25,679,670	(13,637)
EXPENDITURES				
Instruction:				
Personnel services - compensation	10,708,967	10,458,967	10,350,745	108,222
Personnel services - employee benefits	3,610,776	3,541,776	3,390,985	150,791
Other purchased services	448,469	609,615	486,214	123,401
Supplies	742,926	1,027,379	719,478	307,901
Property	6,690	27,790	22,221	5,569
Total instruction	15,517,828	15,665,527	14,969,643	695,884
Support services - student:				
Personnel services - compensation	1,642,769	1,665,282	1,602,473	62,809
Personnel services - employee benefits	496,114	511,489	494,342	17,147
Purchased professional & technical services	176,000	137,300	-	137,300
Purchased property services	52,971	46,583	420	46,163
Other purchased services	14,065	44,265	42,740	1,525
Supplies	182,846	154,846	13,217	141,629
Property	-	-	-	-
Total support services - student	2,564,765	2,559,765	2,153,192	406,573
Support services - instruction:				
Personnel services - compensation	202,520	202,520	198,973	3,547
Personnel services - employee benefits	88,984	89,134	83,680	5,454
Purchased professional & technical services	-	-	-	-
Purchased property services	-	-	-	-
Other purchased services	9,676	8,926	2,972	5,954
Supplies	66,841	75,023	52,916	22,107
Property	-	-	-	-
Total support services - instruction	368,021	375,603	338,541	37,062

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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Support services - general administration:				
Personnel services - compensation	325,730	328,237	327,008	1,229
Personnel services - employee benefits	107,283	107,549	103,069	4,480
Purchased professional & technical services	75,155	78,092	48,650	29,442
Other purchased services	38,950	35,240	34,518	722
Supplies	32,580	28,580	29,338	(758)
Property	2,475	975	678	297
Total support services - general admin.	582,173	578,673	543,261	35,412
Support services - school administration:				
Personnel services - compensation	1,487,347	1,473,563	1,447,576	25,987
Personnel services - employee benefits	425,306	457,979	454,310	3,669
Purchased property services	-	-	-	-
Purchased professional & technical services	1,626	3,626	1,688	1,938
Other purchased services	27,150	27,850	25,696	2,154
Supplies	35,000	47,700	29,073	18,627
Property	-	-	-	-
Total support services - school admin.	1,976,429	2,010,718	1,958,343	52,375
Support services - central services:				
Personnel services - compensation	344,608	354,908	352,423	2,485
Personnel services - employee benefits	111,362	110,712	105,713	4,999
Purchased professional & technical services	2,926	3,226	2,406	820
Purchased property services	268	268	120	148
Other purchased services	16,175	13,322	7,298	6,024
Supplies	65,000	55,900	15,390	40,510
Property	-	-	-	-
Total support services - central serv.	540,339	538,336	483,350	54,986
Support services - operation and maintenance of plant:				
Personnel services - compensation	931,500	932,500	903,749	28,751
Personnel services - employee benefits				
Purchased professional & technical services	433,458	435,058	396,160	38,898
Purchased property services	1,848,982	1,724,982	664,082	1,060,900

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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Other purchased services	517,668	504,168	473,718	30,450
Supplies	75,800	98,500	94,736	3,764
Property	752	7,752	7,551	201
Total support services - operation and maintenance of plant	3,808,160	3,702,960	2,539,996	1,162,964
Support services - other support:				
Debt service and miscellaneous				-
Total support services - other support	-	-	-	-
Operation of non instructional services - community services:				
Personnel services - compensation	-	-	-	-
Personnel services - employee benefits	-	-	-	-
Other purchased services	-	-	-	-
Total operation of non instructional services - community services	-	-	-	-
Support Services - food service				
Other purchased services	-	2,000	740	1,260
Total support services - food service	-	2,000	740	1,260
Support services - student transportation:				
Personnel services - compensation	33,575	33,658	33,658	-
Personnel services - employee benefits	12,299	10,581	10,581	-
Purchased professional & technical services	285	305	305	-
Purchased property services	95,142	95,293	95,117	176
Other purchased services	777,934	886,935	886,736	199
Supplies	400	400	400	-
Total support services - student transportation	919,635	1,027,172	1,026,797	375

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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Capital outlay	-	355,505	296,991	58,514
<i>Total expenditures</i>	26,277,350	26,814,259	24,310,854	2,504,145
<i>Excess (deficiency) of revenues over expenditures</i>	(1,122,802)	(1,120,952)	1,368,816	2,490,508
<i>Other financing sources (uses):</i>				
Transfers in	-	-	(350)	(350)
Designated cash balance	864,163	2,317,230	-	(2,317,230)
<i>Total other financing sources (uses)</i>	864,163	2,317,230	(350)	(2,317,580)
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	(258,639)	1,196,278	1,368,466	172,928
<i>Prior year cash balance</i>	2,029,790	2,029,790	2,029,790	2,029,790
<i>End of year cash balance</i>	<u>\$ 1,771,151</u>	<u>\$ 3,226,068</u>	<u>\$ 3,398,256</u>	<u>\$ 2,202,718</u>

RECONCILIATION TO GAAP

Adjustments:

Deferred revenue	(395)
Accounts payable	7,462
Receivables	(28,597)
Net change in fund balance (GAAP basis)	<u>\$ 1,346,936</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, 2009

	<u>Agency Funds</u>
ASSETS	
<i>Current assets</i>	
Cash	\$ 804,225
Due from special revenue fund	1,064
	\$ 805,289
	\$ 805,289
LIABILITIES	
<i>Current liabilities</i>	
Deposits held in trust for others	\$ 805,289
	\$ 805,289

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, 2009**

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, 2009**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

The government reports the following major governmental funds:

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

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, 2009**

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, 2009**

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 2009 fiscal year was \$155,501,638. 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, 2009**

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, 2009 was \$305,846.

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, 2009**

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, 2009**

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 \$23,604,699 in state equalization guarantee distributions during the year ended June 30, 2009.

2. Transportation Distribution:

School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$1,100,784 in transportation distributions during the year ended June 30, 2009.

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 \$6,110,704 in tax revenues during the year ended June 30, 2009. 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, 2009**

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, 2009 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, 2009**

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, 2009.

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, 2009, 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, 2009, \$15,507,964 of the District's bank balances were exposed to custodial credit risk as follows:

	District
Insured (FDIC)	\$ 11,369,085
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the District's name	3,995,063
Uninsured and uncollateralized	143,816
Balance exposed to custodial credit risk	15,507,964
Total bank balances	\$ 15,507,964
Carrying Amount	\$ 13,580,430

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2009**

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, 2009, the New MexiGROW Local Government Investment Pool was rated at AAAM and was considered a 46-day WAM. Total investments in the New MexiGROW LGIP were \$1,081,875 at June 30, 2009.

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	\$ 3,866,379	\$ 840,970	\$ 10,836,367	\$15,543,716
FDIC coverage	364,246	250,000	10,754,839	11,369,085
Total uninsured public funds	<u>\$ 3,502,133</u>	<u>\$ 590,970</u>	<u>\$ 81,528</u>	<u>\$4,174,631</u>
Collateral requirement (50% of uninsured public funds)	\$ 1,751,067	\$ 295,485	\$ 40,764	\$ 2,087,316
Pledged securities	2,997,712	538,155	459,196	3,995,063
Over (under) collateralization	<u>\$ 1,246,645</u>	<u>\$ 242,670</u>	<u>\$ 418,432</u>	<u>\$ 1,907,747</u>

The collateral pledged is listed on Page 145-146 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, 2009**

NOTE 3: DEPOSITS AND INVESTMENTS (continued)

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	\$ 14,384,655
Less amounts included in agency funds	(804,225)
Total	\$ 13,580,430
Included in the following balance sheet captions:	
Cash and cash equivalents	\$ 13,580,430

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, 2009 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

NOTE 4: RECEIVABLES

Receivables as of June 30, 2009 for the government's individual major funds and non-major funds in the aggregate, include the following:

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2009**

	General	Capital Outlay	Debt Service	Other	Total
Receivables:					
Property taxes	\$ 3,112	\$ 33,985	\$ 33,241	\$ -	\$ 70,338
Oil & gas taxes	25,400	204,669	167,111	-	397,180
Due from other govts	-	-	-	812,808	812,808
	<u>\$ 28,512</u>	<u>\$238,654</u>	<u>\$ 200,352</u>	<u>\$ 812,808</u>	<u>\$1,280,326</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, 2009 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Reading First	\$ 415,613
General Fund	Migrant Children Education	6,708
General Fund	IDEA-B Entitlement	279,373
General Fund	IDEA-B Discretionary	18,318
General Fund	IDEA-B Preschool	11,556
General Fund	Title I 1003 G	5,455
General Fund	English Language Acquisition	433
General Fund	Teacher/Principal Training	51,838
General Fund	Safe and Drug Free Schools	1,937
General Fund	Truancy Initiative	5,993
General Fund	Adequacy Tech Grant	201,245
General Fund	Schools in Need of Improvement	33,116
General Fund	Gear Up CHE	39,857
Special Capital Outlay	Adequacy Tech Grant	124,737
Bond Capital Outlay	Debt Service Fund	53,269
		<u>\$ 1,249,448</u>

The composition of interagency balances during the year ended June 30, 2009 is as follows:

Receivable Fund	Payable Fund	Amount
Special Education Activity Fund	IDEA-B Entitlement	\$ 1,064

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2009**

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, 2009 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Reading First	\$ 170,398
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	39,778
General Fund	GEAR-UP USDE	30
		<u>\$ 359,404</u>

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance 06/30/08	Increases	Decreases/ Adjustments	Ending Balance 06/30/09
Governmental Activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 73,609	\$ -	\$ -	\$ 73,609
Capital assets, being depreciated:				
Buildings and improvements	86,883,828	8,781,281	-	95,665,109
Equipment	8,244,038	480,023	-	8,724,061
Vehicles	1,108,812	272,066	(34,791)	1,346,087
Total at historical cost	<u>96,310,287</u>	<u>9,533,370</u>	<u>(34,791)</u>	<u>105,808,866</u>
Less Accumulated Depreciation:				
Buildings and improvements	(51,599,088)	(1,046,919)	960	(52,645,047)
Equipment	(6,250,368)	(480,021)	-	(6,730,389)
Vehicles	(923,781)	(143,105)	-	(1,066,886)
Total accumulated depreciation	<u>(58,773,237)</u>	<u>(1,670,045)</u>	<u>960</u>	<u>(60,442,322)</u>
Governmental activities capital assets, net	<u>\$ 37,537,050</u>	<u>\$ 7,863,325</u>	<u>\$ (33,831)</u>	<u>\$ 45,366,544</u>

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2009**

NOTE 6: CAPITAL ASSETS (continued)

Depreciation expense for the year ended June 30, 2009 was charged to the following functions:

	District
Instruction	\$ 495,095
Support services:	
Students	17,617
Instruction	16,924
School administration	14,924
General administration	61,139
Central services	980,158
Operation and maintenance of plant	33,076
Student transportation	42,692
Food services	4,696
Community services	2,764
Total depreciation expense	\$ 1,669,085

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, 2009 are comprised of the following:

	Original Amount	Interest Rates	Balance 06/30/09
Series 2002 General Obligation Bond	5,300,000	6.1%	4,575,000
Series 2003 General Obligation Bond	4,700,000	2.4-4.0%	4,350,000
Series 2007 General Obligation Bond	8,500,000	3.85-4.0%	8,000,000
Series 2008 General Obligation Bond	8,000,000	3.0%	8,000,000
Total General Obligation Bonds	\$ 26,500,000		\$ 24,925,000

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2009**

NOTE 7: LONG – TERM DEBT (continued)

The annual requirements to amortize the general obligation bonds as of June 30, 2009, including interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
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	1,750,000	671,666	2,421,666
2015-2019	11,375,000	2,152,012	13,527,012
2020-2024	5,600,000	260,550	5,860,550
Total	\$ 24,925,000	\$ 6,696,798	\$ 31,621,798

Changes in long-term liabilities – During the year ended June 30, 2009, the following changes occurred in liabilities reported in the general obligation bonds and compensated absences.

	Balance 06/30/08	Additions	Retirements	Balance 06/30/09	Due Within One Year
1998 Series	\$ 300,000	\$ -	\$ (300,000)	\$ -	\$ -
2002 Series	4,925,000	-	(350,000)	4,575,000	350,000
2003 Series	4,600,000	-	(250,000)	4,350,000	600,000
2007 Series	8,500,000	-	(500,000)	8,000,000	100,000
2008 Series	8,000,000	-	-	8,000,000	200,000
Compensated Absences	278,038	254,387	(226,579)	305,846	226,579
Total Long-Term Liabilities	\$ 26,603,038	\$ 254,387	\$ (1,626,579)	\$ 25,230,846	\$ 1,476,579

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, 2009 was \$957,796.

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 on 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, 2009**

NOTE 8: RISK MANAGEMENT (continued)

of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2009, 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, 2009, 2008, and 2007 were: \$1,851,797, \$1,650,044, and \$1,472,023, , 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

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2009**

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

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

The Retiree Health Care Act (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, 2009, 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, 2009, 2008, and 2007, were \$206,650, \$198,503, and \$184,987, in employer contributions and \$103,325, \$99,252, and \$92,491, 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.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Notes to the Financial Statements
June 30, 2009

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 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 this had no significant effect on the financial statements for the current 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 applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The required disclosures have been made for current 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 this had no significant effect on the financial statements for the current year.

In June 2007, the Governmental Accounting Standards Board (GASB) issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. GASB Statement No. 51 is effective for financial statements for the periods beginning after June 15, 2009. This statement establishes standards for the measurement, recognition, and amortization of intangible assets and is required to be applied retroactively for phase 1 or phase 2 governments for implementing GASB 34. The District was classified as a phase 2 government and has evaluated and included any material intangible assets as of June 30, 2009. The District will continue to evaluate the impact this statement will have in upcoming years.

In June 2008, the Governmental Accounting Standards Board (GASB) issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB Statement No. 53 is effective for financial statements for the periods beginning after June 15, 2009. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The District believes it will have no significant effect on the financial statements for the upcoming year.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2009**

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		170,398
Jobs for Americas Graduates		48,573
Carl D. Perkins High Schools		10,060
TANF/GRADS HSD		39,778
GEAR UP USDE		30
Libraries GO Bonds		635

Total	\$	<u>359,404</u>
-------	----	----------------

B. Excess of expenditures over appropriations.

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

	Final Budget	Actual Expenditures	Variance with Final Budget
Capital Improvements-SB-9			
Support services	\$ 2,921	\$ 3,049	\$ (128)
Food Services			
Food services	1,173,296	1,248,546	(75,250)
Rural and Low Income Schools			
Instruction	-	4	(4)
Title III Immigrant Funding			
Instruction	-	785	(785)
Carl D Perkins Secondary			
Capital outlay	8,332	11,212	(2,880)
GRADS Child Care			
Instruction	-	4,063	(4,063)
TANF/GRADS HSD			
Instruction	-	5,620	(5,620)
Local Combined Grant			
Instruction	-	522	(522)
JF Maddox Foundation			
Instruction	-	615	(615)
Early Intervention CYFD			
Instruction	-	24,456	(24,456)
School Based Health Center			
Support services-students	-	100,670	(100,670)

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2009**

NOTE 13: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (continued)

B. Excess of expenditures over appropriations (continued)

	Final Budget	Actual Expenditures	Variance with Final Budget
Capital Improvement HB-33			
General administration	2,910	3,037	(127)
Education Technology Equipment			
Capital outlay	-	249	(249)
Public School Capital Outlay 20%			
Capital outlay	-	818	(818)

NOTE 14: SCHEDULE OF APPROPRIATIONS

The District has the following bond appropriation related to capital projects at June 30, 2009:

Original Appropriation	Unexpended Balance	Appropriation Period
\$ 55,000	\$ 926	July 1, 2007 to June 30, 2009
75,000	-	July 1, 2007 to June 30, 2011
100,000	-	July 1, 2007 to June 30, 2009
125,000	263	July 1, 2007 to June 30, 2009
60,000	60,000	July 1, 2007 to June 30, 2009
125,000	405	July 1, 2007 to June 30, 2011
100,000	67,704	July 1, 2007 to June 30, 2011
50,000	26,475	July 1, 2007 to June 30, 2011
75,000	75,000	July 1, 2008 to June 30, 2010
75,000	75,000	July 1, 2008 to June 30, 2012
50,000	50,000	July 1, 2008 to June 30, 2010
<u>\$ 890,000</u>	<u>\$ 355,773</u>	

NOTE 15: CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At June 30, 2009, the District had several uncompleted construction contracts in the capital projects fund. The remaining commitment on these construction contracts was \$1,196,668.

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, 2009 were \$47,296.

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 \$17,773. Charges were filed against the former employee. The former employee entered into a restitution agreement to pay the District \$400 per month.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS DISTRICT
Combining Balance Sheet
General Fund
June 30, 2009

	Operational	Transportation	Instructional Materials	Total General Fund
ASSETS				
Cash and cash equivalents	\$ 1,858,671	\$ 994	\$ 205,749	\$ 2,065,414
Investments	4,204	-	-	4,204
Receivables:				
Taxes	28,512	-	-	28,512
Due from other governments	-	-	-	-
Due from other funds	1,071,442	-	-	1,071,442
Advances to other funds	359,404	-	-	359,404
	<u>3,322,233</u>	<u>994</u>	<u>205,749</u>	<u>3,528,976</u>
Total assets	<u>\$ 3,322,233</u>	<u>\$ 994</u>	<u>\$ 205,749</u>	<u>\$ 3,528,976</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	81,528	-	-	81,528
Deferred revenue	2,346	-	-	2,346
Total liabilities	<u>83,874</u>	<u>-</u>	<u>-</u>	<u>83,874</u>
<i>Fund balances:</i>				
Reserved:				
Reserved for inventory	-	-	-	-
Unreserved:				
Designated for subsequent				
year's expenditures				
reported in:				
General fund	-	-	-	-
Transportation	-	-	-	-
Instructional materials	-	-	-	-
Undesignated, reported in:				
General fund	3,238,359	-	-	3,238,359
Transportation	-	994	-	994
Instructional materials	-	-	205,749	205,749
<i>Total fund balances</i>	<u>3,238,359</u>	<u>994</u>	<u>205,749</u>	<u>3,445,102</u>
Total liabilities and fund balances	<u>\$ 3,322,233</u>	<u>\$ 994</u>	<u>\$ 205,749</u>	<u>\$ 3,528,976</u>

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
For the Year Ended June 30, 2009

	Operational	Transportation	Instructional Materials	Total General Fund
REVENUES				
Taxes	\$ 375,314	\$ -	\$ -	\$ 375,314
District activities	11,924	-	-	11,924
Insurance recoveries	-	-	-	-
Revenue from local sources	38,138	-	-	38,138
Revenue from state sources	23,604,699	1,128,330	465,082	25,198,111
Revenue from federal sources	16,026	-	-	16,026
Investment income	6,553	-	-	6,553
Total revenues	<u>24,052,654</u>	<u>1,128,330</u>	<u>465,082</u>	<u>25,646,066</u>
EXPENDITURES				
Current:				
Instruction	14,674,714	-	291,391	14,966,105
Support services:				
Students	2,153,193	-	-	2,153,193
Instruction	324,830	-	12,417	337,247
General administration	543,259	-	-	543,259
School administration	1,958,343	-	-	1,958,343
Central services	483,350	-	-	483,350
Operation and maintenance of plant	2,539,997	-	-	2,539,997
Student transportation	32	1,128,330	-	1,128,362
Operation of non instructional services:				
Community services	-	-	-	-
Food services operations	740	-	-	740
Capital outlay	191,504	-	-	191,504
Total expenditures	<u>22,869,962</u>	<u>1,128,330</u>	<u>303,808</u>	<u>24,302,100</u>
Excess (deficiency) of revenues over expenditures	<u>1,182,692</u>	<u>-</u>	<u>161,274</u>	<u>1,343,966</u>
Other financing sources (uses)				
Sale of real property	3,320	-	-	3,320
Transfers (in) out	(350)	-	-	(350)
Net changes in fund balances	1,185,662	-	161,274	1,346,936
Fund balances - beginning of year	<u>2,052,696</u>	<u>994</u>	<u>44,476</u>	<u>2,098,166</u>
Fund balances - end of year	<u>\$ 3,238,358</u>	<u>\$ 994</u>	<u>\$ 205,750</u>	<u>\$ 3,445,102</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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 315,735	\$ 315,735	\$ 405,598	\$ 89,863
Investment income	3,000	3,000	6,553	3,553
District activities	5,400	5,400	11,924	6,524
Insurance recoveries	-	-	-	-
Revenue from local sources	35,000	35,000	38,138	3,138
Revenue from state sources	23,576,668	23,682,218	23,604,699	(77,519)
Revenue from federal sources	25,000	25,000	16,026	(8,974)
Sale of real property	-	-	3,320	3,320
<i>Total revenues</i>	<u>23,960,803</u>	<u>24,066,353</u>	<u>24,086,258</u>	<u>19,905</u>
EXPENDITURES				
Instruction:				
Personnel services - compensation	10,708,967	10,458,967	10,350,745	108,222
Personnel services - employee benefits	3,610,776	3,541,776	3,390,985	150,791
Other purchased services	448,469	609,615	486,214	123,401
Supplies	485,100	553,678	428,087	125,591
Property	6,690	27,790	22,221	5,569
Instruction	<u>15,260,002</u>	<u>15,191,826</u>	<u>14,678,252</u>	<u>513,574</u>
Support services - student:				
Personnel services - compensation	1,642,769	1,665,282	1,602,473	62,809
Personnel services - employee benefits	496,114	511,489	494,342	17,147
Purchase prof. & tech. services	176,000	137,300	-	137,300
Purchased property services	52,971	46,583	420	46,163
Other purchased services	14,065	44,265	42,740	1,525
Supplies	182,846	154,846	13,217	141,629
Property	-	-	-	-
Total support services - student	<u>2,564,765</u>	<u>2,559,765</u>	<u>2,153,192</u>	<u>406,573</u>
Support services - instruction:				
Personnel services - compensation	202,520	202,520	198,973	3,547
Personnel services - employee benefits	88,984	89,134	83,680	5,454
Purchase prof. & tech. services	-	-	-	-
Purchased property services	-	-	-	-
Other purchased services	9,676	8,926	2,972	5,954
Supplies	50,500	50,100	39,205	10,895
Property	-	-	-	-
Total support services - instruction	<u>351,680</u>	<u>350,680</u>	<u>324,830</u>	<u>25,850</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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>EXPENDITURES (continued)</i>				
Support services - general administration:				
Personnel services - compensation	325,730	328,237	327,007	1,230
Personnel services - employee benefits	107,283	107,549	103,069	4,480
Purchased professional & technical services	75,155	78,092	48,650	29,442
Other purchased services	38,950	35,240	34,518	722
Supplies	32,580	28,580	29,338	(758)
Property	2,475	975	678	297
Total support services - general admin	<u>582,173</u>	<u>578,673</u>	<u>543,260</u>	<u>35,413</u>
Support services - school administration:				
Personnel services - compensation	1,487,347	1,473,563	1,447,576	25,987
Personnel services - employee benefits	425,306	457,979	454,310	3,669
Purchase prof. & tech. services	1,626	3,626	1,688	1,938
Purchased property services	-	-	-	-
Other purchased services	27,150	27,850	25,696	2,154
Supplies	35,000	47,700	29,073	18,627
Property	-	-	-	-
Total support services - school admin.	<u>1,976,429</u>	<u>2,010,718</u>	<u>1,958,343</u>	<u>52,375</u>
Support services - central services:				
Personnel services - compensation	344,608	354,908	352,423	2,485
Personnel services - employee benefits	111,362	110,712	105,713	4,999
Purchased professional & technical services	2,926	3,226	2,406	820
Purchased property services	268	268	120	148
Other purchased services	16,175	13,322	7,298	6,024
Supplies	65,000	55,900	15,390	40,510
Property	-	-	-	-
Total support services - central serv.	<u>540,339</u>	<u>538,336</u>	<u>483,350</u>	<u>54,986</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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>EXPENDITURES (continued)</i>				
Support services - operation and maintenance of plant:				
Personnel services - compensation	931,500	932,500	903,749	28,751
Personnel services - employee benefits	433,458	435,058	396,160	38,898
Purchased professional & technical services	752	7,752	7,551	201
Purchased property services	1,848,982	1,724,982	664,082	1,060,900
Other purchased services	517,668	504,168	473,718	30,450
Supplies	75,800	98,500	94,736	3,764
Property	-	-	-	-
Total support services - operation and maintenance of plant	<u>3,808,160</u>	<u>3,702,960</u>	<u>2,539,996</u>	<u>1,162,964</u>
Support services - community services				
Personnel services - compensation	-	-	-	-
Personnel services - employee benefits	-	-	-	-
Total support services - operation and maintenance of plant	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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:				
Other purchased services-transportation	32	183	32	151
Other purchased services-food service	-	2,000	740	1,260
Total transportation services	<u>32</u>	<u>2,183</u>	<u>772</u>	<u>1,411</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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Capital outlay	-	253,940	195,426	58,514
Non-operating	-	-	-	-
<i>Total expenditures</i>	<u>25,083,580</u>	<u>25,189,081</u>	<u>22,877,421</u>	<u>2,311,660</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,122,777)</u>	<u>(1,122,728)</u>	<u>1,208,837</u>	<u>2,331,565</u>
<i>Other financing sources (uses):</i>				
Transfers in	-	-	(350)	(350)
Designated cash balance	1,975,860	1,975,860	-	(1,975,860)
<i>Total other financing sources (uses)</i>	<u>1,975,860</u>	<u>1,975,860</u>	<u>(350)</u>	<u>(1,976,210)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	853,083	853,132	1,208,487	355,355
<i>Prior year cash balance</i>	-	-	1,983,026	1,983,026
<i>End of year cash balance</i>	<u>\$ 853,083</u>	<u>\$ 853,132</u>	<u>\$ 3,191,513</u>	<u>\$ 2,338,381</u>

RECONCILIATION TO GAAP

Adjustments:

Deferred revenue

(395)

Accounts payable

7,462

Receivables

(29,892)

Net change in fund balance (GAAP basis)

\$ 1,185,662

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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenues from state sources	\$ 919,578	\$ 1,128,330	\$ 1,128,330	\$ -
<i>Total revenues</i>	<u>919,578</u>	<u>1,128,330</u>	<u>1,128,330</u>	<u>-</u>
EXPENDITURES				
Support services:				
Student transportation	919,578	1,128,330	1,128,330	-
<i>Total expenditures</i>	<u>919,578</u>	<u>1,128,330</u>	<u>1,128,330</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>	-	-	994	994
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 994</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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from local sources	\$ -	\$ -	\$ -	\$ -
Revenues from state sources	274,167	498,624	465,082	(33,542)
<i>Total revenues</i>	<u>274,167</u>	<u>498,624</u>	<u>465,082</u>	<u>(33,542)</u>
EXPENDITURES				
Instruction	257,826	473,701	291,392	182,309
Support services:				
Instruction	16,341	24,923	13,711	11,212
<i>Total expenditures</i>	<u>274,167</u>	<u>498,624</u>	<u>305,103</u>	<u>193,521</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>159,979</u>	<u>159,979</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>159,979</u>	<u>159,979</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>45,770</u>	<u>45,770</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,749</u>	<u>\$ 205,749</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts payable			1,295	
Net change in fund balance (GAAP basis)			<u>\$ 161,274</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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,383,402	\$ 2,383,402	\$ 2,856,872	\$ 473,470
Bond premium	-	-	-	-
<i>Total revenues</i>	<u>2,383,402</u>	<u>2,383,402</u>	<u>2,856,872</u>	<u>473,470</u>
EXPENDITURES				
Debt service	4,244,640	4,244,640	2,364,670	1,879,970
<i>Total expenditures</i>	<u>4,244,640</u>	<u>4,244,640</u>	<u>2,364,670</u>	<u>1,879,970</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,861,238)</u>	<u>(1,861,238)</u>	<u>492,202</u>	<u>2,353,440</u>
<i>Other financing sources (uses):</i>				
Bond Premium	-	-	-	-
Designated cash balance	1,861,238	1,861,238	-	(1,861,238)
<i>Total other financing sources (uses)</i>	<u>1,861,238</u>	<u>1,861,238</u>	<u>-</u>	<u>(1,861,238)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>492,202</u>	<u>492,202</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>2,216,226</u>	<u>2,216,226</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,708,428</u>	<u>\$ 2,708,428</u>

RECONCILIATION TO GAAP

Adjustments:

Accrued interest	6,450
Deferred revenue	(6,561)
Bond payments	300,000
Accounts receivable	(224,977)
Net change in fund balance (GAAP basis)	<u>\$ 567,114</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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 200,000	\$ 200,000	\$ 51,804	(148,196)
<i>Total revenues</i>	<u>200,000</u>	<u>200,000</u>	<u>51,804</u>	<u>(148,196)</u>
EXPENDITURES				
Capital outlay	12,253,586	12,253,586	7,269,609	4,983,977
<i>Total expenditures</i>	<u>12,253,586</u>	<u>12,253,586</u>	<u>7,269,609</u>	<u>4,983,977</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(12,053,586)</u>	<u>(12,053,586)</u>	<u>(7,217,805)</u>	<u>4,835,781</u>
<i>Other financing sources (uses):</i>				
Bond proceeds	-	-	-	-
Designated cash balance	12,253,586	12,253,586	-	(12,253,586)
<i>Total other financing sources (uses)</i>	<u>12,253,586</u>	<u>12,253,586</u>	<u>-</u>	<u>(12,253,586)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	200,000	200,000	(7,217,805)	(7,417,805)
<i>Prior year cash balance</i>	-	-	10,067,206	10,067,206
<i>End of year cash balance</i>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 2,849,401</u>	<u>\$ 2,649,401</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts payable			220,477	
Net change in fund balance (GAAP basis)			<u>\$ (6,997,328)</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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,306,981	\$ 1,306,981	\$ 1,670,167	\$ 363,186
Revenue from state sources	-	69,766	-	(69,766)
Revenue from local sources	-	-	296,979	296,979
Insurance recoveries	-	-	917,843	917,843
Investment income	30,000	30,000	11,120	(18,880)
<i>Total revenues</i>	<u>1,336,981</u>	<u>1,406,747</u>	<u>2,896,109</u>	<u>1,489,362</u>
EXPENDITURES				
Support services:				
General administration	2,921	2,921	3,049	(128)
Capital outlay	1,351,083	1,420,849	888,534	532,315
<i>Total expenditures</i>	<u>1,354,004</u>	<u>1,423,770</u>	<u>891,583</u>	<u>532,187</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(17,023)</u>	<u>(17,023)</u>	<u>2,004,526</u>	<u>2,021,549</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	17,023	17,023	-	(17,023)
<i>Total other financing sources (uses)</i>	<u>17,023</u>	<u>17,023</u>	<u>-</u>	<u>(17,023)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	2,004,526	2,004,526
<i>Prior year cash balance</i>	-	-	1,151,502	1,151,502
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,156,028</u>	<u>\$ 3,156,028</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(118,703)	
Accounts payable			(86,733)	
Deferred revenue			(2,199)	
Net change in fund balance (GAAP basis)			<u>\$ 1,796,891</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, 2009**

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, Discretionary – To account for a program funded by a federal grant to assist the District to cover excess costs of special education programs conducted according to priority areas. Funding authorized by the Individuals with Disabilities Education Act, Part B, Section 611. 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 a 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, 2009**

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.

Title I Section 1003g-Schools in Need of Improvement – The purpose of this title is to ensure that all children have a fair, equal, and significant opportunity to obtain a high-quality education and reach, at a minimum, proficiency on challenging State academic achievement standards and state academic assessments. 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).

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

Non-Major Special Revenue Funds

June 30, 2009

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

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

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

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

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

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

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

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

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

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Non-Major Special Revenue Funds
June 30, 2009**

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, 2009**

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

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

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

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

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

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

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

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

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

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.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Non-Major Special Revenue Funds
June 30, 2009**

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.

Breakfast for Elementary Students - 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.

Schools in Need of Improvement - To account for revenues received from the New Mexico Public Education Department for schools identified as needing improvement under Title I of the Elementary and Secondary Act of 1965. The fund was created by state grant requirements.

Libraries-SB-301 GO Bonds-Laws of 2008 - 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 requirements.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Non-Major Capital Projects Funds
June 30, 2009**

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, 2009**

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, 2009

	Special Revenue Funds			
	Food Services	Athletics	Title I - IASA	Migrant Children Education
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 135,203	\$ 139,640	\$ 89,436	\$ -
Investments	-	-	-	-
Accounts receivable:				
Taxes	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	6,708
Inventory	15,847	-	-	-
<i>Total assets</i>	<u>\$ 151,050</u>	<u>\$ 139,640</u>	<u>\$ 89,436</u>	<u>\$ 6,708</u>
LIABILITIES AND FUND BALANCES				
<i>Current liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	6,708
Due to agency fund	-	-	-	-
Deferred revenue	-	-	89,436	-
Advances from other funds	-	-	-	29,250
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>89,436</u>	<u>35,958</u>
<i>Fund balances:</i>				
Reserved:				
Reserved for inventory	15,847	-	-	-
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	135,203	139,640	-	(29,250)
Capital project funds	-	-	-	-
<i>Total fund balances</i>	<u>151,050</u>	<u>139,640</u>	<u>-</u>	<u>(29,250)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 151,050</u>	<u>\$ 139,640</u>	<u>\$ 89,436</u>	<u>\$ 6,708</u>

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

Special Revenue Funds

IDEA-B Entitlement	IDEA-B Discretionary	IDEA-B Preschool	Title VI	Title II - ESEA	Emergency Immigrant
\$ -	\$ -	\$ -	\$ 414	\$ 1,212	\$ 6,538
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
280,437	18,318	11,556	-	-	-
-	-	-	-	-	-
<u>\$ 280,437</u>	<u>\$ 18,318</u>	<u>\$ 11,556</u>	<u>\$ 414</u>	<u>\$ 1,212</u>	<u>\$ 6,538</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
279,373	18,318	11,556	-	-	-
1,064	-	-	-	-	-
-	-	-	414	1,212	6,538
-	-	600	-	-	-
<u>280,437</u>	<u>18,318</u>	<u>12,156</u>	<u>414</u>	<u>1,212</u>	<u>6,538</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(600)	-	-	-
-	-	-	-	-	-
-	-	(600)	-	-	-
<u>\$ 280,437</u>	<u>\$ 18,318</u>	<u>\$ 11,556</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, 2009

	Drug Free Schools	Title I - 1003 G	Education Thru Technology (E2T2-F)	Class Size Reduction
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 1	\$ -	\$ 17	\$ 2
Investments	-	-	-	-
Accounts receivable:				
Taxes	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	5,455	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 1</u>	<u>\$ 5,455</u>	<u>\$ 17</u>	<u>\$ 2</u>
LIABILITIES AND FUND BALANCES				
<i>Current liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	5,455	-	-
Due to agency fund	-	-	-	-
Deferred revenue	-	-	17	2
Advances from other funds	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>5,455</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	-	-	-	-
<i>Total fund balances</i>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1</u>	<u>\$ 5,455</u>	<u>\$ 17</u>	<u>\$ 2</u>

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

Title III - Incentive Awards	Education Thru Technology (E2T2-C)	Title V - Part A	English Language Acquisition	Principal Training & Recruiting
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	433	54,502
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 433</u>	<u>\$ 54,502</u>

\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	433	51,838
-	-	-	-	-
-	-	-	-	2,664
3,041	5,754	4,942	46,343	-
<u>3,041</u>	<u>5,754</u>	<u>4,942</u>	<u>46,776</u>	<u>54,502</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>\$ -</u>	<u>\$ 433</u>	<u>\$ 54,502</u>

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Combining Balance Sheet
 Non-major Governmental Funds
 June 30, 2009

	Special Revenue Funds				
	Safe and Drug Free Schools	Rural and Low Income Schools	Title III - Immigrant Funding	Reading First	Jobs for Americas Graduates
ASSETS					
<i>Current assets:</i>					
Cash and cash equivalents	\$ -	\$ 140	\$ 39,779	\$ 415,613	\$ -
Investments	-	-	-	-	-
Accounts receivable:					
Taxes	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	4,659	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>\$ 4,659</u>	<u>\$ 140</u>	<u>\$ 39,779</u>	<u>\$ 415,613</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES					
<i>Current liabilities:</i>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	1,937	-	-	415,613	-
Due to agency fund	-	-	-	-	-
Deferred revenue	2,722	140	39,779	-	-
Advances from other funds	-	-	-	170,398	48,573
<i>Total liabilities</i>	<u>4,659</u>	<u>140</u>	<u>39,779</u>	<u>586,011</u>	<u>48,573</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	-	-	-	(170,398)	(48,573)
Capital project funds	-	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(170,398)</u>	<u>(48,573)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 4,659</u>	<u>\$ 140</u>	<u>\$ 39,779</u>	<u>\$ 415,613</u>	<u>\$ -</u>

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

Special Revenue Funds

Carl D Perkins - Secondary	Carl D Perkins - High Schools	Title VII - Comprehensive	Advanced Placement Incentive Grant	Medicaid XIX	Title VII - Systemwide
\$ 6,561	\$ -	\$ 499	\$ 706	\$ 67,515	\$ 788
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
25,792	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 32,353</u>	<u>\$ -</u>	<u>\$ 499</u>	<u>\$ 706</u>	<u>\$ 67,515</u>	<u>\$ 788</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
32,353	-	499	706	-	788
-	10,060	-	-	-	-
<u>32,353</u>	<u>10,060</u>	<u>499</u>	<u>706</u>	<u>-</u>	<u>788</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(10,060)	-	-	67,515	-
-	-	-	-	-	-
<u>-</u>	<u>(10,060)</u>	<u>-</u>	<u>-</u>	<u>67,515</u>	<u>-</u>
<u>\$ 32,353</u>	<u>\$ -</u>	<u>\$ 499</u>	<u>\$ 706</u>	<u>\$ 67,515</u>	<u>\$ 788</u>

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Combining Balance Sheet
 Non-major Governmental Funds
 June 30, 2009

	Special Revenue Funds			
	Teacher Quality Enhancement Grants	Foreign Language Incentive	Bill & Melinda Gates Intel	Private School Share
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 1	\$ 14	\$ 5	\$ 151
Investments	-	-	-	-
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>	<u>\$ 151</u>
LIABILITIES AND FUND BALANCES				
<i>Current liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to agency fund	-	-	-	-
Deferred revenue	-	14	-	151
Advances from other funds	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>14</u>	<u>-</u>	<u>151</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>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1</u>	<u>\$ 14</u>	<u>\$ 5</u>	<u>\$ 151</u>

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

Special Revenue Funds

GRADS Child Care	TANF/ GRADS HSD	GEAR-UP USDE	Bully Proofing	Healthier Schools/ Desert High	Local Combined Grants
\$ 6,107	\$ -	\$ -	\$ 3,194	\$ 1	\$ 621
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 6,107</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,194</u>	<u>\$ 1</u>	<u>\$ 621</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
6,107	-	-	3,194	-	-
-	39,778	30	-	-	-
<u>6,107</u>	<u>39,778</u>	<u>30</u>	<u>3,194</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(39,778)	(30)	-	1	621
-	-	-	-	-	-
<u>-</u>	<u>(39,778)</u>	<u>(30)</u>	<u>-</u>	<u>1</u>	<u>621</u>
<u>\$ 6,107</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,194</u>	<u>\$ 1</u>	<u>\$ 621</u>

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Combining Balance Sheet
 Non-major Governmental Funds
 June 30, 2009

Special Revenue Funds

	Breakfast in the Classroom	JF Maddox Foundation	Technology for Education	Incentives for School Improvement	Libraries - GO Bonds
ASSETS					
<i>Current assets:</i>					
Cash and cash equivalents	\$ 2	\$ -	\$ 75,185	\$ 16,152	\$ -
Investments	-	-	-	-	-
Accounts receivable:					
Taxes	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 75,185</u>	<u>\$ 16,152</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES					
<i>Current liabilities:</i>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Due to agency fund	-	-	-	-	-
Deferred revenue	-	-	75,185	16,152	-
Advances from other funds	-	-	-	-	635
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>75,185</u>	<u>16,152</u>	<u>635</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	-	-	-	(635)
Capital project funds	-	-	-	-	-
<i>Total fund balances</i>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(635)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 75,185</u>	<u>\$ 16,152</u>	<u>\$ -</u>

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

Special Revenue Funds

Beginning Teacher Mentoring Program	Breakfast for Elementary Students	School Based Health Center	Adequacy Tech Equity Grant	Truancy Initiative
\$ 6,976	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	325,982	5,993
-	-	-	-	-
<u>\$ 6,976</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,982</u>	<u>\$ 5,993</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	325,982	5,993
-	-	-	-	-
6,976	-	-	-	-
-	-	-	-	-
<u>6,976</u>	<u>-</u>	<u>-</u>	<u>325,982</u>	<u>5,993</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 6,976</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,982</u>	<u>\$ 5,993</u>

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Combining Balance Sheet
 Non-major Governmental Funds
 June 30, 2009

	Special Revenue Funds				Capital Outlay Fund
	Libraries - SB 301 GO Bonds-Laws of 2006	Gear Up CHE	Early Intervention CYFD	Schools in Need of Improvement	Total Nonmajor Special Revenue Funds
ASSETS					
<i>Current assets:</i>					
Cash and cash equivalents	\$ 6,401	\$ -	\$ 75,310	\$ -	\$ 1,094,184
Investments	-	-	-	-	-
Accounts receivable:					
Taxes	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	39,857	-	33,116	812,808
Inventory	-	-	-	-	15,847
<i>Total assets</i>	<u>\$ 6,401</u>	<u>\$ 39,857</u>	<u>\$ 75,310</u>	<u>\$ 33,116</u>	<u>\$ 1,922,839</u>
LIABILITIES AND FUND BALANCES					
<i>Current liabilities:</i>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	39,857	-	33,116	1,196,179
Due to agency fund	-	-	-	-	1,064
Deferred revenue	6,401	-	-	-	291,450
Advances from other funds	-	-	-	-	359,404
<i>Total liabilities</i>	<u>6,401</u>	<u>39,857</u>	<u>-</u>	<u>33,116</u>	<u>1,848,097</u>
<i>Fund balances:</i>					
Reserved:					
Reserved for inventory	-	-	-	-	15,847
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	-	-	75,310	-	58,895
Capital project funds	-	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>75,310</u>	<u>-</u>	<u>74,742</u>
<i>Total liabilities and fund balances</i>	<u>\$ 6,401</u>	<u>\$ 39,857</u>	<u>\$ 75,310</u>	<u>\$ 33,116</u>	<u>\$ 1,922,839</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
\$ 104,791	\$ 1,550,693	\$ -	\$ -	\$ 1,655,484	\$ 58,625	\$ 2,808,293
-	557,061	-	-	557,061	-	557,061
-	118,962	-	-	118,962	1,072	120,034
124,737	-	-	-	124,737	-	124,737
-	-	-	-	-	-	812,808
-	-	-	-	-	-	15,847
<u>\$ 229,528</u>	<u>\$ 2,226,716</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,456,244</u>	<u>\$ 59,697</u>	<u>\$ 4,438,780</u>
\$ 26,581	\$ 126,265	\$ -	\$ -	\$ 152,846	\$ -	\$ 152,846
-	-	-	-	-	-	1,196,179
-	-	-	-	-	-	1,064
-	12,604	-	-	12,604	2	304,056
-	-	-	-	-	-	359,404
<u>26,581</u>	<u>138,869</u>	<u>-</u>	<u>-</u>	<u>165,450</u>	<u>2</u>	<u>2,013,549</u>
-	-	-	-	-	-	15,847
-	-	-	-	-	59,695	59,695
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	58,895
202,947	2,087,847	-	-	2,290,794	-	2,290,794
202,947	2,087,847	-	-	2,290,794	59,695	2,425,231
<u>\$ 229,528</u>	<u>\$ 2,226,716</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,456,244</u>	<u>\$ 59,697</u>	<u>\$ 4,438,780</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, 2009

	Special Revenue Funds			
	Food Services	Athletics	Title I - IASA	Migrant Children Education
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Investment income	346	1,438	-	-
Food services	280,625	-	-	-
District activities	-	98,075	-	-
Insurance recoveries	-	-	-	-
Revenue from local sources	-	-	-	-
Revenue from state sources	20,433	-	-	-
Revenue from federal sources	983,495	-	625,221	34,301
Uncollectible revenue	-	-	-	-
<i>Total revenues</i>	<u>1,284,899</u>	<u>99,513</u>	<u>625,221</u>	<u>34,301</u>
EXPENDITURES				
Current:				
Instruction	-	87,857	494,860	14,675
Support services	-	-	-	-
Students	-	-	30,143	-
Instruction	-	-	-	-
General administration	-	-	7,014	-
School administration	-	-	93,099	19,626
Central services	-	-	-	-
Operation and maintenance of plant	-	-	105	-
Operation of non instructional services	-	-	-	-
Food services operation	1,248,546	-	-	-
Community services	-	-	-	-
Capital outlay	61,360	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	<u>1,309,906</u>	<u>87,857</u>	<u>625,221</u>	<u>34,301</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(25,007)</u>	<u>11,656</u>	<u>-</u>	<u>-</u>
<i>Other financing sources(uses):</i>				
Increases (decreases) in inventory	(1,173)	-	-	-
Transfers in (out)	-	-	-	-
<i>Net changes in fund balance</i>	<u>(26,180)</u>	<u>11,656</u>	<u>-</u>	<u>-</u>
<i>Beginning fund balances</i>	<u>177,230</u>	<u>127,984</u>	<u>-</u>	<u>(29,250)</u>
<i>Fund balances--end of the year</i>	<u>\$ 151,050</u>	<u>\$ 139,640</u>	<u>\$ -</u>	<u>\$ (29,250)</u>

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

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, 2009

	Special Revenue Funds			
	Drug Free Schools	Title I - 1003 G	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	-	92,584	-	-
Uncollectible revenue	-	-	-	-
<i>Total revenues</i>	-	92,584	-	-
EXPENDITURES				
Current:				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	92,584	-	-
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>	-	92,584	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-	-
<i>Other financing sources(uses):</i>				
Increase (decreases) in inventory	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Net changes in fund balance</i>	-	-	-	-
<i>Beginning fund balances</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	Enhancing Education Thru Technology (E2T2-C)	Title V - Part A	English Language Acquisition	Teacher/ Principal Training & Recruiting
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	15,898	166,320
-	-	-	-	-
-	-	-	15,898	166,320
-	-	-	15,203	52,222
-	-	-	-	31,540
-	-	-	-	-
-	-	-	400	750
-	-	-	295	81,808
-	-	-	-	0
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	15,898	166,320
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(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, 2009

	Special Revenue Funds				
	Safe and Drug Free Schools	Rural and Low Income Schools	Title III - Immigrant Funding	Reading First	Jobs for Americas Graduates
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	7,697	4	785	-	-
Uncollectible revenue	-	-	-	-	-
<i>Total revenues</i>	<u>7,697</u>	<u>4</u>	<u>785</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Current:					
Instruction	4,702	4	485	-	-
Support services					
Students	2,995	-	-	-	-
Instruction	-	-	300	-	-
General administration	-	-	-	-	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-
Operation of non instructional services					
Food services operation	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	900	-
Debt service	-	-	-	-	-
<i>Total expenditures</i>	<u>7,697</u>	<u>4</u>	<u>785</u>	<u>900</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(900)</u>	<u>-</u>
<i>Other financing sources(uses):</i>					
Increases (decreases) in inventory	-	-	-	-	-
Transfer in (out)	-	-	-	-	-
<i>Net changes in fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(900)</u>	<u>-</u>
<i>Beginning fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(169,498)</u>	<u>(48,573)</u>
<i>Fund balances--end of the year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (170,398)</u>	<u>\$ (48,573)</u>

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

Special Revenue Funds

Carl D Perkins - Secondary	Carl D Perkins - High Schools	Title VI - Comprehensive	Advanced Placement Incentive Grant	Medicaid XIX	Title VII - Systemwide
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
27,412	8,364	-	-	168,476	-
-	-	-	-	-	-
<u>27,412</u>	<u>8,364</u>	<u>-</u>	<u>-</u>	<u>168,476</u>	<u>-</u>
16,200	7,367	-	-	27,715	-
-	-	-	-	136,368	-
-	-	-	-	-	-
-	997	-	-	-	-
-	-	-	-	-	-
-	-	-	-	9,215	-
-	-	-	-	-	-
-	-	-	-	-	-
11,212	-	-	-	13,337	-
-	-	-	-	-	-
<u>27,412</u>	<u>8,364</u>	<u>-</u>	<u>-</u>	<u>186,635</u>	<u>-</u>
-	-	-	-	(18,159)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(18,159)	-
-	(10,060)	-	-	85,674	-
<u>\$ -</u>	<u>\$ (10,060)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,515</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, 2009

	Special Revenue Funds			
	Teacher Quality Enhancement Grants	Foreign Language Incentive	Bill & Melinda Gates Intel	Private School Share
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	-	-	-	-
Transfer in (out)	-	-	-	-
<i>Net changes in fund balance</i>	-	-	-	-
<i>Beginning fund balances</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

GRADS Child Care	TANF/ GRADS HSD	GEAR-UP USDE	Bully Proofing	Healthier Schools/ Desert High	Local Combined Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,063	4,000	-	-	-	-
-	-	-	-	-	-
4,063	4,000	-	-	-	-
-	5,620	-	-	-	-
4,063	-	-	-	-	-
-	-	-	-	-	522
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,063	5,620	-	-	-	522
-	(1,620)	-	-	-	(522)
-	-	-	-	-	-
-	-	-	-	-	-
-	(1,620)	-	-	-	(522)
-	(38,158)	(30)	-	1	1,143
\$ -	\$ (39,778)	\$ (30)	\$ -	\$ 1	\$ 621

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, 2009

	Special Revenue Funds			
	Breakfast in the Classroom	JF Maddox 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	-	615	-	-
Revenue from state sources	-	-	112,891	-
Revenue from federal sources	-	-	-	-
Uncollectible revenue	-	-	-	-
<i>Total revenues</i>	-	615	112,891	-
EXPENDITURES				
Current:				
Instruction	-	-	50,534	-
Support services				
Students	-	-	-	-
Instruction	-	615	47,316	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	15,041	-
Operation and maintenance of plant	-	-	-	-
Operation of non instructional services				
Food services operation	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	-	615	112,891	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-	-
<i>Other financing sources(uses):</i>				
Increases (decreases) in inventory	-	-	-	-
Transfer in (out)	-	-	-	-
<i>Net changes in fund balance</i>	-	-	-	-
<i>Beginning fund balances</i>	2	-	-	-
<i>Fund balances--end of the year</i>	\$ 2	\$ -	\$ -	\$ -

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

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, 2009

	Special Revenue Funds				Total Special Revenue Funds
	Libraries - SB 301 GO Bonds-Laws of 2006	Gear Up-CHE	Early Intervention CYFD	Schools in Need of Improvement	
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-	-
Investment income	-	-	-	-	1,784
Food services	-	-	-	-	280,625
District activities	-	-	-	-	98,075
Insurance recoveries	-	-	-	-	-
Revenue from local sources	-	-	-	-	615
Revenue from state sources	-	39,857	23,156	72,131	443,629
Revenue from federal sources	-	-	-	-	2,914,974
Uncollectible revenue	-	-	-	-	-
<i>Total revenues</i>	-	39,857	23,156	72,131	3,739,702
EXPENDITURES					
Current:					
Instruction	-	38,467	24,456	-	1,210,991
Support services					
Students	-	-	-	-	597,526
Instruction	-	-	-	72,131	231,786
General administration	-	1,390	-	-	16,600
School administration	-	-	-	-	223,956
Central services	-	-	-	-	15,041
Operation and maintenance of plant	-	-	-	-	9,320
Operation of non instructional services					
Food services operation	-	-	-	-	1,270,054
Community services	-	-	-	-	53,319
Capital outlay	-	-	-	-	146,961
Debt service	-	-	-	-	-
<i>Total expenditures</i>	-	39,857	24,456	72,131	3,775,554
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	(1,300)	-	(35,852)
<i>Other financing sources(uses):</i>					
Increases (decreases) in inventory	-	-	-	-	(1,173)
Transfers in (out)	-	-	-	-	350
<i>Net changes in fund balance</i>	-	-	(1,300)	-	(36,675)
<i>Beginning fund balances</i>	-	-	76,610	-	111,417
<i>Fund balances--end of the year</i>	\$ -	\$ -	\$ 75,310	\$ -	\$ 74,742

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
\$ -	\$ 301,346	\$ -	\$ -	\$ 301,346	\$ -	\$ 301,346
-	1,247,345	-	-	1,247,345	1,113	1,248,458
-	7,633	-	-	7,633	-	9,417
-	-	-	-	-	-	280,625
-	-	-	-	-	-	98,075
-	-	-	-	-	-	-
-	-	-	-	-	-	615
536,144	256,376	-	-	792,520	-	1,236,149
-	-	-	-	-	-	2,914,974
-	-	-	-	-	-	-
536,144	1,812,700	-	-	2,348,844	1,113	6,089,659
-	-	-	-	-	-	1,210,991
-	-	-	-	-	-	597,526
-	-	-	-	-	-	231,786
-	3,037	-	-	3,037	-	19,637
-	-	-	-	-	-	223,956
-	-	-	-	-	-	15,041
-	-	249	-	249	-	9,569
-	-	-	-	-	-	1,270,054
-	-	-	-	-	-	53,319
423,257	2,047,376	-	818	2,471,451	-	2,618,412
-	-	-	-	-	-	-
423,257	2,050,413	249	818	2,474,737	-	6,250,291
112,887	(237,713)	(249)	(818)	(125,893)	1,113	(160,632)
-	-	-	-	-	-	(1,173)
-	-	-	-	-	-	350
112,887	(237,713)	(249)	(818)	(125,893)	1,113	(161,455)
90,060	2,325,560	249	818	2,416,687	58,582	2,586,686
\$ 202,947	\$ 2,087,847	\$ -	\$ -	\$ 2,290,794	\$ 59,695	\$ 2,425,231

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, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Investment income	\$ 300	\$ 300	\$ 346	\$ 46
District activities	286,890	286,890	280,625	(6,265)
Revenues from federal sources	760,681	760,681	1,108,086	347,405
Revenue from state sources	125,410	125,410	20,433	(104,977)
<i>Total revenues</i>	<u>1,173,281</u>	<u>1,173,281</u>	<u>1,409,490</u>	<u>236,209</u>
EXPENDITURES				
Operation of non-instructional services:				
Food services	1,173,281	1,173,296	1,248,546	(75,250)
Capital outlay	208,129	208,114	61,360	146,754
<i>Total expenditures</i>	<u>1,381,410</u>	<u>1,381,410</u>	<u>1,309,906</u>	<u>71,504</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(208,129)</u>	<u>(208,129)</u>	<u>99,584</u>	<u>307,713</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	208,129	208,129	-	-
<i>Total other financing sources (uses)</i>	<u>208,129</u>	<u>208,129</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>99,584</u>	<u>307,713</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>35,619</u>	<u>35,619</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,203</u>	<u>\$ 343,332</u>

RECONCILIATION TO GAAP

Adjustments:	
Accounts receivable	(124,591)
Inventory	(1,173)
Net change in fund balance (GAAP basis)	<u>\$ (26,180)</u>

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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ -	\$ -	\$ 1,438	\$ 1,438
District activities	60,000	60,000	98,075	38,075
Revenue from local sources	-	-	-	-
<i>Total revenues</i>	60,000	60,000	99,513	39,513
EXPENDITURES				
Instruction	175,218	175,218	87,857	87,361
<i>Total expenditures</i>	175,218	175,218	87,857	87,361
<i>Excess (deficiency) of revenues over expenditures</i>	(115,218)	(115,218)	11,656	126,874
<i>Other financing sources (uses):</i>				
Designated cash balance	127,984	127,984	-	(127,984)
<i>Total other financing sources (uses)</i>	127,984	127,984	-	(127,984)
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	12,766	12,766	11,656	(1,110)
<i>Prior year cash balance</i>	-	-	127,984	127,984
<i>End of year cash balance</i>	\$ 12,766	\$ 12,766	\$ 139,640	\$ 126,874

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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 703,958	\$ 703,958	\$ 804,468	\$ 100,510
<i>Total revenues</i>	<u>703,958</u>	<u>703,958</u>	<u>804,468</u>	<u>100,510</u>
EXPENDITURES				
Instruction	563,601	563,601	494,860	68,741
Support services:				
Students	-	30,359	30,143	216
Instruction	-	-	-	-
General administration	7,014	7,014	7,014	-
School administration	133,273	102,569	93,098	9,471
Central Services	-	-	-	-
Operation & maintenance of plant	-	345	105	240
Community Services	70	70	-	70
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>703,958</u>	<u>703,958</u>	<u>625,220</u>	<u>78,738</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>179,248</u>	<u>179,248</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>179,248</u>	<u>179,248</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(89,812)</u>	<u>(89,812)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,436</u>	<u>\$ 89,436</u>

RECONCILIATION TO GAAP

Adjustments:

Accounts receivable	(190,642)
Deferred Revenue	11,394
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
 Title I - Migrant Children Education Special Revenue Fund
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 35,000	\$ 35,000	\$ 43,913	\$ 8,913
<i>Total revenues</i>	<u>35,000</u>	<u>35,000</u>	<u>43,913</u>	<u>8,913</u>
EXPENDITURES				
Instruction	15,817	14,767	14,675	92
Support services:				
Students	6,158	-	-	-
General administration	-	-	-	-
School administration	13,025	20,233	19,626	607
<i>Total expenditures</i>	<u>35,000</u>	<u>35,000</u>	<u>34,301</u>	<u>699</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>9,612</u>	<u>9,612</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>9,612</u>	<u>9,612</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(16,321)</u>	<u>(16,321)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,709)</u>	<u>\$ (6,709)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(9,612)	
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 Entitlement Special Revenue Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 678,308	\$ 793,590	\$ 611,022	\$ (182,568)
<i>Total revenues</i>	<u>678,308</u>	<u>793,590</u>	<u>611,022</u>	<u>(182,568)</u>
EXPENDITURES				
Instruction	248,248	392,438	338,820	53,618
Support services:				
Students	359,850	287,442	272,317	15,125
General administration	6,880	6,880	6,880	-
School administration	28,330	28,330	28,131	199
Community services	-	45,000	42,540	2,460
Capital outlay	35,000	33,500	23,873	9,627
<i>Total expenditures</i>	<u>678,308</u>	<u>793,590</u>	<u>712,561</u>	<u>81,029</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(101,539)</u>	<u>(101,539)</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>(101,539)</u>	<u>(101,539)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(178,896)</u>	<u>-</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (280,435)</u>	<u>\$ (101,539)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			101,539	
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 Discretionary Special Revenue Fund
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 18,318	\$ 18,318	\$ 18,318	\$ -
<i>Total revenues</i>	18,318	18,318	18,318	-
EXPENDITURES				
Instruction	18,318	18,318	18,318	-
<i>Total expenditures</i>	18,318	18,318	18,318	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	-	-	-	-
<i>End of year cash balance</i>	\$ -	\$ -	\$ -	\$ -

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

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 IDEA - B Preschool Special Revenue Fund
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 34,465	\$ 53,702	\$ 64,488	\$ 10,786
<i>Total revenues</i>	<u>34,465</u>	<u>53,702</u>	<u>64,488</u>	<u>10,786</u>
EXPENDITURES				
Instruction	12,799	28,499	26,442	2,057
Support services:				
Students	1,500	6,499	353	6,146
General Administration	166	166	166	-
Community services	-	-	-	-
Capital outlay	20,000	18,538	18,514	24
<i>Total expenditures</i>	<u>34,465</u>	<u>53,702</u>	<u>45,475</u>	<u>8,227</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>19,013</u>	<u>19,013</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>19,013</u>	<u>19,013</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(31,169)</u>	<u>(31,169)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,156)</u>	<u>\$ (12,156)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(19,013)	
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
 Title VI Special Revenue Fund
 For the Year Ended June 30, 2009

	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, 2009

	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, 2009

	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>	\$ -	\$ -	\$ 6,538	\$ 6,538

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

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 Drug Free Schools Special Revenue Fund
 For the Year Ended June 30, 2009

	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>1</u>	<u>1</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

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

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 Title I - 1003 G Special Revenue Fund
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 100,000	\$ 100,000	\$ 87,129	\$ (12,871)
<i>Total revenues</i>	<u>100,000</u>	<u>100,000</u>	<u>87,129</u>	<u>(12,871)</u>
EXPENDITURES				
Instruction	100,000	100,000	92,584	7,416
<i>Total expenditures</i>	<u>100,000</u>	<u>100,000</u>	<u>92,584</u>	<u>7,416</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(5,455)</u>	<u>(5,455)</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>(5,455)</u>	<u>(5,455)</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>\$ (5,455)</u>	<u>\$ (5,455)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			5,455	
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
Enhancing Education Thru Technology (E2T2-F) Special Revenue Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenues 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>	-	-	17	17
<i>End of year cash balance</i>	\$ -	\$ -	\$ 17	\$ 17

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, 2009

	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>	-	-	2	2
<i>End of year cash balance</i>	\$ -	\$ -	\$ 2	\$ 2

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, 2009

	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>	-	-	(3,041)	(3,041)
<i>End of year cash balance</i>	\$ -	\$ -	\$ (3,041)	\$ (3,041)

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, 2009

	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>	-	-	(5,754)	(5,754)
<i>End of year cash balance</i>	\$ -	\$ -	\$ (5,754)	\$ (5,754)

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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ 628	\$ 628
<i>Total revenues</i>	-	-	628	628
EXPENDITURES				
Instruction	-	-	-	-
Support services:				
General administration	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	628	628
<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>	-	-	628	628
<i>Prior year cash balance</i>	-	-	(628)	(628)
<i>End of year cash balance</i>	\$ -	\$ -	\$ -	\$ -
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(628)	
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
 English Language Acquisition Special Revenue Fund
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 29,876	\$ 87,646	\$ 15,465	\$ (72,181)
<i>Total revenues</i>	<u>29,876</u>	<u>87,646</u>	<u>15,465</u>	<u>(72,181)</u>
EXPENDITURES				
Instruction	25,976	83,746	15,203	68,543
Support services				
Students	3,500	3,500	-	3,500
General administration	400	400	400	-
School administration	-	-	295	(295)
<i>Total expenditures</i>	<u>29,876</u>	<u>87,646</u>	<u>15,898</u>	<u>71,748</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(433)</u>	<u>(433)</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>(433)</u>	<u>(433)</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>\$ (433)</u>	<u>\$ (433)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			433	
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
Teacher/Principal Training and Recruiting Special Revenue Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 223,515	\$ 223,515	\$ 121,233	\$ (102,282)
Revenue from local sources	-	-	-	-
<i>Total revenues</i>	<u>223,515</u>	<u>223,515</u>	<u>121,233</u>	<u>(102,282)</u>
EXPENDITURES				
Instruction	44,386	59,386	52,222	7,164
Support services:				
Students	132,818	77,568	31,540	46,028
Instruction	-	-	-	-
General administration	750	750	750	-
School administration	45,561	85,811	81,808	4,003
Central services	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>223,515</u>	<u>223,515</u>	<u>166,320</u>	<u>57,195</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(45,087)</u>	<u>(45,087)</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>(45,087)</u>	<u>(45,087)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(6,749)</u>	<u>-</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (51,836)</u>	<u>\$ (45,087)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			45,095	
Deferred revenue			(8)	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 Safe and Drug Free Schools Special Revenue Fund
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 12,210	\$ 12,210	\$ 2,789	\$ (9,421)
<i>Total revenues</i>	12,210	12,210	2,789	(9,421)
EXPENDITURES				
Instruction	5,227	5,227	4,702	525
Support services:				
Students	6,983	6,983	2,995	3,988
General administration	-	-	-	-
Operation & maintenance of plant	-	-	-	-
<i>Total expenditures</i>	12,210	12,210	7,697	4,513
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(4,908)	(4,908)
<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>	-	-	(4,908)	(4,908)
<i>Prior year cash balance</i>	-	-	2,971	2,971
<i>End of year cash balance</i>	\$ -	\$ -	\$ (1,937)	\$ (1,937)
RECONCILIATION TO GAAP				
Adjustments:				
Deferred revenue			249	
Accounts receivable			4,659	
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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ 40,458	\$ 40,458
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>40,458</u>	<u>40,458</u>
EXPENDITURES				
Instruction	-	-	4	(4)
Support services:				
General administration	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>4</u>	<u>(4)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>40,454</u>	<u>40,454</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>40,454</u>	<u>40,454</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(40,314)</u>	<u>(40,314)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140</u>	<u>\$ 140</u>

RECONCILIATION TO GAAP

Adjustments:

Accounts receivable

(40,458)

Deferred revenue

4

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, 2009

	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	-	-	785	(785)
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>785</u>	<u>(785)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(785)</u>	<u>(785)</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>(785)</u>	<u>(785)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>40,565</u>	<u>40,565</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,780</u>	<u>\$ 39,780</u>
RECONCILIATION TO GAAP				
Adjustments:				
Deferred revenue			785	
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
 Reading First Special Revenue Fund
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 899	\$ 899	\$ 404	\$ (495)
<i>Total revenues</i>	899	899	404	(495)
EXPENDITURES				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
General administration	-	-	-	-
Capital outlay	899	899	899	-
<i>Total expenditures</i>	899	899	899	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(495)	(495)
<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>	-	-	(495)	(495)
<i>Prior year cash balance</i>	-	-	(404)	(404)
<i>End of year cash balance</i>	\$ -	\$ -	\$ (899)	\$ (899)
RECONCILIATION TO GAAP				
Adjustments:				
Receivables			(405)	
Net change in fund balance (GAAP basis)			\$ (900)	

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, 2009

	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:				
Accounts receivable			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 Carl D Perkins Secondary Special Revenue Fund
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 25,912	\$ 25,912	\$ 22,715	\$ (3,197)
Revenue from local sources	-	-	-	-
<i>Total revenues</i>	25,912	25,912	22,715	(3,197)
EXPENDITURES				
Instruction	3,000	17,580	16,200	1,380
Support services:				
School administration	200	-	-	-
Capital outlay	22,712	8,332	11,212	(2,880)
<i>Total expenditures</i>	25,912	25,912	27,412	(1,500)
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(4,697)	(4,697)
<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>	-	-	(4,697)	(4,697)
<i>Prior year cash balance</i>	-	-	11,258	-
<i>End of year cash balance</i>	\$ -	\$ -	\$ 6,561	\$ (4,697)
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			3,219	
Deferred revenue			1,478	
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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ 18,530	\$ 14,256	\$ (4,274)
<i>Total revenues</i>	<u>-</u>	<u>18,530</u>	<u>14,256</u>	<u>(4,274)</u>
EXPENDITURES				
Instruction	-	14,232	7,367	6,865
Support services:				
Instruction	-	1,767	-	1,767
School administration	-	2,531	997	1,534
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>18,530</u>	<u>8,364</u>	<u>10,166</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>5,892</u>	<u>5,892</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>5,892</u>	<u>5,892</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(15,952)</u>	<u>-</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,060)</u>	<u>\$ 5,892</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(5,892)	
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
 Title VI - Comprehensive Special Revenue Fund
 For the Year Ended June 30, 2009

	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, 2009

	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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ 260,761	\$ 256,318	\$ (4,443)
Revenue from local sources	-	-	-	-
<i>Total revenues</i>	-	260,761	256,318	(4,443)
EXPENDITURES				
Instruction	-	75,061	27,715	47,346
Support services:				
Students	-	186,973	136,368	50,605
General administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	12,553	9,215	3,338
Capital outlay	-	20,977	13,337	7,640
<i>Total expenditures</i>	-	295,564	186,635	108,929
<i>Excess (deficiency) of revenues over expenditures</i>	-	(34,803)	69,683	104,486
<i>Other financing sources (uses):</i>				
Federal receivable	87,542	87,542		
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	87,542	87,542	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	87,542	52,739	69,683	104,486
<i>Prior year cash balance</i>	-	-	(2,168)	(2,168)
<i>End of year cash balance</i>	\$ 87,542	\$ 52,739	\$ 67,515	\$ 102,318

RECONCILIATION TO GAAP

Adjustments:

Accounts receivable	(87,842)
Net change in fund balance (GAAP basis)	\$ (18,159)

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, 2009

	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, 2009

	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, 2009

	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>	-	-	14	14
<i>End of year cash balance</i>	\$ -	\$ -	\$ 14	\$ 14

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, 2009

	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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 5</u>

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

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 Private School Share Special Revenue Fund
 For the Year Ended June 30, 2009

	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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ 4,063	\$ 4,063
<i>Total revenues</i>	-	-	4,063	4,063
EXPENDITURES				
Instruction	-	-	4,063	(4,063)
<i>Total expenditures</i>	-	-	4,063	(4,063)
<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>	-	-	6,107	6,107
<i>End of year cash balance</i>	\$ -	\$ -	\$ 6,107	\$ 6,107

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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ 4,000	\$ 4,000
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>4,000</u>
EXPENDITURES				
Insruction	-	-	5,620	(5,620)
Support services:				
Students	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>5,620</u>	<u>(5,620)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,620)</u>	<u>(1,620)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,620)</u>	<u>(1,620)</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>\$ (1,620)</u>	<u>\$ (1,620)</u>

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

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 GEAR-UP USDE Special Revenue Fund
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state 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)

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, 2009

	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, 2009

	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	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, 2009

	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	-	-	522	(522)
<i>Total expenditures</i>	-	-	522	(522)
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(522)	(522)
<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>	-	-	(522)	(522)
<i>Prior year cash balance</i>	-	-	1,143	1,143
<i>End of year cash balance</i>	\$ -	\$ -	\$ 621	\$ 621

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, 2009

	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>2</u>	<u>2</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 2</u>

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

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 JF Maddox Foundation Special Revenue Fund
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from local sources	\$ -	\$ -	\$ 615	\$ 615
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>615</u>	<u>615</u>
EXPENDITURES				
Insruction	-	-	615	(615)
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>615</u>	<u>(615)</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>615</u>	<u>615</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 615</u>	<u>\$ 615</u>

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Technology for Education Special Revenue Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 194,099	\$ 55,129	\$ (138,970)
<i>Total revenues</i>	<u>-</u>	<u>194,099</u>	<u>55,129</u>	<u>(138,970)</u>
EXPENDITURES				
Instruction	-	117,472	50,534	66,938
Support services:				
Students	-	-	-	-
Instruction	-	56,809	47,316	9,493
Central services	-	19,818	15,041	4,777
<i>Total expenditures</i>	<u>-</u>	<u>194,099</u>	<u>112,891</u>	<u>81,208</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(57,762)</u>	<u>(57,762)</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>(57,762)</u>	<u>(57,762)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>132,947</u>	<u>132,947</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,185</u>	<u>\$ 75,185</u>
RECONCILIATION TO GAAP				
Adjustments:				
Deferred revenue			57,762	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 Incentives for School Improvement Special Revenue Fund
 For the Year Ended June 30, 2009

	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>	-	-	16,152	16,152
<i>End of year cash balance</i>	\$ -	\$ -	\$ 16,152	\$ 16,152

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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 30,000	\$ 43,574	\$ 13,574
<i>Total revenues</i>	<u>-</u>	<u>30,000</u>	<u>43,574</u>	<u>13,574</u>
EXPENDITURES				
Instruction	-	-	-	-
Support services:				
Students	-	18,000	19,077	(1,077)
Community services	-	12,000	10,779	1,221
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>30,000</u>	<u>29,856</u>	<u>144</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>13,718</u>	<u>13,718</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>13,718</u>	<u>13,718</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(19,711)</u>	<u>(19,711)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,993)</u>	<u>\$ (5,993)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(13,718)	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 Libraries - GO Bond Special Revenue Fund
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
Revenue from local 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>	-	-	(635)	(635)
<i>End of year cash balance</i>	\$ -	\$ -	\$ (635)	\$ (635)

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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ 8,025	\$ 8,025	\$ 8,025	\$ -
<i>Total revenues</i>	<u>8,025</u>	<u>8,025</u>	<u>8,025</u>	<u>-</u>
EXPENDITURES				
Instruction	8,025	8,025	5,362	2,663
<i>Total expenditures</i>	<u>8,025</u>	<u>8,025</u>	<u>5,362</u>	<u>2,663</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>2,663</u>	<u>2,663</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>2,663</u>	<u>2,663</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>4,313</u>	<u>4,313</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,976</u>	<u>\$ 6,976</u>
RECONCILIATION TO GAAP				
Adjustments:				
Deferred revenue			(2,663)	
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
 Breakfast for Elementary Students Special Revenue Fund
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ 43,016	\$ 41,941	\$ 21,508	\$ (20,433)
<i>Total revenues</i>	<u>43,016</u>	<u>41,941</u>	<u>21,508</u>	<u>(20,433)</u>
EXPENDITURES				
Instruction	43,016	41,941	21,508	20,433
<i>Total expenditures</i>	<u>43,016</u>	<u>41,941</u>	<u>21,508</u>	<u>20,433</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>	-	-	-	-
<i>Prior year cash balance</i>	-	-	-	-
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Gear Up CHE Special Revenue Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ 49,334	\$ 49,334	\$ 19,402	\$ (29,932)
<i>Total revenues</i>	<u>49,334</u>	<u>49,334</u>	<u>19,402</u>	<u>(29,932)</u>
EXPENDITURES				
Instruction	49,334	47,944	38,467	9,477
Scholl Admin	-	1,390	1,390	-
<i>Total expenditures</i>	<u>49,334</u>	<u>49,334</u>	<u>39,857</u>	<u>9,477</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(20,455)</u>	<u>(20,455)</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>(20,455)</u>	<u>(20,455)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(19,402)</u>	<u>(19,402)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (39,857)</u>	<u>\$ (39,857)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			20,455	
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
 Schools in Need of Improvement Special Revenue Fund
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ 105,000	\$ 105,000	\$ 39,015	\$ (65,985)
<i>Total revenues</i>	<u>105,000</u>	<u>105,000</u>	<u>39,015</u>	<u>(65,985)</u>
EXPENDITURES				
Instruction	105,000	105,000	72,131	32,869
<i>Total expenditures</i>	<u>105,000</u>	<u>105,000</u>	<u>72,131</u>	<u>32,869</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(33,116)</u>	<u>(33,116)</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>(33,116)</u>	<u>(33,116)</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>\$ (33,116)</u>	<u>\$ (33,116)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			33,116	
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
Early Intervention CYFD Special Revenue Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ 23,156	\$ 23,156
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>23,156</u>	<u>23,156</u>
EXPENDITURES				
Instruction	-	-	24,456	(24,456)
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>24,456</u>	<u>(24,456)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,300)</u>	<u>(1,300)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	75,310	75,310	-	(75,310)
<i>Total other financing sources (uses)</i>	<u>75,310</u>	<u>75,310</u>	<u>-</u>	<u>(75,310)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	75,310	75,310	(1,300)	(76,610)
<i>Prior year cash balance</i>	-	-	75,310	75,310
<i>End of year cash balance</i>	<u>\$ 75,310</u>	<u>\$ 75,310</u>	<u>\$ 74,010</u>	<u>\$ (1,300)</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 2006 Special Revenue Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ 30,908	\$ 30,908	\$ -	\$ 30,908
<i>Total revenues</i>	<u>30,908</u>	<u>30,908</u>	<u>-</u>	<u>30,908</u>
EXPENDITURES				
Instruction	30,908	30,908	-	30,908
<i>Total expenditures</i>	<u>30,908</u>	<u>30,908</u>	<u>-</u>	<u>30,908</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>6,400</u>	<u>6,400</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,400</u>	<u>\$ 6,400</u>

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

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 Private Direct Grants Special Revenue Fund
 For the Year Ended June 30, 2009

	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>				
Transfers out	-	-	350	350
<i>Total other financing sources (uses)</i>	-	-	350	350
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	350	350
<i>Prior year cash balance</i>	-	-	(350)	(350)
<i>End of year cash balance</i>	\$ -	\$ -	\$ -	\$ -
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			-	
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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from local sources	\$ -	\$ -	\$ -	\$ -
Revenue from state sources	-	-	100,670	100,670
<i>Total revenues</i>	-	-	100,670	100,670
EXPENDITURES				
Support services:				
Students	-	-	100,670	(100,670)
<i>Total expenditures</i>	-	-	100,670	(100,670)
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	-	-	-	-
<i>End of year cash balance</i>	\$ -	\$ -	\$ -	\$ -

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

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 Adequacy Tech Equity Grant Special Revenue Fund
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 50,880	\$ -	\$ (50,880)
<i>Total revenues</i>	-	50,880	-	(50,880)
EXPENDITURES				
Instruction	-	-	-	-
Student services:				
Instruction	-	-	-	-
Capital outlay	-	50,880	50,880	-
<i>Total expenditures</i>	-	50,880	50,880	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(50,880)	(50,880)
<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>	-	-	(50,880)	(50,880)
<i>Prior year cash balance</i>	-	-	(150,365)	(150,365)
<i>End of year cash balance</i>	\$ -	\$ -	\$ (201,245)	\$ (201,245)
RECONCILIATION TO GAAP				
Adjustments:				
Accounts payable			33,115	
Receivables			17,765	
Net change in fund balance (GAAP basis)			\$ -	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Special Capital Outlay State Capital Project Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ 2,416,183	\$ 2,466,183	\$ 536,144	\$ (1,930,039)
<i>Total revenues</i>	<u>2,416,183</u>	<u>2,466,183</u>	<u>536,144</u>	<u>(1,930,039)</u>
EXPENDITURES				
Capital outlay	2,416,183	2,466,183	431,353	2,034,830
<i>Total expenditures</i>	<u>2,416,183</u>	<u>2,466,183</u>	<u>431,353</u>	<u>2,034,830</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>104,791</u>	<u>104,791</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>104,791</u>	<u>104,791</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>\$ 104,791</u>	<u>\$ 104,791</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts payable			8,096	
Accounts receivable			-	
Net change in fund balance (GAAP basis)			<u>112,887</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, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,305,814	\$ 1,305,814	\$ 1,669,792	\$ 363,978
Revenue from state sources	-	-	256,376	256,376
Investment income	18,000	18,000	7,633	(10,367)
<i>Total revenues</i>	1,323,814	1,323,814	1,933,801	609,987
EXPENDITURES				
Support services:				
General administration	2,910	2,910	3,037	(127)
Capital outlay	3,566,204	3,566,204	1,964,884	1,601,320
<i>Total expenditures</i>	3,569,114	3,569,114	1,967,921	1,601,193
<i>Excess (deficiency) of revenues over expenditures</i>	(2,245,300)	(2,245,300)	(34,120)	2,211,180
<i>Other financing sources (uses):</i>				
Designated cash balance	2,245,300	2,245,300	-	(2,245,300)
<i>Total other financing sources (uses)</i>	2,245,300	2,245,300	-	(2,245,300)
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(34,120)	(34,120)
<i>Prior year cash balance</i>	-	-	1,592,446	1,592,446
<i>End of year cash balance</i>	\$ -	\$ -	\$ 1,558,326	\$ 1,558,326
RECONCILIATION TO GAAP				
Adjustments:				
Accounts payable			(82,493)	
Deferred revenue			(1,830)	
Accounts receivable			(119,270)	
Net change in fund balance (GAAP basis)			\$ (237,713)	

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

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 Education Technology Equipment Capital Outlay Capital Project Fund
 For the Year Ended June 30, 2009

	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)
<i>Total expenditures</i>	-	-	249	(249)
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(249)	(249)
<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>	-	-	(249)	(249)
<i>Prior year cash balance</i>	249	249	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, 2009

	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)
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>818</u>	<u>(818)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(818)</u>	<u>(818)</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>(818)</u>	<u>(818)</u>
<i>Prior year cash balance</i>	818	818	818	818
<i>End of year cash balance</i>	<u>\$ 818</u>	<u>\$ 818</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 Technology Bonds Debt Service Fund
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ 41	\$ 41
<i>Total revenues</i>	-	-	41	41
EXPENDITURES				
Debt service	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	41	41
<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>	-	-	41	41
<i>Prior year cash balance</i>	-	-	58,582	58,582
<i>End of year cash balance</i>	\$ -	\$ -	\$ 58,623	\$ 58,623
RECONCILIATION TO GAAP				
Adjustments:				
Accounts payable				
Deferred revenue				
Accounts receivable			1,072	
Net change in fund balance (GAAP basis)			\$ 1,113	

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

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Fiduciary Funds
June 30, 2009**

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

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

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

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Schedule of Changes in Assets and Liabilities
Activity Trust Fund
For the Year Ended June 30, 2009

	Balance 06/30/08	Interfund Transfers	Additions	Deductions	Balance 06/30/09
ACTIVITY ASSETS					
High School Yearbook	\$ 10,833		10,591	6,136	\$ 15,288
6th Grade Energy Club	4,333		200	4,379	154
Business Professional of America	1,009		5,485	3,454	3,040
7th Grade Choir	138		0	0	138
Key Club	328		2,949	1,661	1,616
AP Consumable Lab/Cavine	286		0	0	286
Cheerleaders-High School	1,098	689	500	0	2,287
Cheerleaders-Jr. High	2,761	(2,230)	3,783	1,710	2,604
6th Grade Academy Technology Fund	-	147	0	0	147
Communication	982		100	844	238
Consumable Workbooks	108		0	0	108
Multicultural Conf. Fund	18,271		0	0	18,271
Llano Activity Fund	679		5,510	4,795	1,394
FFA	8,816		46,207	38,867	16,156
LHS FCCLA	125		1,767	400	1,492
FHA-Jr. High	55	(27)	0	0	28
Scholarship Activity	283		7,642	926	6,999
High School Computer Lab-NMJC	6,595		1,591	1,669	6,517
HS Student ID	1,289		151	453	987
TMS Technology	294	(147)	0	0	147
Administration Coke Fund	262		235	394	103
Judy Davis Memorial	398		0	0	398
TMS Activity Account	2,185	(114)	1,388	3,203	256
6th Grade Activity Account	-	688	19,108	15,687	4,109
Junior Class	9,987	(2,000)	4,507	4,748	7,746
Library Fines	6,452		3,398	8,346	1,504
Miscellaneous	2,140		22,483	6,692	17,931
NOW/Account/Interest Earned	810		787	24	1,573
Senior Class	29	2,000	0	1,463	566
Sophomore Class	285		0	106	179
Choir Activity	138		0	0	138
Special Education Fund	2,239		12,688	14,331	596
TMS Honor Society	17,569	(8,574)	13,050	16,835	5,210
Student Council-High School	14,181		9,541	21,750	1,972
Student Council-Jr. High	553	(276)	0	103	174
6th Grade Honor Society	-	8,785	6,933	8,842	6,876
Summer School	4,698		4,970	0	9,668
Volleyball - High School	573		0	454	119
9th Grade Home Economics		739	0	56	683
A.K. Head Scholarship	4,338		82	1,000	3,420
H. Clardy Scholarship	6,763		154	500	6,417
Crouse Memorial Scholarship	12,122		387	1,500	11,009
Volleyball - Junior High	646	(323)	0	0	323

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Schedule of Changes in Assets and Liabilities
Activity Trust Fund
For the Year Ended June 30, 2009

	Balance 06/30/08	Interfund Transfers	Additions	Deductions	Balance 06/30/09
ACTIVITY ASSETS (continued)					
Wal-Mart Teacher of the Year	33		0	0	33
9th Media Class	-	1,041			1,041
Ben Alexander Activity	1,195		8,219	5,249	4,165
Project Planned Success	-		0	0	-
National Honor Society	507		2,294	1,770	1,031
TMS Library/M. Gutierrez	1,635	(62)	73	387	1,259
Jr. High Library	1,510	(693)	1,882	2,266	433
Jefferson Activity Fund	3,300		5,855	7,053	2,102
District 4AAA Activity Fund	3,428		6,995	7,142	3,281
LJHS Media Class	2,081	(1,041)	0	888	152
After Grads	2,637		7,539	7,556	2,620
High School Library	2,911	755	3,384	3,390	3,660
Junior High Home Economics	1,479	(739)	0	45	695
Jr. High National Honor Society	422	(211)	0	0	211
Culinary Arts Lab Fee	1,820		1,026	148	2,698
High School Principals Coke Acct.	408		1,467	1,875	-
LJHS Dance	2,552	(1,176)	1,260	904	1,732
High School Math-Ancell	484		275	0	759
Jr. High Cheerleading Closet-K.C.	689	(689)	0	0	-
High School Parking Sticker-A.K.	390		0	0	390
Yarbro Library	635		13,394	12,853	1,176
Jefferson Library	5,897		5,488	4,220	7,165
Ben A. Library	4,832		8,655	10,863	2,624
Lea Library	165		8,037	7,768	434
Llano Library	2,353		6,673	6,306	2,720
Bob Jameson Memorial	6,325		0	2,000	4,325
Freshman Academy Volleyball	-	323	0	260	63
Elementary Fine Arts - Belinda	6,882		2,870	0	9,752
High School Art Club	245		50	0	295
9th Grade Student Council	-	276	1,368	0	1,644
Brian Urlacher Scholarship	3,125		0	0	3,125
David Templeman Memorial	7,780		2,035	2,000	7,815
Wildcat Tale	1,319		0	0	1,319
FCA/AK Lovejoy	1		0	0	1
Bilingual/J. Paloma	78		0	0	78
LEA Activity Fund	1,436		3,232	795	3,873
High School Tech Lab	800		0	0	800
Yarbro Activity Account	6,972		36,990	37,300	6,662
9th Grade FHA	-	27	0	0	27
Character Counts-Becky Davis	5		0	0	5
Science Activity Fund	4,497		4,280	3,988	4,789

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

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Schedule of Changes in Assets and Liabilities
 Activity Trust Fund
 For the Year Ended June 30, 2009

	Balance 06/30/08	Interfund Transfers	Additions	Deductions	Balance 06/30/09
ACTIVITY ASSETS (continued)					
Jr. High Lounge Cokes	1,148	(574)	504	202	876
HS - PSAT Testing	48		841	822	67
9th Dance Fund	-	1,176	0	504	672
NHHS Activity	385		2,460	2,172	673
9th Grade Cheerleader Fund	-	2,230	1,437	1,668	1,999
Aaron Austin Scholarship	335		0	0	335
J.D. Fry Scholarship	300		0	0	300
High School Band	3,691		31,419	33,251	1,859
Caprock Pipe Supply Scholarship	8,802		0	0	8,802
PNM Grants	5,706		0	5,700	6
Urlacher Royalties	3,118		0	0	3,118
Department of Public Safety	420		3,737	3,744	413
Task Force for Substance	1,250		0	0	1,250
Total Assets	\$ 250,682	\$ -	\$ 359,926	\$ 346,417	\$ 264,191
ACTIVITY LIABILITIES					
Due to Student Groups and other agencies	\$ 250,682	\$ -	\$ 359,926	\$ 346,417	\$ 264,191
Total Liabilities	\$ 250,682	\$ -	\$ 359,926	\$ 346,417	\$ 264,191
OTHER AGENCY FUNDS					
ASSETS					
NMPSIA Insurance	\$ 542,268		\$ 3,005,239	\$ 3,006,409	\$ 541,098
LIABILITIES					
Due to Other Agencies	\$ 542,268		\$ 3,005,239	\$ 3,006,409	\$ 541,098
TOTAL AGENCY FUNDS					
ASSETS					
	\$ 792,950	\$ -	\$ 3,365,165	\$ 3,352,826	\$ 805,289
DEPOSITS HELD IN TRUST FOR OTHERS					
	\$ 792,950	\$ -	\$ 3,365,165	\$ 3,352,826	\$ 805,289

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, 2009

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2009	Name and Location of Safekeeper
Western Commerce Bank	FHLMC #390234 Due 4/01/30	\$ 50,983	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FHLMC #420041 Due 09/18/18	28,659	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FHLMC #420175B Due 03/01/19	34,031	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #8076 Due 11/20/22	44,878	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80362 Due 01/20/30	74,637	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80364 Due 01/20/30	35,908	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #8302 Due 10/20/23	29,805	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80470 Due 11/20/30	33,358	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80170 Due 2/20/28	77,835	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80478 Due 12/20/30	75,966	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #859285 Due 2/20/27	52,752	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #8146 Due 02/20/23	105,343	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #8204 Due 03/20/17	108,180	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA #21564 Due 11/01/25	22,794	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 62667 Due 02/01/18	16,031	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA #64731 Due 12/1/27	42,441	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 254914 Due 09/01/13	180,133	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 254989 Due 11/01/13	255,873	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, 2009

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2009	Name and Location of Safekeeper
Western Commerce Bank	FNMA # 705683 Due 10/01/33	203,035	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 879518 Due 03/01/26	<u>1,525,070</u>	Federal Home Loan Bank Dallas, TX
		<u>2,997,712</u>	
Lea County State Bank	Univ NM Gallup 5% Due 06/01/15	<u>538,155</u>	Lea County State Bank
		<u>538,155</u>	
Wells Fargo Bank	FNCL #885337 Due 06/01/36	<u>459,196</u>	Federal Home Loan Bank Minneapolis, MN
		<u>459,196</u>	
		<u>\$ 3,995,063</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, 2009

Deposit or Investment Account Type	Western Commerce Bank	Lea County State Bank	Wells Fargo Bank	Total
Checking	\$ 2,290,232	\$ 840,970	\$ 7,987,786	\$ 11,118,988
Checking	695,399	-	2,767,053	3,462,452
Checking	524,363	-	81,528	605,891
Checking	242,386	-	-	242,386
CD	5,447	-	-	5,447
CD	18,311	-	-	18,311
CD	8,713	-	-	8,713
CD	81,528	-	-	81,528
Total on deposit	3,866,379	840,970	10,836,367	15,543,716
Reconciling items	(813,703)	(11,351)	(334,007)	(1,159,061)
Reconciled balance at June 30, 2009	<u>\$ 3,052,676</u>	<u>\$ 829,619</u>	<u>\$ 10,502,360</u>	<u>\$ 14,384,655</u>
Reconciliation to financial statements:				
Cash and cash equivalents:				
				\$ 13,580,430
				804,225
				<u>\$ 14,384,655</u>

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

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Cash Reconciliation
 June 30, 2009

	Operational Account	Payroll Clearing	ERA Clearing	Transportation Account
Cash, June 30, 2008	\$ 530,990	\$ 3,555	\$ 675,854	\$ 994
Add:				
2008-09 revenues	24,086,258	-	-	1,128,330
Prior year void warrants	565	-	-	-
Adjustment	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	24,617,813	3,555	675,854	1,129,324
Less:				
2008-09 expenditures	(22,871,438)	-	-	(1,128,330)
Refunds	-	-	-	-
Change in insurance accounts	-	547	(594,326)	-
Change in held checks	-	-	-	-
Investments	-	-	-	-
Cash transfers	-	-	-	-
Miscellaneous	(17,688)	-	-	-
Loans to other funds	10,000	-	-	-
Reclassification of deficit cash balance	34,354	-	-	-
Cash, June 30, 2009	<u>\$ 1,773,041</u>	<u>\$ 4,102</u>	<u>\$ 81,528</u>	<u>\$ 994</u>
Bank balance end of year	\$ 2,063,601	\$ 524,363	\$ 81,528	\$ 82,906
Outstanding checks	(9,714)	(520,261)	-	(81,912)
Interest earned	-	-	-	-
Deposits in transit	-	-	-	-
Adjustment for voided checks	-	-	-	-
Amount held in escrow	-	-	-	-
Miscellaneous	-	-	-	-
Reclassification of deficit cash balance	(280,846)	-	-	-
Cash, June 30, 2009	<u>\$ 1,773,041</u>	<u>\$ 4,102</u>	<u>\$ 81,528</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
\$ 45,770	\$ 45,619	\$ 127,984	\$ 484,754	\$ 869,558	\$ 160,477
465,082	1,409,490	99,514	2,093,349	1,034,739	435,217
-	-	290	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
510,852	1,455,109	227,788	2,578,103	1,904,297	595,694
(305,103)	(1,310,316)	(88,148)	(1,952,680)	(625,683)	(457,600)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	76,285
-	410	-	-	(474,389)	-
-	(10,000)	-	13,894	-	-
-	-	-	-	-	(34,354)
<u>\$ 205,749</u>	<u>\$ 135,203</u>	<u>\$ 139,640</u>	<u>\$ 639,317</u>	<u>\$ 804,225</u>	<u>\$ 180,025</u>
\$ 221,158	\$ 242,387	\$ 140,577	\$ 695,399	\$ 814,392	\$ (77,434)
(15,409)	(107,184)	(937)	(58,680)	(10,167)	(23,387)
-	-	-	-	-	-
-	-	-	2,598	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	280,846
<u>\$ 205,749</u>	<u>\$ 135,203</u>	<u>\$ 139,640</u>	<u>\$ 639,317</u>	<u>\$ 804,225</u>	<u>\$ 180,025</u>

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Cash Reconciliation
 June 30, 2009

	Cap. Improve - SB-9	Public School Cap. Outlay - 20%	Debt Service	Educational Technology Debt Service
Cash, June 30, 2008	\$ 1,151,502	\$ 818	\$ 2,216,226	\$ 58,582
Add:				
2008-09 revenues	2,896,108	-	2,856,870	43
Prior year void warrants	-	-	-	-
Adjustment	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	4,047,610	818	5,073,096	58,625
Less:				
2008-09 expenditures	(891,583)	(818)	(2,364,668)	-
Refunds	-	-	-	-
Change in clearing accounts	-	-	-	-
Change in held checks	-	-	-	-
Investments	(7,133)	-	-	-
Cash transfers	-	-	-	-
Miscellaneous	-	-	-	-
Loans to other funds	-	-	-	-
Reclassification of deficit cash balance	-	-	-	-
Cash, June 30, 2009	<u>\$ 3,148,894</u>	<u>\$ -</u>	<u>\$ 2,708,428</u>	<u>\$ 58,625</u>
Bank balance end of year	\$ 3,152,911	\$ -	\$ 2,708,428	\$ 58,625
Outstanding checks	(4,017)	-	-	-
Interest earned	-	-	-	-
Deposits in transit	-	-	-	-
Adjustment for voided checks	-	-	-	-
Amount held in escrow	-	-	-	-
Miscellaneous	-	-	-	-
Reclassification of deficit cash balance	-	-	-	-
Cash, June 30, 2009	<u>\$ 3,148,894</u>	<u>\$ -</u>	<u>\$ 2,708,428</u>	<u>\$ 58,625</u>

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

<u>Bond Building</u>	<u>Educational Technology Equipment</u>	<u>Spec. Cap. Outlay-State</u>	<u>Cap.Improv. HB-33</u>	<u>Total</u>
\$ 10,067,206	\$ 249	\$ -	\$ 1,592,445	\$ 18,032,583
51,804	-	536,143	1,933,801	39,026,748
-	-	-	-	855
-	-	-	-	-
-	-	-	-	-
10,119,010	249	536,143	3,526,246	57,060,186
(7,269,609)	(249)	(431,353)	(1,967,920)	(41,665,498)
-	-	-	-	-
-	-	-	-	(593,779)
-	-	-	-	-
-	-	-	(7,633)	(14,766)
-	-	-	-	76,285
-	-	-	-	(491,667)
-	-	-	-	13,894
-	-	-	-	-
<u>\$ 2,849,401</u>	<u>\$ -</u>	<u>\$ 104,790</u>	<u>\$ 1,550,693</u>	<u>\$ 14,384,655</u>
\$ 3,152,289	\$ -	\$ 104,790	\$ 1,577,796	\$ 15,543,716
(302,888)	-	-	(27,103)	(1,134,556)
-	-	-	-	-
-	-	-	-	2,598
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 2,849,401</u>	<u>\$ -</u>	<u>\$ 104,790</u>	<u>\$ 1,550,693</u>	<u>\$ 14,384,655</u>

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Schedule of Memorandum of Agreement
June 30, 2009**

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, 2008 to June 30, 2009
Estimated portion	\$100,670
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 have audited the accompanying financial statements of the governmental activities, each major fund budgetary comparisons, and the aggregate remaining fund information, of the Lovington Municipal School District, (the "District"), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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, 2006-4, 2007-3, 2008-01, and 2008-04.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control. Of the significant deficiencies described above, we consider items 2006-03 and 2008-01 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, 2008-02, 2008-07, 2008-11, and 2009-01.

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 15, 2010



**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 have audited the compliance of the Lovington Municipal School District (the "District") 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, 2009. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider 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 the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. 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 items 2006-10, 2006-11, 2007-06, 2007-07, 2008-09, 2008-10, 2009-02, and 2009-03

Internal Control Over Compliance

The management of the District 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 the District's internal control over compliance with

requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a control deficiency, or combination of control 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 entity's internal control.

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

This report is intended solely for the information and use of management, the New Mexico State Auditor, the New Mexico Legislature, and applicable federal grantors, 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 15, 2010

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2009

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	State ID Number	Total Federal Awards Expended
<u>U.S. Department of Agriculture</u>			
Pass-Through State Department of Education			
USDA National School Lunch Program	10.555	21000	\$ 628,449 (1)
USDA National School Breakfast Program	10.553	21000	355,046 (1)
Total Child Nutrition Cluster			<u>983,495</u>
Pass-Through State Department of Human Services			
USDA Commodities Program	10.550	21000	<u>63,647</u>
Total Commodities Program			63,647
			1,047,142
<u>U.S. Department of Education</u>			
Pass-Through State Department of Education			
Special Education Cluster:			
IDEA, Part B, Entitlement	84.027	24106	712,561 (1)
Discretionary IDEA-B	84.173	24107	18,318 (1)
IDEA, Preschool	84.173	24109	<u>45,475 (1)</u>
Total Special Education Cluster			776,354
Other:			
ESEA Title I Basic	84.010	24101	625,220 (1)
EDEA Title I Migrant	84.011	24103	34,301
Title I School in Need of Improvement	84.388	24124	92,584
Title III - English Language Acquisition	84.365	24153	15,899
Title II A	84.164	24154	166,320
Title IV-A	84.186	24157	7,698
Rural/Low Income	84.358	24160	4
Title III Immigrant	84.365A	24163	785
Reading First	84.357	24167	899
Carl D. Perkins Secondary-Current	84.048	24174	27,412
Carl Perkins High Schools That Work	84.048	24180	<u>8,364</u>
Total Other Grants			979,486
Total U.S. Department of Education			1,755,840

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, 2009

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	State ID Number	Total Federal Awards Expended
<u>Department of Health & Human Services</u>			
Direct Programs:			
Medicaid	93.778	25153	186,636
GRADS Child Care	93.037	25149	5,619
Temp Asst for Needy Families	93.558	25162	4,063
Total Direct Programs			<u>196,318</u>
Total Department of Health & Human Services			<u>196,318</u>
Total Federal Assistance			<u>\$ 2,999,300</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 the amounts used in the Schedule of Expenditures of Federal Awards.

The District receives USDA Commodities for use in sponsorship of the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2009 was \$63,647 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, 2009**

A. Summary of Audit Results

1. The auditor's report expresses an unqualified 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. Ten reportable conditions were disclosed during the audit of the financial statements of the primary government; five are considered significant deficiencies, two of which were material weaknesses.
3. Eight reportable conditions were identified during the audit of internal control over major federal award programs.
4. Eight reportable conditions were identified during the audit of compliance over major federal award programs.
5. The auditor's report on compliance for major federal award programs for Lovington Municipal School District expresses an unqualified opinion on all federal programs.
6. There were eight audit findings that were required to be reported in accordance with OMB Circular A-133, Section 510(a).
7. The programs tested as major were:
 - Title I, Part A of ESEA; CFDA No. 84.010
 - 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, 2009

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, 2009

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, 2009

B. Findings – Financial Statement Audit (continued)

2006-7: LATE REPORT - Repeated

Condition

The District's June 30, 2009 audit report was not submitted to the state auditor by November 15, 2009 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 subsequent school years.

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, 2009

B. Findings – Financial Statement Audit (continued)

2007-03 RECORD KEEPING - Repeated

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, 2009

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			
Support services	2,921	3,049	(128)
Food Services			
Food services	1,173,296	1,248,546	(75,250)
Rural and Low Income Schools			
Instruction	-	4	(4)
Title III Immigrant Funding			
Instruction	-	785	(785)
Carl D Perkins Secondary			
Capital outlay	8,332	11,212	(2,880)
GRADS Child Care			
Instruction	-	4,063	(4,063)
TANF/GRADS HSD			
Instruction	-	5,620	(5,620)
Local Combined Grant			
Instruction	-	522	(522)
JF Maddox Foundation			
Instruction	-	615	(615)
Early Intervention CYFD			
Instruction	-	24,456	(24,456)
School Based Health Center			
Support services-students	-	100,670	(100,670)
Capital Improvement HB-33			
General administration	2,910	3,037	(127)
Education Technology Equipment			
Capital outlay	-	249	(249)
Public School Capital Outlay 20%			
Capital outlay	-	818	(818)

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, 2009

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, 2009

B. Findings – Financial Statement Audit (continued)

2008-01 SEGREGATION OF DUTIES-PAYROLL - Repeated

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, 2009

B. Findings – Financial Statement Audit (continued)

2008-02 EMPLOYMENT ELIGIBILITY DOCUMENTATION-Repeated

Condition

The required form for employment eligibility documentation, the IRS I-9, was not completed or was not completed correctly for six of the forty employees tested. Three 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, 2009

B. Findings – Financial Statement Audit (continued)

2008-04 PAYMENT IN EXCESS OF AUTHORIZED AMOUNT - Repeated

Condition

Three invoices of twenty-five tested were 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, 2009

B. Findings – Financial Statement Audit (continued)

2008-07 PAY RATE - Repeated

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, 2009

B. Findings – Financial Statement Audit (continued)

2008-11 PED CASH REPORT-Repeated

Condition

Cash balances on the cash report submitted to the New Mexico Public Education Department at June 30, 2009 do not match the cash recorded in the general ledger account for the following items:

	General Ledger	PED Cash Report	Difference
Operational	\$ 2,058,091	\$ 2,057,963	\$ 128
Capital Improvement HB-33	3,669,992	4,173,489	(503,497)

Criteria

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

Cause

Minor adjustments were made to the general ledger in the operational fund after the submission of the cash report. The presentation of the interfund payable/receivable caused the difference in the capital improvements fund.

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, 2009

B. Findings – Financial Statement Audit (continued)

2009-01 EXPENDITURES BEYOND REVENUE/DEFICIT FUND BALANCES

Condition

The Reading First Fund and the TANF/Grads funds were expended beyond the available revenues resulting in additional deficit fund balances of \$899 in the Reading First fund and \$1,620 in the TANF/Grads fund.

Criteria

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

Cause

The Reading First grant money was initially determined to be a carryover amount from the previous year and the funds were spent. The State determined that the funds would not carryover to the following year. The TANF/Grads revenue is a fixed amount each year and expenses exceeded the revenue.

Effect

The operational fund will be required to reimburse these special revenue funds.

Recommendation

We recommend contacting the software vendor to determine if the software can verify available budget balances before payment of an expense.

Agency Response

The District will contact the software vendor to determine if the software can verify available budget balances before payment of expenses.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs
June 30, 2009

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 beginning in the 2009-2010 school year.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs
June 30, 2009

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 the 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, 2009

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; and Special Education, IDEA Preschool; CFDA No. 84.173; 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	\$325,388
Fringe Benefits	\$112,929

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.

Effect

The District is not able to determine the time and effort related to specific federal programs or other cost objectives 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, 2009

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 two purchase orders where the total purchases exceeded the purchase order amount.

Questioned Costs

\$18,729

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 revised all purchase orders.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs
June 30, 2009

C. Federal Award Findings and Questioned Costs (continued)

2008-09 CASH MANAGEMENT – COMPLIANCE REQUIREMENT - Repeated

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 \$89,435 more than was spent during the fiscal year.

Questioned Costs

\$89,435

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

Excess reimbursements from the 2007-2008 of \$100,829 were not considered when preparing the reimbursement requests.

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.

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, 2009

C. Federal Award Findings and Questioned Costs (continued)

2008-10 APPROVAL OF APPLICATIONS –COMPLIANCE - Repeated

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 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, 2009

C. Federal Award Findings and Questioned Costs (continued)

2009-02 STAFF PAID FROM INCORRECT FUND

Condition

During our audit of Title I ESEA, Part A; CFDA No. 84.010 we noted that 50% of the salary was incorrectly charged to Title I funds and should have been charged to operational funds for one teacher. A separate teacher that was to be funded with Title I funds at the school was paid entirely from operational funds at a higher rate.

Questioned Costs

None.

Criteria

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

Cause

During the 2008-2009 school year, several teachers moved positions to a new school that was not considered a Title I school. The federally paid teacher retained the same salary coding as the prior year while the operationally paid teacher moved to the Title I school, but retained the operational salary coding.

Effect

Excess operational funds were used to pay a teacher that could have been paid with Title I funds.

Recommendation

We recommend that program managers print review reports detailing employees paid out of the respective funds on a frequent basis to ensure that employees not working in the federal or state program are not inappropriately paid out of federal or state funds.

Agency Response

Program Managers can print reports detailing the individuals with salaries charged to the program.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs
June 30, 2009

C. Federal Award Findings and Questioned Costs (continued)

2009-03 ELIGIBILITY DETERMINATION

Condition

During our audit of USDA School Breakfast Program, CFDA No. 10.553 and the USDA School Lunch Program, CFDA No. 10.555 we found one application in sixty where eligibility was determined to be reduced, but claims were made throughout the year at the free rate.

Questioned Costs

\$57

Criteria

CFR 7 Part 245.3 Eligibility Standards and Criteria, states that "each local educational agency shall establish eligibility criteria for free and reduced price meals in conformity with the family-size. ..Such family size income standards...shall be in accordance with Income Eligibility guidelines published by the [USDA]."

Cause

During the input of parent incomes' into the computer system, \$1604 was input as \$16.04. The resulting determination was that the student qualified for free rather than reduced lunches.

Effect

The District could be required to pay the questioned costs back to the federal program.

Recommendation

We recommend printing a summary or detail report along with the eligibility applications for the Business Manager or other staff to review for clerical errors.

Agency Response

Food Service will print a report along with the eligibility applications for the Business Manager to review.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS

Schedule of Findings and Questioned Costs
June 30, 2009

D. Findings – Prior Year Audit

2006-3	Segregation of Duties	Revised and Repeated
2006-4	Books were not Ready in a Timely Manner	Revised and Repeated
2006-7	Late Report	Revised and Repeated
2006-10	Reporting - Failure to Submit Reports Timely	Revised and Repeated
2006-11	Failure to Submit the Data Collection Form in a Timely Manner - Compliance Requirement	Revised and Repeated
2007-3	Record Keeping	Revised and Repeated
2007-4	Overspending of Certain Budget Line Items	Revised and 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
2008-01	Segregation of Duties-Payroll	Repeated
2008-02	Employment Eligibility Documentation	Revised and Repeated
2008-03	Timely Deposits	Resolved and Not Repeated
2008-04	Payment in Excess of Authorized Amount	Revised and Repeated
2008-05	Unreimbursable Federal and State Grants	Resolved and Not Repeated
2008-06	Inaccurate 941	Resolved and Not Repeated
2008-07	Substitute Pay Rate	Repeated
2008-11	PED Cash Report	Revised and Repeated
2008-08	Unallowable Indirect Costs to Programs-Compliance	Resolved and Not Repeated
2008-09	Cash Management-Compliance Requirement	Revised and Repeated
2008-10	Approval of Applications-Compliance	Repeated

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Exit Conference
June 30, 2009**

The contents of this report were discussed at an exit conference held November 12, 2010. Mary Hinds, CPA, Partner; and Shellie Davidson, CPA, Senior Accountant, represented Johnson, Miller & Co, P.C. LaRhonda Kidd, Board Member; Pat Capps, Audit Committee Member; Pam Lackey, CPA, Audit Committee Member; Steven L. O'Quinn, Superintendent; LeAnne Ellis, Assistant Superintendent; Sheri Belyeu, Business Manager; and Neva Byrd, Director of Special Programs; 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, 2009 by Johnson, Miller & Co., Certified Public Accountants, a Professional Corporation.