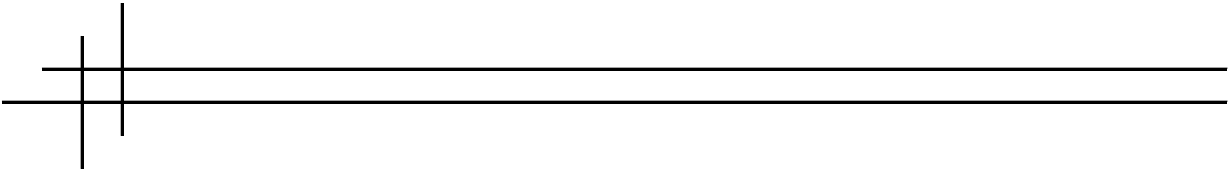


STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL

ANNUAL FINANCIAL REPORT
June 30, 2012

De'Aun Willoughby CPA, PC
Certified Public Accountant
Clovis, New Mexico



	<u>Page</u>
Official Roster.....	5
Independent Auditor's Report.....	6-7

FINANCIAL SECTION

Basic Financial Statements

Government Wide Financial Statements

Statement of Net Assets.....	9
Statement of Activities.....	10

Fund Financial Statements

Government Funds - Balance Sheet.....	11-14
Reconciliation of the Governmental of Net Assets.....	15

Statement of Revenues, Expenditures, and Changes in Fund Balances.....	16-19
---	-------

Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities.....	20
--	----

General Funds

Operational Fund-11000

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	21-22
--	-------

Teacherage-12000

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	23
--	----

Transportation-13000

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	24
--	----

Instructional Material-14000

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	25
--	----

Major Special Revenue Funds

Title I-24101

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	26
--	----

Wind Farm Projects-29134

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	27
--	----

	<u>Page</u>
Statement of Fiduciary Net Assets and Liabilities-Agency Funds	28
Notes to Financial Statements.....	29-42

SUPPLEMENTAL INFORMATION RELATED TO MAJOR FUNDS

Senate Bill Nine-31700

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	44
--	----

Debt Service-41000

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	45
--	----

SUPPLEMENTAL INFORMATION RELATED TO NON MAJOR FUNDS

Non-major Special Revenue Funds

Combining Balance Sheet.....	49-53
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	54-58

Food Service-21000

Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget (Budgetary Basis) and Actual.....	59
---	----

Athletics-22000

Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget (Budgetary Basis) and Actual.....	60
---	----

IDEA Part B Entitlement-24106

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	61
--	----

Teacher/Principal Training-24154

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	62
--	----

Title I Recovery Act-24201

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	63
--	----

IDEA Part B Recovery Act-24206

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	64
--	----

Preschool Recovery Act-24209

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	65
--	----

Rural Education Achievement Program-25233

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	66
--	----

Education Job Fund-25255

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	67
--	----

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
 Table of Contents
 For the Year Ended June 30, 2012

	<u>Page</u>
Dual Credit-27103	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget (Budgetary Basis) and Actual.....	68
GO Library Books-27105	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget (Budgetary Basis) and Actual.....	69
Incentives for School Improvement-27138	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	70
Beginning Teacher Mentoring Program-27154	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget (Budgetary Basis) and Actual.....	71
Bond Building-31100	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	72
 OTHER SUPPLEMENTAL INFORMATION 	
Agency	
Schedule of Changes in Assets and Liabilities - Agency Funds	75
Cash Reconciliations-All Funds.....	76
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>	77-78
Schedule of Findings and Responses.....	79-81

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
Official Roster
June 30, 2012

BOARD OF EDUCATION

Emiliano Jasso Jr.	President
Scott Burton	Vice-President
Garland Creighton	Secretary
Jenny Clemmons	Member
Montie Nickels	Member

SCHOOL OFFICIALS

Jim Daugherty	Superintendent
Susan Lambirth	Business Manager

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace, Clovis, NM 88101

(855) 253-4313

Independent Auditor's Report

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the Elida Municipal School

Mr. Balderas and Members of the Board

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of Elida Municipal School, (District), as of and for the year ended June 30, 2012, 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 and the budgetary comparisons for the major capital project fund, debt service fund and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, 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 the aggregate remaining fund information of the District as of June 30, 2012, and the respective changes in financial position, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2012, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital project fund, debt service fund and all nonmajor 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 14, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management has omitted the Management's Discussion and Analysis which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The additional schedules listed as "other supplemental information" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

De'Ann Willoughby CPA PC

November 14, 2012

FINANCIAL SECTION

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
 Government-Wide Statement of Net Assets
 June 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 597,013
Investments	19,709
Receivables	
Property Taxes	3,487
Due From Grantor	6,770
Inventory	8,369
Total Current Assets	<u>635,348</u>
Noncurrent Assets	
Capital Assets	5,497,776
Less: Accumulated Depreciation	<u>(3,696,493)</u>
Total Noncurrent Assets	<u>1,801,283</u>
Total Assets	<u>2,436,631</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	15,775
Accrued Interest	4,140
Current Portion of Long-Term Debt	80,000
Total Current Liabilities	<u>99,915</u>
Noncurrent Liabilities	
Bonds and Notes, Net	<u>73,924</u>
Total Noncurrent Liabilities	<u>73,924</u>
Total Liabilities	<u>173,839</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	1,647,359
Restricted for:	
Capital Projects	32,050
Debt Service	79,132
Unrestricted	504,251
Total Net Assets	<u>\$ 2,262,792</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
 Government-Wide Statement of Activities
 For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 1,247,885	\$ 14,822	\$ 82,297	\$ 0	\$ (1,150,766)
Support Services-Students	57,517	0	0	0	(57,517)
Support Services-Instruction	40,710	0	0	0	(40,710)
General Administration	136,300	0	0	0	(136,300)
School Administration	42,372	0	0	0	(42,372)
Central Services	59,698	0	0	0	(59,698)
Operation of Plant	313,390	15,150	0	0	(298,240)
Transportation	208,020	0	193,065	0	(14,955)
Food Services	112,850	14,025	49,689	0	(49,136)
Interest on Long-Term Obligations	11,410	0	0	0	(11,410)
Total Governmental Activities	<u>\$ 2,230,152</u>	<u>\$ 43,997</u>	<u>\$ 325,051</u>	<u>\$ 0</u>	<u>(1,861,104)</u>
General Revenues					
Taxes					
Property Taxes, Levied for General Purposes					10,605
Property Taxes, Levied for Capital Projects					43,026
Property Taxes, Levied for Debt Service					96,306
Federal and State aid not restricted to specific purpose					
General					1,809,013
Capital					0
Miscellaneous					15,889
Subtotal, General Revenues					<u>1,974,839</u>
Other Items					
Loss on Investments					<u>(1,463)</u>
Change in Net Assets					112,272
Net Assets - beginning					<u>2,150,520</u>
Net Assets - ending					<u>\$ 2,262,792</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2012

	General Fund		
	Operational 11000	Teacherage 12000	Transportation 13000
ASSETS			
Cash and Cash Equivalents	\$ 61,127	\$ 25,319	\$ 4,350
Investments	19,709	0	0
Receivables			
Property Taxes	249	0	0
Due From Grantor	0	0	0
Interfund Balances	6,796	0	0
Inventory	0	0	0
Total Assets	<u>\$ 87,881</u>	<u>\$ 25,319</u>	<u>\$ 4,350</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 4,617	\$ 188	\$ 0
Interfund Balances	0	0	0
Current Portion Due			
Principal	0	0	0
Interest	0	0	0
Total Liabilities	<u>4,617</u>	<u>188</u>	<u>0</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Assigned-Capital Projects	0	0	0
Unassigned- General Fund	83,264	25,131	4,350
Total Fund Balances	<u>83,264</u>	<u>25,131</u>	<u>4,350</u>
Total Liabilities and Fund Balances	<u>\$ 87,881</u>	<u>\$ 25,319</u>	<u>\$ 4,350</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2012

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	<u>Instructional</u>			<u>Wind Farm</u>		
	Materials	Title I	Projects	24101	29134	
	14000	24101	29134			
ASSETS						
Cash and Cash Equivalents	\$ 5,388	\$ 0	\$ 290,409			
Investments	0	0	0			
Receivables						
Property Taxes	0	0	0			
Due From Grantor	0	3,453	0			
Interfund Balances	0	0	0			
Inventory	0	0	0			
Total Assets	<u>\$ 5,388</u>	<u>\$ 3,453</u>	<u>\$ 290,409</u>			
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts Payable	\$ 0	\$ 0	\$ 10,945			
Interfund Balances	0	3,453	0			
Current Portion Due						
Principal	0	0	0			
Interest	0	0	0			
Total Liabilities	<u>0</u>	<u>3,453</u>	<u>10,945</u>			
Fund Balances						
Nonspendable-Inventory	0	0	0			
Restricted for, reported in						
Special Revenue Funds	0	0	279,464			
Capital Projects	0	0	0			
Debt Service	0	0	0			
Assigned-Capital Projects	0	0	0			
Unassigned- General Fund	5,388	0	0			
Total Fund Balances	<u>5,388</u>	<u>0</u>	<u>279,464</u>			
Total Liabilities and Fund Balances	<u>\$ 5,388</u>	<u>\$ 3,453</u>	<u>\$ 290,409</u>			

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2012

	<u>Capital Outlay</u> Senate Bill Nine 31700	Debt Service 41000	Other Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 75,598	\$ 81,038	\$ 53,784
Investments	0	0	0
Receivables			
Property Taxes	1,004	2,234	0
Due From Grantor	0	0	3,317
Interfund Balances	0	0	0
Inventory	0	0	8,369
Total Assets	<u>\$ 76,602</u>	<u>\$ 83,272</u>	<u>\$ 65,470</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 25
Interfund Balances	0	0	3,343
Current Portion Due			
Principal	0	0	0
Interest	0	4,140	0
Total Liabilities	<u>0</u>	<u>4,140</u>	<u>3,368</u>
Fund Balances			
Nonspendable-Inventory	0	0	8,369
Restricted for, reported in			
Special Revenue Funds	0	0	21,683
Capital Projects	0	0	32,050
Debt Service	0	79,132	0
Assigned-Capital Projects	76,602	0	0
Unassigned- General Fund	0	0	0
Total Fund Balances	<u>76,602</u>	<u>79,132</u>	<u>62,102</u>
Total Liabilities and Fund Balances	<u>\$ 76,602</u>	<u>\$ 83,272</u>	<u>\$ 65,470</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2012

	<u>Total Governmental Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 597,013
Investments	19,709
Receivables	
Property Taxes	3,487
Due From Grantor	6,770
Interfund Balances	6,796
Inventory	8,369
Total Assets	<u>\$ 642,144</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts Payable	\$ 15,775
Interfund Balances	6,796
Current Portion Due	
Principal	0
Interest	4,140
Total Liabilities	<u>26,711</u>
Fund Balances	
Nonspendable-Inventory	8,369
Restricted for, reported in	
Special Revenue Funds	301,147
Capital Projects	32,050
Debt Service	79,132
Assigned-Capital Projects	76,602
Unassigned- General Fund	118,133
Total Fund Balances	<u>615,433</u>
Total Liabilities and Fund Balances	<u>\$ 642,144</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Assets
 June 30, 2012

Total Fund Balance - Governmental Funds \$ 615,433

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

The cost of capital assets	\$ 5,497,776	
Accumulated depreciation	<u>(3,696,493)</u>	1,801,283

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of :

Bonds payable	(160,000)	
Bond Issue Costs	37,561	
Accumulated Amortization	<u>(31,485)</u>	<u>(153,924)</u>

Total net assets - governmental activities \$ 2,262,792

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2012

	General Fund		
	Operational 11000	Teacherage 12000	Transportation 13000
Revenues			
Property Taxes	\$ 10,605	\$ 0	\$ 0
Fees	0	15,150	0
Federal Grants	0	0	0
State & Local Grants	1,512,444	0	193,065
Miscellaneous	15,746	57	0
Total Revenues	1,538,795	15,207	193,065
Expenditures			
Current			
Instruction	956,775	0	0
Support Service-Students	35,022	0	0
Support Services-Instruction	40,710	0	0
Support Services-General Administration	130,573	0	0
Support Services-School Administration	42,372	0	0
Central Services	56,886	0	0
Operation & Maintenance of Plant	238,574	13,731	0
Student Transportation	0	0	206,614
Food Services	45,504	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	1,546,416	13,731	206,614
Excess (Deficiency) of Revenues Over Expenditures	(7,621)	1,476	(13,549)
Other Financing Sources (Uses)			
Transfers	1,111	0	0
Loss on Investments	0	0	0
Total Other Sources (Uses)	1,111	0	0
Net change in Fund Balance	(6,510)	1,476	(13,549)
Fund Balances at Beginning of Year	89,774	23,655	17,899
Fund Balance End of Year	\$ 83,264	\$ 25,131	\$ 4,350

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2012

	General Fund	Special Revenue Funds	
	Instructional Materials 14000	Title I 24101	Wind Farm Projects 29134
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
Federal Grants	0	14,886	0
State & Local Grants	7,707	0	296,569
Miscellaneous	0	0	0
Total Revenues	7,707	14,886	296,569
Expenditures			
Current			
Instruction	4,533	14,886	93,646
Support Service-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Support Services-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	0	0	0
Student Transportation	0	0	0
Food Services	0	0	0
Capital Outlay	0	0	103,524
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	4,533	14,886	197,170
Excess (Deficiency) of Revenues Over Expenditures	3,174	0	99,399
Other Financing Sources (Uses)			
Transfers	0	0	0
Loss on Investments	0	0	(1,200)
Total Other Sources (Uses)	0	0	(1,200)
Net change in Fund Balance	3,174	0	98,199
Fund Balances at Beginning of Year	2,214	0	181,265
Fund Balance End of Year	\$ 5,388	\$ 0	\$ 279,464

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2012

	<u>Capital Outlay</u> Senate Bill Nine 31700	Debt Service 41000	Other Governmental Funds
Revenues			
Property Taxes	\$ 43,026	\$ 96,306	\$ 0
Fees	0	0	28,847
Federal Grants	0	0	101,582
State & Local Grants	0	0	7,811
Miscellaneous	24	0	62
Total Revenues	<u>43,050</u>	<u>96,306</u>	<u>138,302</u>
Expenditures			
Current			
Instruction	0	0	93,686
Support Service-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	419	1,091	0
Support Services-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	41,402	0	0
Student Transportation	0	0	0
Food Services	0	0	61,722
Capital Outlay	0	0	0
Debt Service			
Principal	0	75,000	0
Interest	0	8,280	0
Total Expenditures	<u>41,821</u>	<u>84,371</u>	<u>155,408</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,229</u>	<u>11,935</u>	<u>(17,106)</u>
Other Financing Sources (Uses)			
Transfers	0	0	(1,111)
Loss on Investments	(213)	0	(50)
Total Other Sources (Uses)	<u>(213)</u>	<u>0</u>	<u>(1,161)</u>
Net change in Fund Balance	1,016	11,935	(18,267)
Fund Balances at Beginning of Year	<u>75,586</u>	<u>67,197</u>	<u>80,369</u>
Fund Balance End of Year	<u>\$ 76,602</u>	<u>\$ 79,132</u>	<u>\$ 62,102</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2012

	Total Governmental Funds
Revenues	
Property Taxes	\$ 149,937
Fees	43,997
Federal Grants	116,468
State & Local Grants	2,017,596
Miscellaneous	15,889
Total Revenues	<u>2,343,887</u>
Expenditures	
Current	
Instruction	1,163,526
Support Service-Students	35,022
Support Services-Instruction	40,710
Support Services-General Administration	132,083
Support Services-School Administration	42,372
Central Services	56,886
Operation & Maintenance of Plant	293,707
Student Transportation	206,614
Food Services	107,226
Capital Outlay	103,524
Debt Service	
Principal	75,000
Interest	8,280
Total Expenditures	<u>2,264,950</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>78,937</u>
Other Financing Sources (Uses)	
Transfers	0
Loss on Investments	(1,463)
Total Other Sources (Uses)	<u>(1,463)</u>
Net change in Fund Balance	77,474
Fund Balances at Beginning of Year	<u>537,959</u>
Fund Balance End of Year	<u>\$ 615,433</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 To the Statement of Activities
 June 30, 2012

Net Change in Fund Balance-Governmental Funds \$ 77,474

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

Depreciation expense	\$	(140,596)	
Capital Outlays		<u>103,524</u>	(37,072)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

75,000

Bond issue costs are amortized in the Statement of Activities but are an expenditure in the governmental funds.

(3,130)

Changes in Net Assets of Governmental Activities

\$ 112,272

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
GENERAL FUND-OPERATIONAL-11000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 10,360	\$ 10,360	\$ 10,639	\$ 279
State & Local Grants	3,854	3,854	16,857	13,003
Miscellaneous	1,519,323	1,519,323	1,512,444	(6,879)
Total Revenues	<u>1,533,537</u>	<u>1,533,537</u>	<u>1,539,940</u>	<u>6,403</u>
Expenditures				
Instruction				
Personnel Services	739,267	758,377	730,486	27,891
Employee Benefits	203,813	203,813	200,776	3,037
Other Purchased Services	25,963	25,963	4,062	21,901
Supplies	26,963	26,963	21,216	5,747
Total Instruction	<u>996,006</u>	<u>1,015,116</u>	<u>956,540</u>	<u>58,576</u>
Support Services-Students				
Personnel Services	14,127	17,127	12,716	4,411
Professional & Tech Services	9,894	15,894	18,655	(2,761)
Other Purchased Services	6,945	6,945	100	6,845
Supplies	3,753	3,753	3,551	202
Total Support Services-Students	<u>34,719</u>	<u>43,719</u>	<u>35,022</u>	<u>8,697</u>
Support Services-Instruction				
Personnel Services	34,300	34,300	34,300	0
Employee Benefits	6,424	6,424	6,410	14
Total Support Services-Instruction	<u>40,724</u>	<u>40,724</u>	<u>40,710</u>	<u>14</u>
Support Services-General Administration				
Personnel Services	89,102	89,102	89,102	0
Employee Benefits	21,402	21,402	21,038	364
Professional & Tech Services	13,125	20,965	16,460	4,505
Purchased Property Services	85	85	103	(18)
Other Purchased Services	650	650	744	(94)
Supplies	500	3,500	3,698	(198)
Total Support Services-General Administration	<u>124,864</u>	<u>135,704</u>	<u>131,145</u>	<u>4,559</u>
Support Services-School Administration				
Personnel Services	35,700	35,700	35,700	0
Employee Benefits	6,688	6,688	6,672	16
Supplies	200	200	0	200
Total Support Services-School Administration	<u>\$ 42,588</u>	<u>\$ 42,588</u>	<u>\$ 42,372</u>	<u>\$ 216</u>

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
GENERAL FUND-OPERATIONAL-11000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Central Services				
Personnel Services	\$ 38,256	\$ 38,256	\$ 38,256	\$ 0
Employee Benefits	10,246	10,246	10,298	(52)
Other Purchased Services	6,515	6,515	6,508	7
Supplies	2,250	4,250	1,926	2,324
Total Central Service	<u>57,267</u>	<u>59,267</u>	<u>56,988</u>	<u>2,279</u>
Operation & Maintenance of Plant				
Personnel Services	66,118	74,118	65,887	8,231
Employee Benefits	14,089	14,089	24,688	(10,599)
Purchased Property Services	79,077	74,077	69,094	4,983
Other Purchased Services	42,995	42,995	43,797	(802)
Supplies	19,783	40,962	38,577	2,385
Total Operation & Maintenance of Plant	<u>222,062</u>	<u>246,241</u>	<u>242,043</u>	<u>4,198</u>
Food Service Operations				
Personnel Services	30,520	33,520	31,080	2,440
Employee Benefits	11,946	11,946	14,424	(2,478)
Other Purchased Services	300	300	0	300
Supplies	350	350	0	350
Total Food Service Operations	<u>43,116</u>	<u>46,116</u>	<u>45,504</u>	<u>612</u>
Total Expenditures	<u>1,561,346</u>	<u>1,629,475</u>	<u>1,550,324</u>	<u>79,151</u>
Excess (Deficiency) of Revenues Over Expenditures	(27,809)	(95,938)	(10,384)	85,554
Cash Balance Beginning of Year	<u>98,016</u>	<u>98,016</u>	<u>98,016</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 70,207</u>	<u>\$ 2,078</u>	<u>\$ 87,632</u>	<u>\$ 85,554</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (10,384)	
Net change in Receivables			(34)	
Net change in Deferred Revenue			3,908	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (6,510)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
GENERAL FUND-TEACHERAGE-12000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 9,600	\$ 9,600	\$ 15,150	\$ 5,550
Miscellaneous	0	0	57	57
Total Revenues	<u>9,600</u>	<u>9,600</u>	<u>15,207</u>	<u>5,607</u>
Expenditures				
Operation of Plant				
Purchased Property Services	23,707	23,707	7,359	16,348
Supplies	1,738	1,738	0	1,738
Supply Assets	8,268	8,268	6,642	1,626
Total Operation of Plant	<u>33,713</u>	<u>33,713</u>	<u>14,001</u>	<u>19,712</u>
Total Expenditures	<u>33,713</u>	<u>33,713</u>	<u>14,001</u>	<u>19,712</u>
Excess (Deficiency) of Revenues Over Expenditures	(24,113)	(24,113)	1,206	25,319
Cash Balance Beginning of Year	<u>24,113</u>	<u>24,113</u>	<u>24,113</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 25,319</u>	<u>\$ 25,319</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,206	
Net Change in Accounts Payable			<u>270</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 1,476</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
GENERAL FUND-TRANSPORTATION-13000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 182,440	\$ 189,749	\$ 193,065	\$ 3,316
Total Revenues	<u>182,440</u>	<u>189,749</u>	<u>193,065</u>	<u>3,316</u>
Expenditures				
Student Transportation				
Personnel Services	53,752	53,752	52,906	846
Employee Benefits	27,549	27,549	17,985	9,564
Purchased Property Services	13,193	13,193	14,533	(1,340)
Other Purchased Services	<u>87,946</u>	<u>113,154</u>	<u>121,190</u>	<u>(8,036)</u>
Total Student Transportation	<u>182,440</u>	<u>207,648</u>	<u>206,614</u>	<u>1,034</u>
Total Expenditures	<u>182,440</u>	<u>207,648</u>	<u>206,614</u>	<u>1,034</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(17,899)	(13,549)	4,350
Cash Balance Beginning of Year	<u>17,899</u>	<u>17,899</u>	<u>17,899</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 17,899</u>	<u>\$ 0</u>	<u>\$ 4,350</u>	<u>\$ 4,350</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ (13,549)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (13,549)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
GENERAL FUND-INSTRUCTIONAL MATERIALS-14000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 4,530	\$ 4,530	\$ 7,707	\$ 3,177
Total Revenues	<u>4,530</u>	<u>4,530</u>	<u>7,707</u>	<u>3,177</u>
Expenditures				
Instruction				
Supplies	<u>4,533</u>	<u>4,533</u>	<u>4,533</u>	<u>0</u>
Total Instruction	<u>4,533</u>	<u>4,533</u>	<u>4,533</u>	<u>0</u>
Total Expenditures	<u>4,533</u>	<u>4,533</u>	<u>4,533</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(3)	(3)	3,174	3,177
Cash Balance Beginning of Year	<u>2,214</u>	<u>2,214</u>	<u>2,214</u>	<u>0</u>
Cash Balance End of Year	\$ <u>2,211</u>	\$ <u>2,211</u>	\$ <u>5,388</u>	\$ <u>3,177</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>3,174</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>3,174</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
SPECIAL REVENUE FUND-TITLE I-24101
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 42,258	\$ 54,669	\$ 30,359	\$ (24,310)
Total Revenues	<u>42,258</u>	<u>54,669</u>	<u>30,359</u>	<u>(24,310)</u>
Expenditures				
Instruction				
Personnel Services	10,017	22,428	11,635	10,793
Employee Benefits	1,862	1,862	2,178	(316)
Supply Assets	11,453	11,453	1,073	10,380
Total Instruction	<u>23,332</u>	<u>35,743</u>	<u>14,886</u>	<u>20,857</u>
Total Expenditures	<u>23,332</u>	<u>35,743</u>	<u>14,886</u>	<u>20,857</u>
Excess (Deficiency) of Revenues Over Expenditures	18,926	18,926	15,473	(3,453)
Cash Balance Beginning of Year	<u>(18,926)</u>	<u>(18,926)</u>	<u>(18,926)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (3,453)</u>	<u>\$ (3,453)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 15,473	
Net Change in Due from Grantor			<u>(15,473)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
SPECIAL REVENUE FUND-WIND FARM PROJECTS-29134
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Local Sources	\$ 321,493	\$ 321,493	\$ 296,569	\$ (24,924)
Total Revenues	<u>321,493</u>	<u>321,493</u>	<u>296,569</u>	<u>(24,924)</u>
Expenditures				
Instruction				
Purchased Property Services	0	0	2,844	(2,844)
Supplies	222,658	222,658	79,857	142,801
Fixed Assets	111,331	111,331	103,524	7,807
Total Instruction	<u>333,989</u>	<u>333,989</u>	<u>186,225</u>	<u>147,764</u>
Total Expenditures	<u>333,989</u>	<u>333,989</u>	<u>186,225</u>	<u>147,764</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(12,496)</u>	<u>(12,496)</u>	<u>110,344</u>	<u>122,840</u>
Other Financing Sources (Uses)				
Loss on Investments	0	0	(1,200)	(1,200)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(1,200)</u>	<u>(1,200)</u>
Net Change in Cash Balance	(12,496)	(12,496)	109,144	121,640
Cash Balance Beginning of Year	<u>181,265</u>	<u>181,265</u>	<u>181,265</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 168,769</u>	<u>\$ 168,769</u>	<u>\$ 290,409</u>	<u>\$ 121,640</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 109,144	
Net Change in Accounts Payable			(10,945)	
Net Change in Fund Balance			<u>\$ 98,199</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
Statement of Fiduciary Assets and Liabilities-Agency Fund
June 30, 2012

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 20,813
Total Assets	<u>\$ 20,813</u>
Liabilities	
Deposits Held for Others	\$ 20,813
Total Liabilities	<u>\$ 20,813</u>

The notes to the financial statements are an integral part of this statement.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Elida Municipal School (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued prior to November 30, 1989 that do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

Financial Reporting Entity

The District has been in existence since the early nineteen hundreds, and is currently operating under the provisions of the Public School District Code, Chapter 22, of the New Mexico Statutes Annotated, 1978 Compilation. The District operates with a local board of education - superintendent form of government and provides a supervised program of instruction designed to educate students at the elementary and secondary level.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue bonded debt.

The District has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected District members are financially accountable. There are no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the District has a significant relationship.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the District are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follows below:

Governmental Funds

Governmental funds are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets and the servicing of general long-term debt.

General Fund - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds.

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

Debt Service Fund - The Debt Service Fund is used to account for the resources for, and the payment of, principal, interest and related costs.

Capital Projects Fund - The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the District.

Fiduciary Fund Type

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the District.

The Student Activity Fund, an agency fund, accounts for assets held by the District as an agent for the District organizations. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

Major Funds

The District reports the following major governmental funds:

General Fund (11000)(12000)(13000)(14000)

The General Fund consist of four sub funds. The first is the operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The second is the Teacherage fund of the District and accounts for rental properties that are rented to teachers and administrators that work at the school. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide text books for students in the District.

Title I (24101). 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.

Wind Farm Projects (29134). To account for revenue from the wind farm in lieu of property taxes. The fund was created by definition.

Capital Projects

Senate Bill Nine (31700). The revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements.

Debt Service (41000). 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.

Measurement Focus and Basis of Accounting
Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirement of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues include: 1) charges for services to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions, Transportation, Food Service, Special Revenue Funds such as special education as well as others, and 3) program specific capital grants and contributions.

Fund Financial Statements (FFS)

Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity has been eliminated from the district-wide financial statements.

Revenues

Ad valorem taxes are susceptible to full accrual on the government wide financial statements. Property Tax revenues recognize revenues net of estimated refunds and uncollectible accounts in the period for which the taxes are levied.

Entitlement and shared revenues (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

Expenditures

Salaries are recorded as paid. Salaries for nine-month employees are paid prior to the end of the fiscal year and therefore are not accrued. Salaries for the twelve month employees payroll are accrued.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, etc.) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Basis of Budgeting

Formal budgetary integration is employed as a management control device during the year.

Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). These budgets are prepared using the cash basis of accounting. Budgetary comparisons for the various funds in this report are on the non-GAAP budgetary basis.

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

1. Prior to April 15, (unless a later date is fixed by the Secretary of Education) the local school board submits to the School Budget and Finance Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAU.
5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the SBFAU.
7. Legal budget control for expenditures is by function.

8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

Cash and Cash Equivalents

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.

The District is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

Investments

All money not immediately necessary for the public uses of the District may be invested in :

(a) bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or

(b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.

(c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

Property Taxes

The County collects the District's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the District on a monthly basis. The District accounts for its share of property taxes in the General, Debt Service and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

Elimination and Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Inventories and Prepaid Items

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Cafeteria Fund consists of purchased food and non-food items and United States Department of Agriculture (USDA) commodities. Commodities are shown at the USDA procurement cost. Costs are recorded as expenditures at the time individual inventory items are used (consumption method). Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both District-wide and fund financial statements.

Capital Assets

Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

If there are any construction projects funded by the NM Public School Facilities Authority they are included in the appropriate capital projects fund and in the capital assets.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Buildings & Improvements	30-50 Years
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	5-30 Years

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet.

Long-Term Liabilities

For district-wide reporting, the costs associated with the bonds are recognized over the life of the bond. As permitted by GASB Statement No. 34 the amortization of the costs of bonds will be amortized prospectively from the date of adoption of GASB Statement No. 34.

Restricted Net Assets

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net assets use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available it will first be applied to restricted resources.

Fund Balances of Fund Financial Statements

Nonspendable fund balance represents assets that are other than cash such as inventory.

Restricted fund balance indicates that portion of fund equity which has been segregated for specific purposes.

Assigned fund balance classification are intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance indicates that portion of fund equity which is available for budgeting in future periods.

Interfund Transfers

In governmental funds, transfers should be reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

Deferred Revenue

The District reports deferred revenues on its Statement of Net Assets and Fund Balance Sheet. Deferred revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized. Deferred revenues also occur in the fund financial statements when revenue is earned but is not available. The revenue becomes available if received within 30 days of the fiscal year end.

Compensated Absences

There are no compensated absences should an employee terminate all paid time off is lost.

Estimates

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

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
Notes to the Financial Statements
June 30, 2012

A. Deposits and Investments

The District is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

Stone Community Bank

<u>Name of Account</u>	Balance Per Bank 6/30/12	Reconciled Balance	<u>Type</u>
Elida Municipal School	\$ 382,737	\$ 256,876	Checking
Elida Municipal School-Activity	24,632	20,814	Checking
Elida Municipal School	8,057	8,057	Checking
TOTAL Deposited	<u>415,426</u>	<u>\$ 285,747</u>	
Less: FDIC Coverage	<u>(250,000)</u>		
Uninsured Amount	165,426		
50% collateral requirement	82,713		
Pledged securities	<u>103,259</u>		
Over (Under) requirement	<u>\$ 20,546</u>		

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

The following securities are pledged at Stone National Bank:

<u>Description</u>	<u>Number</u>	<u>Amount</u>	<u>Maturity Date</u>	<u>Place of Safe Keeping</u>
San Juan Cnty NM ISD	798359JC0	103,259	8/1/2014	TIB Irving TX
		<u>\$ 103,259</u>		

NM Bank & Trust

<u>Name of Account</u>	Balance Per Bank 6/30/12	Reconciled Balance	<u>Type</u>
Elida Municipal School	\$ 108,431	\$ 108,431	Savings
TOTAL Deposited	<u>108,431</u>	<u>\$ 108,431</u>	
Less: FDIC Coverage	<u>(108,431)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	<u>0</u>		
Over (Under) requirement	<u>\$ 0</u>		

Western Bank

<u>Name of Account</u>	Balance Per Bank 6/30/12	Reconciled Balance	<u>Type</u>
Elida Municipal School	\$ 223,648	\$ 223,648	Savings
TOTAL Deposited	<u>223,648</u>	<u>\$ 223,648</u>	
Less: FDIC Coverage	<u>(223,648)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	<u>0</u>		
Over (Under) requirement	<u>\$ 0</u>		

Custodial Credit Risk-Deposits

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 582,079
Collateralized:	
Collateral held by the pledging bank in District's name	103,259
Uninsured and uncollateralized	62,167
Total Deposits	<u>\$ 747,505</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2012 \$62,167 of the District's bank balance of \$747,505 was exposed to custodial credit risk.

NM State Treasurer

<u>Name of Account</u>	<u>Value 6/30/12</u>	<u>Type</u>
Elida Municipal School	\$ 19,709	Investment
Total Investments	<u>\$ 19,709</u>	

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, relates to how deposits and investments are reported in the annual financial statements of governmental entities. GASB Statement No. 40 disclosures inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due. GASB Statement No. 40 requires governments to disclose deposit and investment risks related to credit risk (including custodial credit risk), concentration of credit risk, interest rate risk, and foreign currency risk. The State Treasurer's Office provides the following information regarding the LGIP:

1. With respect to credit risk, the LGIP, a government investment pool, is rated AAAM by Standard & Poor's. Therefore, the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.
2. GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as the LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure. However, our portfolio is posted on the State Treasurer's website www.stonm.org and available for review by participants at any time.
3. GASB Statement No. 40 defines interest rate risk as the risk that interest rate variations may adversely affect the fair value of an investment. According to GASB Statement No. 40, an acceptable method for reporting interest rate risk is weighted average maturity ("WAM"). The State Treasurer's Office uses this method for reporting purposes for the LGIP. The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer's Office website at www.stonm.org. As of June 30, 2011, the LGIP WAM is 50 days.
4. Finally, with respect to foreign currency risk, all investments in the LGIP are in U.S. dollar denominated assets. Therefore, the LGIP has no foreign currency risk.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
Notes to the Financial Statements
June 30, 2012

B. Receivables

Following is a schedule of receivables as of June 30, 2012:

	General Fund 11000	Title I 24101	Senate Bill Nine 31700	Debt Service 41000	Total Governmental Funds
Property Taxes Available	\$ 249	\$ 0	\$ 2,234	\$ 1,004	\$ 0
Due From State	0	0	0	0	1,334
Federal	0	3,453	0	0	1,983
	<u>\$ 249</u>	<u>3,453</u>	<u>2,234</u>	<u>1,004</u>	<u>\$ 3,317</u>

C. Interfund Receivables, Payables and Transfers

Interfund Balances during the year ending June 30, 2012 were as follows:

Due to General Fund from:

Major Funds	
Title I - 24101	\$ 3,453
Other Governmental Funds	3,343
Totals	<u>\$ 6,796</u>

D. Capital Assets

Capital Assets Balances and Activity for the fiscal year end is as follows:

	Beginning Balance 6/30/11	Increases	Decreases	Ending Balance 6/30/12
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 9,000	\$ 0	\$ 0	\$ 9,000
Total Capital Assets not being Depreciated	<u>\$ 9,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,000</u>
Capital Assets, being Depreciated				
Buildings & Improvements	\$ 4,947,828	\$ 53,871	\$ 0	\$ 5,001,699
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	437,424	49,653	0	487,077
Total Capital Assets being Depreciated	<u>5,385,252</u>	<u>103,524</u>	<u>0</u>	<u>5,488,776</u>
Total Capital Assets	<u>5,394,252</u>	<u>103,524</u>	<u>0</u>	<u>5,497,776</u>
Less Accumulated Depreciation				
Buildings & Improvements	3,296,765	91,443	0	3,388,208
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	259,132	49,153	0	308,285
Total Accumulated Depreciation	<u>3,555,897</u>	<u>140,596</u>	<u>0</u>	<u>3,696,493</u>
Capital Assets, net	<u>\$ 1,838,355</u>	<u>\$ (37,072)</u>	<u>\$ 0</u>	<u>\$ 1,801,283</u>

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
Notes to the Financial Statements
June 30, 2012

Depreciation expense was charged to governmental activities as follows:

Instruction	\$	84,359
Support Services-Students		22,495
Support Services-Instruction		4,217
Central Services		2,812
Operation & Maintenance of Plant		19,683
Transportation		1,406
Food Services		5,624
Total depreciation expenses	\$	<u><u>140,596</u></u>

E. Long-Term Debt

A summary of activity in the Long-Term Debt is as follows:

	Beginning Balance 6/30/11	Additions	Reductions	Ending Balance 6/30/12	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 235,000	\$ 0	\$ 75,000	\$ 160,000	\$ 80,000
Total Bonds	<u>235,000</u>	<u>0</u>	<u>75,000</u>	<u>160,000</u>	<u>80,000</u>
Total Long-Term Liabilities	<u>\$ 235,000</u>	<u>\$ 0</u>	<u>\$ 75,000</u>	<u>\$ 160,000</u>	<u>\$ 80,000</u>

General Obligation Bonds.

The following bonds were issued for the purpose of erecting, furnishing, remodeling and making additions to District buildings and improving District grounds. A tax is annually assessed, levied and collected upon all taxable property within the District for the purpose of providing the necessary funds to meet the interest and principal payments as they become due.

Series	Date of Issue	Original Amount	Interest Rate	Balance
2001	04-01-01	770,000	4.9%-5.25%	\$ 160,000
				<u>\$ 160,000</u>

The annual requirements to amortize the 2001 Series general obligation bonds as of June 30, 2011, including interest payments are as follows:

	Principal	Interest	Total
2013	\$ 80,000	\$ 6,240	\$ 86,240
2014	80,000	2,100	82,100
	<u>\$ 160,000</u>	<u>\$ 8,340</u>	<u>\$ 168,340</u>

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
Notes to the Financial Statements
June 30, 2012

Reconciliation of Long-Term Debt disclosed in Note H to the Long-Term Debt reported in the Statement of Net Assets.

Note H	
Bonds	\$ 160,000
Issue Costs/Premium/Discounts on Bond Issues	(37,561)
Accumulated Amortization	31,485
Statement of Net Assets	<u>\$ 153,924</u>
Long-Term Per Government Wide Financial Statements	\$ 73,924
Current Portion	80,000
Statement of Net Assets	<u>\$ 153,924</u>

F. Commitments

The District has no construction commitments on June 30, 2012.

G. Retirement Plan

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

Effective July 1, 2011 plan members are required by statute to continue 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually are required to contribute 11.15% of their gross salary. The District is required to contribute 12.4% of gross covered salary for employees earning \$20,000 or less, and 9.15% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2012, 2011, and 2010, were \$202,745, \$212,788, and \$128,548 respectively, which equal the amount of the

H. Post-Employment Benefits

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

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

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

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 Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the RHCA, Albuquerque State Government Center, 401 Roma, NW, Suite 200, Albuquerque, New Mexico 87102.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending June 30, 2013 the contribution rates for employees and employers will rise as follows:

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

<u>Fiscal Year</u>	<u>Employer Contribution</u>	<u>Employee Contribution</u>
2013	2.000%	1.000%

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

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

The District's contributions to the RHCA for the years ended June 30, 2012, 2011 and 2010 were \$28,266, \$26,195 and \$14,064 respectively, which equal the required contributions for each year.

I. Reconciliation of Budgetary Basis to GAAP Basis Statements

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are included on each Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

J. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; and injuries to employees; and natural disasters. The District, as a New Mexico Public School, is insured through the New Mexico Public Schools Insurance Authority (NMPSIA). Annual premiums are paid by the District to NMPSIA for coverage provided in the following areas:

- Workers Compensation
- Property and Automobile Liability and Physical Damage
- Liability and Civil Rights and Personal Injury
- Contract School Bus Coverage; and
- Crime

K. Surety Bond

The officials and certain employees of the District are covered by a surety bond as required by Section 12-6-7, NMSA, 1978 Compilation.

L. Joint Powers Agreements

A joint powers agreement was entered into with the Regional Education Cooperative No. 6 (REC). The purpose of the agreement is to allow the submission of a consolidated application to the State Department of Education for certain funds granted to the State of New Mexico by the United States Department of Education under the Education of the Handicapped Act, Part B, PL 94-142 among others.

There are ten schools that participate in the REC, they are Dora, Elida, Floyd, Fort Sumner, Grady, House, Logan, Melrose, San Jon, and Texico. The agreement became effective on July 1, 1995 and is to remain in effect until the end of any fiscal year during which the school gives notice of intent to terminate.

The financial statements for the REC were prepared by another IPA. The audit report is available at the REC located at 1500 South Ave K, Station 9, Portales, New Mexico 88130.

M. Deficit Fund Balance

The following fund had a deficit fund balance, Athletics \$(26).

**SUPPLEMENTAL INFORMATION RELATED TO
MAJOR FUNDS**

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
 CAPITAL PROJECT FUND-SENATE BILL NINE-31700
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 42,360	\$ 42,360	\$ 43,176	\$ 816
Interest Income	215	215	24	(191)
State Grant	0	15,268	0	(15,268)
Total Revenues	<u>42,575</u>	<u>57,843</u>	<u>43,200</u>	<u>(14,643)</u>
Expenditures				
Support Services-General Administration				
Professional & Tech Services	<u>250</u>	<u>500</u>	<u>420</u>	<u>80</u>
Total Support Services-General Administration	<u>250</u>	<u>500</u>	<u>420</u>	<u>80</u>
Capital Outlay				
Purchased Property	97,228	97,228	21,471	75,757
Supplies	<u>38,361</u>	<u>38,361</u>	<u>26,863</u>	<u>11,498</u>
Total Capital Outlay	<u>135,589</u>	<u>135,589</u>	<u>48,334</u>	<u>87,255</u>
Total Expenditures	<u>135,839</u>	<u>136,089</u>	<u>48,754</u>	<u>87,335</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(93,264)</u>	<u>(78,246)</u>	<u>(5,554)</u>	<u>72,692</u>
Other Financing Sources (Uses)				
Loss on Investments	0	0	(213)	(213)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(213)</u>	<u>(213)</u>
Net Change in Cash Balance	(93,264)	(78,246)	(5,767)	72,479
Cash Balance Beginning of Year	<u>81,365</u>	<u>81,365</u>	<u>81,365</u>	<u>0</u>
Cash Balance End of Year	<u>\$ (11,899)</u>	<u>\$ 3,119</u>	<u>\$ 75,598</u>	<u>\$ 72,479</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (5,767)	
Net Change in Receivables			(149)	
Net Change in Accounts Payable			<u>6,932</u>	
Net Change in Fund Balance			<u>\$ 1,016</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
DEBT SERVICE-41000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 85,193	\$ 85,193	\$ 96,802	\$ 11,609
Total Revenues	<u>85,193</u>	<u>85,193</u>	<u>96,802</u>	<u>11,609</u>
Expenditures				
Support Services-General Administration				
Professional & Tech Services	<u>1,500</u>	<u>1,500</u>	<u>1,090</u>	<u>410</u>
Total Support Services-General Administration	<u>1,500</u>	<u>1,500</u>	<u>1,090</u>	<u>410</u>
Debt Service				
Principal	75,000	75,000	75,000	0
Interest	<u>10,193</u>	<u>10,193</u>	<u>10,193</u>	<u>0</u>
Total Debt Service	<u>85,193</u>	<u>85,193</u>	<u>85,193</u>	<u>0</u>
Total Expenditures	<u>86,693</u>	<u>86,693</u>	<u>86,283</u>	<u>410</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,500)	(1,500)	10,519	12,019
Cash Balance Beginning of Year	<u>70,519</u>	<u>70,519</u>	<u>70,519</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 69,019</u>	<u>\$ 69,019</u>	<u>\$ 81,038</u>	<u>\$ 12,019</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 10,519	
Net Change in Receivables			(496)	
Net Change in Current Portion Interest			<u>1,912</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 11,935</u>	

The notes to the financial statements are an integral part of this statement.

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

NONMAJOR SPECIAL REVENUE FUNDS

Food Services (21000). 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 (22000). To account for revenue and expenditures associated with the District's budgeted athletic activities. (NMAC 6.20.2).

IDEA B Entitlement (24106). To account for funds for free appropriate public education to all children with disabilities. The program is funded by Federal Government and pass through the State Department of Education under the individuals with Disabilities Education Act, Part B, Sections 611-617, and Part O, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

Teacher/Principal Training (24154). 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).

Title I Recovery Act (24201). To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the American Recovery and Reinvestment Act of 2009. The fund was created by the authority of federal grant provisions.

IDEA B Recovery Act (24206). 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 American Recovery and Reinvestment Act of 2009. The fund was created by the authority of federal grant provisions.

IDEA Preschool Recovery Act (24209). 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 American Recovery and Reinvestment Act of 2009. The fund was created by the authority of federal grant provisions.

Rural Education Achievement Program (25233). To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

Education Jobs Fund (25255). To provide for the compensation and benefits and other expenses, such as support services, necessary to retain existing employees, to recall or rehire former employees, and to hire new employees, in order to provide early childhood, elementary, or secondary educational and related services. Authorized by PL No 111-226.

Dual Credit Instructional Materials (27103). To provide funding to the District to purchase college books for students attending college classes and obtaining dual credits. The fund was created by grant provisions.

GO Library Books (27105). To provide funding for the purchase of library books. The fund was created by the authority of state grant provision.

NONMAJOR SPECIAL REVENUE FUNDS

Incentives for School Improvement (27138). 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 22-13 A-1).

Beginning Teacher Mentoring (27154). 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 eight. The fund was created by state grant provisions.

NONMAJOR CAPITAL OUTLAY

Bond Building (31100). The revenues are derived from a School Building Bond Issue. The expenditures are restricted to major capital improvements.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2012

	Special Revenue Funds		
	Food Service 21000	Athletics 22000	IDEA B Entitlement 24106
ASSETS			
Cash and Cash Equivalents	\$ 21,734	\$ 0	\$ 0
Due from Grantor	0	0	1,983
Inventory	8,369	0	0
Total Assets	<u>\$ 30,103</u>	<u>\$ 0</u>	<u>\$ 1,983</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 25	\$ 0	\$ 0
Interfund Balances	0	26	1,983
Total Liabilities	<u>25</u>	<u>26</u>	<u>1,983</u>
Fund Balance			
Nonspendable-Inventory	8,369	0	0
Restricted for, reported in			
Special Revenue Funds	21,709	(26)	0
Capital Projects	0	0	0
Total Fund Balance	<u>30,078</u>	<u>(26)</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 30,103</u>	<u>\$ 0</u>	<u>\$ 1,983</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2012

	<u>Special Revenue Funds</u>		
	<u>Teacher Principal Training 24154</u>	<u>Title I Recovery Act 24201</u>	<u>IDEA Part B Recovery Act 24206</u>
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Due from Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balances	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2012

	Special Revenue Funds		
	Rural		
	Preschool Recovery Act 24209	Achievement Program 25233	Education Job Fund 25255
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Due from Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balances	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2012

	Special Revenue Funds		
	Dual Credit Instructional Materials 27103	GO Library Books 27105	Incentives for School Improvements 27138
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Due from Grantor	273	1,061	0
Inventory	0	0	0
Total Assets	<u>\$ 273</u>	<u>\$ 1,061</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balances	273	1,061	0
Total Liabilities	<u>273</u>	<u>1,061</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 273</u>	<u>\$ 1,061</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2012

	<u>Special Revenue</u>	<u>Capital Project</u>	
	Beginning Teacher Mentoring 27154	Bond Building 31100	Total
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 32,050	\$ 53,784
Due from Grantor	0	0	3,317
Inventory	0	0	8,369
Total Assets	<u>\$ 0</u>	<u>\$ 32,050</u>	<u>\$ 65,470</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 25
Interfund Balances	0	0	3,343
Total Liabilities	<u>0</u>	<u>0</u>	<u>3,368</u>
Fund Balance			
Nonspendable-Inventory	0	0	8,369
Restricted for, reported in			
Special Revenue Funds	0	0	21,683
Capital Projects	0	32,050	32,050
Total Fund Balance	<u>0</u>	<u>32,050</u>	<u>62,102</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 32,050</u>	<u>\$ 65,470</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2012

	Special Revenue Funds		
	Food Service 21000	Athletics 22000	IDEA B Entitlement 24106
Revenues			
Fees	\$ 14,025	\$ 14,822	\$ 0
Federal Grants	49,689	0	13,617
State & Local Grants	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>63,714</u>	<u>14,822</u>	<u>13,617</u>
Expenditures			
Current			
Instruction	0	19,382	13,617
Food Services Operations	61,722	0	0
Total Expenditures	<u>61,722</u>	<u>19,382</u>	<u>13,617</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,992</u>	<u>(4,560)</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfers	0	0	0
Loss on Investments	0	0	0
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	1,992	(4,560)	0
Fund Balances at Beginning of Year	<u>28,086</u>	<u>4,534</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 30,078</u>	<u>\$ (26)</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2012

	Special Revenue Funds		
	Teacher Principal Training 24154	Title I Recovery Act 24201	IDEA Part B Recovery Act 24206
Revenues			
Fees	\$ 0	\$ 0	\$ 0
Federal Grants	5,825	0	9,261
State & Local Grants	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>5,825</u>	<u>0</u>	<u>9,261</u>
Expenditures			
Current			
Instruction	5,825	0	9,261
Food Services Operations	0	0	0
Total Expenditures	<u>5,825</u>	<u>0</u>	<u>9,261</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfers	0	0	0
Loss on Investments	0	0	0
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2012

	Special Revenue Funds		
	Rural		
	Preschool Recovery Act 24209	Education Achievement Program 25233	Education Job Fund 25255
Revenues			
Fees	\$ 0	\$ 0	\$ 0
Federal Grants	488	22,160	542
State & Local Grants	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>488</u>	<u>22,160</u>	<u>542</u>
Expenditures			
Current			
Instruction	488	22,160	542
Food Services Operations	0	0	0
Total Expenditures	<u>488</u>	<u>22,160</u>	<u>542</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfers	0	0	0
Loss on Investments	0	0	0
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2012

	Special Revenue Funds		
	Dual Credit Instructional Materials 27103	GO Library Books 27105	Incentives for School Improvements 27138
Revenues			
Fees	\$ 0	\$ 0	\$ 0
Federal Grants	0	0	0
State & Local Grants	1,666	6,145	0
Miscellaneous	0	0	0
Total Revenues	<u>1,666</u>	<u>6,145</u>	<u>0</u>
Expenditures			
Current			
Instruction	1,666	6,145	14,600
Food Services Operations	0	0	0
Total Expenditures	<u>1,666</u>	<u>6,145</u>	<u>14,600</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>(14,600)</u>
Other Financing Sources (Uses)			
Transfers	0	0	0
Loss on Investments	0	0	0
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	(14,600)
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>14,600</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2012

	Special Revenue	Capital Project	
	Beginning Teacher Mentoring 27154	Bond Building 31100	Total
Revenues			
Fees	\$ 0	\$ 0	\$ 28,847
Federal Grants	0	0	101,582
State & Local Grants	0	0	7,811
Miscellaneous	0	62	62
Total Revenues	<u>0</u>	<u>62</u>	<u>138,240</u>
Expenditures			
Current			
Instruction	0	0	93,686
Food Services Operations	0	0	61,722
Total Expenditures	<u>0</u>	<u>0</u>	<u>155,408</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>62</u>	<u>(17,106)</u>
Other Financing Sources (Uses)			
Transfers	(1,111)	0	(1,111)
Loss on Investments	0	(50)	(50)
Total Other Sources (Uses)	<u>(1,111)</u>	<u>(50)</u>	<u>(1,161)</u>
Net Change in Fund Balance	(1,111)	12	(18,267)
Fund Balances at Beginning of Year	<u>1,111</u>	<u>32,038</u>	<u>80,369</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 32,050</u>	<u>\$ 62,102</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
SPECIAL REVENUE FUND-FOOD SERVICE-21000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Fees	\$ 11,672	\$ 11,672	\$ 14,025	\$ 2,353
Federal Grant	32,223	32,223	45,360	13,137
Total Revenues	<u>43,895</u>	<u>43,895</u>	<u>59,385</u>	<u>15,490</u>
Expenditures				
Food Service Operations				
Other Purchased Services	949	949	568	381
Supplies	56,970	56,970	58,651	(1,681)
Supply Assets	5,000	5,000	396	4,604
Total Food Service Operations	<u>62,919</u>	<u>62,919</u>	<u>59,615</u>	<u>3,304</u>
Total Expenditures	<u>62,919</u>	<u>62,919</u>	<u>59,615</u>	<u>3,304</u>
Excess (Deficiency) of Revenues Over Expenditures	(19,024)	(19,024)	(230)	18,794
Cash Balance Beginning of Year	<u>21,964</u>	<u>21,964</u>	<u>21,964</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,940</u>	<u>\$ 2,940</u>	<u>\$ 21,734</u>	<u>\$ 18,794</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (230)	
Net change in Inventory			2,247	
Net change in Accounts Payable			(25)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 1,992</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
SPECIAL REVENUE FUND-ATHLETICS-22000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Fees	\$ 19,530	\$ 19,530	\$ 14,822	\$ (4,708)
Total Revenues	<u>19,530</u>	<u>19,530</u>	<u>14,822</u>	<u>(4,708)</u>
Expenditures				
Instruction				
Other Purchased Services	9,000	9,000	8,487	513
Supplies	14,530	14,530	11,346	3,184
Total Instruction	<u>23,530</u>	<u>23,530</u>	<u>19,833</u>	<u>3,697</u>
Total Expenditures	<u>23,530</u>	<u>23,530</u>	<u>19,833</u>	<u>3,697</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,000)	(4,000)	(5,011)	(1,011)
Cash Balance Beginning of Year	<u>4,985</u>	<u>4,985</u>	<u>4,985</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 985</u>	<u>\$ 985</u>	<u>\$ (26)</u>	<u>\$ (1,011)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (5,011)	
Net change in Accounts Payable			451	
Net Change in Fund Balance			<u>\$ (4,560)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
SPECIAL REVENUE FUND-IDEA B ENTITLEMENT-24106
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 34,069	\$ 36,821	\$ 18,377	\$ (18,444)
Total Revenues	<u>34,069</u>	<u>36,821</u>	<u>18,377</u>	<u>(18,444)</u>
Expenditures				
Instruction				
Personnel Services	15,313	18,065	11,588	6,477
Employee Benefits	<u>12,013</u>	<u>12,013</u>	<u>2,029</u>	<u>9,984</u>
Total Instruction	<u>27,326</u>	<u>30,078</u>	<u>13,617</u>	<u>16,461</u>
Total Expenditures	<u>27,326</u>	<u>30,078</u>	<u>13,617</u>	<u>16,461</u>
Excess (Deficiency) of Revenues Over Expenditures	6,743	6,743	4,760	(1,983)
Cash Balance Beginning of Year	<u>(6,743)</u>	<u>(6,743)</u>	<u>(6,743)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,983)</u>	<u>\$ (1,983)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 4,760	
Net Change in Due from Grantor			<u>(4,760)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
SPECIAL REVENUE FUND-TEACHER/PRINCIPAL TRAINING-24154
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 5,099	\$ 11,044	\$ 5,825	\$ (5,219)
Total Revenues	<u>5,099</u>	<u>11,044</u>	<u>5,825</u>	<u>(5,219)</u>
Expenditures				
Instruction				
Professional & Tech Services	5,099	11,044	5,825	5,219
Total Instruction	<u>5,099</u>	<u>11,044</u>	<u>5,825</u>	<u>5,219</u>
Total Expenditures	<u>5,099</u>	<u>11,044</u>	<u>5,825</u>	<u>5,219</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 0	
Net Change in Deferred Revenue			<u>0</u>	
Net Change in Fund Balance			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
SPECIAL REVENUE FUND-TITLE I RECOVERY ACT-24201
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 54	\$ 54	\$ 54	\$ 0
Total Revenues	<u>54</u>	<u>54</u>	<u>54</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	0	0	0	0
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	54	54	54	0
Cash Balance Beginning of Year	<u>(54)</u>	<u>(54)</u>	<u>(54)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
SPECIAL REVENUE FUND-IDEA B RECOVERY ACT-24206
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 0	\$ 9,261	\$ 9,261	\$ 0
Total Revenues	<u>0</u>	<u>9,261</u>	<u>9,261</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	0	9,261	9,261	0
Total Instruction	<u>0</u>	<u>9,261</u>	<u>9,261</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>9,261</u>	<u>9,261</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
SPECIAL REVENUE FUND-PRESCHOOL RECOVERY ACT-24209
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 0	\$ 488	\$ 488	\$ 0
Total Revenues	<u>0</u>	<u>488</u>	<u>488</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	0	488	488	0
Total Instruction	<u>0</u>	<u>488</u>	<u>488</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>488</u>	<u>488</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
SPECIAL REVENUE FUND-RURAL EDUCATION ACHIEVEMENT PROGRAM-25233
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 7,438	\$ 27,891	\$ 23,136	\$ (4,755)
Total Revenues	<u>7,438</u>	<u>27,891</u>	<u>23,136</u>	<u>(4,755)</u>
Expenditures				
Instruction				
Supplies	7,438	27,891	23,136	4,755
Total Instruction	<u>7,438</u>	<u>27,891</u>	<u>23,136</u>	<u>4,755</u>
Total Expenditures	<u>7,438</u>	<u>27,891</u>	<u>23,136</u>	<u>4,755</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 0	
Net Change in Due from Grantor			(976)	
Net Change in Accounts Payable			976	
Net Change in Fund Balance			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
SPECIAL REVENUE FUND-EDUCATION JOB FUND-25255
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 0	\$ 542	\$ 542	\$ 0
Total Revenues	<u>0</u>	<u>542</u>	<u>542</u>	<u>0</u>
Expenditures				
Instruction				
Personnel Services	0	0	0	0
Employee Benefits	<u>0</u>	<u>542</u>	<u>542</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>542</u>	<u>542</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>542</u>	<u>542</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
SPECIAL REVENUE FUND-DUAL CREDIT INSTRUCTIONAL MATERIALS-27103
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 1,666	\$ 1,393	\$ (273)
Total Revenues	<u>0</u>	<u>1,666</u>	<u>1,393</u>	<u>(273)</u>
Expenditures				
Instruction				
Supplies	0	1,666	1,666	0
Total Instruction	<u>0</u>	<u>1,666</u>	<u>1,666</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>1,666</u>	<u>1,666</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(273)	(273)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (273)</u>	<u>\$ (273)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (273)	
Net Change in Due from Grantor			<u>273</u>	
Net Change in Fund Balance			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
SPECIAL REVENUE FUND-GO LIBRARY BOOKS-27105
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 6,166	\$ 6,166	\$ 5,084	\$ (1,082)
Total Revenues	<u>6,166</u>	<u>6,166</u>	<u>5,084</u>	<u>(1,082)</u>
Expenditures				
Instruction				
Supplies	<u>6,166</u>	<u>6,166</u>	<u>6,145</u>	<u>21</u>
Total Instruction	<u>6,166</u>	<u>6,166</u>	<u>6,145</u>	<u>21</u>
Total Expenditures	<u>6,166</u>	<u>6,166</u>	<u>6,145</u>	<u>21</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(1,061)	(1,061)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,061)</u>	<u>\$ (1,061)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (1,061)	
Net Change in Due from Grantor			<u>1,061</u>	
Net Change in Fund Balance			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
SPECIAL REVENUE FUND-INCENTIVES FOR SCHOOL IMPROVEMENT-27138
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	14,600	14,600	14,600	0
Total Instruction	<u>14,600</u>	<u>14,600</u>	<u>14,600</u>	<u>0</u>
Total Expenditures	<u>14,600</u>	<u>14,600</u>	<u>14,600</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(14,600)	(14,600)	(14,600)	0
Cash Balance Beginning of Year	<u>14,600</u>	<u>14,600</u>	<u>14,600</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (14,600)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (14,600)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
SPECIAL REVENUE FUND-BEGINNING TEACHER MENTORING PROGRAM-27154
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Instruction				
Other Purchased Services	0	0	0	0
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers	0	0	(1,111)	(1,111)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(1,111)</u>	<u>(1,111)</u>
Net Change in Cash Balance	0	0	(1,111)	(1,111)
Cash Balance Beginning of Year	<u>1,111</u>	<u>1,111</u>	<u>1,111</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,111</u>	<u>\$ 1,111</u>	<u>\$ 0</u>	<u>\$ (1,111)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
 CAPITAL PROJECT FUND-BOND BUILDING-31100
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Interest Income	\$ 0	\$ 0	\$ 62	\$ 62
Total Revenues	<u>0</u>	<u>0</u>	<u>62</u>	<u>62</u>
Expenditures				
Capital Outlay				
Professional & Tech Services	0	0	0	0
Total Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>62</u>	<u>62</u>
Other Financing Sources (Uses)				
Loss on Investments	0	0	(50)	(50)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(50)</u>	<u>(50)</u>
Net Change in Cash Balance	0	0	12	12
Cash Balance Beginning of Year	<u>32,038</u>	<u>32,038</u>	<u>32,038</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 32,038</u>	<u>\$ 32,038</u>	<u>\$ 32,050</u>	<u>\$ 12</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 12	
Net Change in Fund Balance			<u>\$ 12</u>	

The notes to the financial statements are an integral part of this statement.

OTHER SUPPLEMENTAL INFORMATION

FIDUCIARY FUND

Activity Trust Fund

To account for funds of various student groups that are custodial in nature.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
 AGENCY FUNDS - ACTIVITY
 Statement of Fiduciary Assets and Liabilities-Agency Fund
 For the Year Ended June 30, 2012

	Beginning Balance 6/30/11	Additions	Deletions	Ending Balance 6/30/12
ASSETS				
Annual	\$ 4,888	\$ 6,145	\$ 6,939	\$ 4,094
Art	50	0	0	50
Baseball	1,973	1,970	1,115	2,828
Cheerleaders	275	586	160	701
Elementary Computers	595	177	0	772
FCCLA	4,523	3,514	5,915	2,122
FFA	5,358	20,769	24,762	1,365
Greenhouse	1,024	841	695	1,170
Miscellaneous	412	776	789	399
National Honor Society	1,206	1,030	1,066	1,170
Student Council	404	1,238	1,093	549
A+ Energy Grant	2,000	0	0	2,000
Zune	204	0	0	204
Football	570	2,177	1,269	1,478
Robotics	975	0	100	875
Class of 2011	10	0	10	(0)
Class of 2012	1,335	0	1,335	(0)
Class of 2013	74	7,457	7,375	156
Class of 2014	59	480	0	539
Class of 2015	101	0	0	101
Class of 2016	54	99	0	153
Class of 2017	0	88	0	88
Total Assets	<u>\$ 26,089</u>	<u>\$ 47,347</u>	<u>\$ 52,623</u>	<u>\$ 20,813</u>
LIABILITIES				
Deposits Held for Others	<u>\$ 26,089</u>	<u>\$ 47,347</u>	<u>\$ 52,623</u>	<u>\$ 20,813</u>
Total Liabilities	<u>\$ 26,089</u>	<u>\$ 47,347</u>	<u>\$ 52,623</u>	<u>\$ 20,813</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOL
Cash Reconciliations - All Funds
For the Year Ended June 30, 2012

		Beginning Cash Balance 6/30/11	Revenue	Expenditures	Adjustments/ Transfers/ Loans	Ending Cash Balance 6/30/12
Operational	11000	\$ 98,016	\$ 1,539,941	\$ 1,550,325	\$ 0	\$ 87,632
Teacherage	12000	24,113	15,206	14,000	0	25,319
Transportation	13000	17,899	193,065	206,614	0	4,350
Instructional Materials	14000	2,214	7,707	4,533	0	5,388
Food Service	21000	21,964	59,385	59,615	0	21,734
Athletics	22000	4,985	14,821	19,832	0	(26)
Agency Funds	23000	26,089	47,345	52,622	0	20,812
Federal Flowthrough	24000	(25,723)	64,362	44,076	0	(5,437)
Federal Direct	25000	0	23,678	23,678	0	0
State Flowthrough	27000	15,711	6,477	22,410	(1,111)	(1,333)
Local Grants	29000	181,265	296,569	187,425	0	290,409
Bond Building	31100	32,038	62	50	0	32,050
Senate Bill Nine	31700	81,365	43,200	48,967	0	75,598
Debt Service	41000	70,519	96,802	86,283	0	81,038
Total		\$ <u>550,455</u>	\$ <u>2,408,620</u>	\$ <u>2,320,430</u>	\$ <u>(1,111)</u>	\$ <u>637,534</u>

The notes to the financial statements are an integral part of this statement.

De'Aun Willoughby CPA, PC

Certified Public Accountant

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Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
In Accordance with *Government Auditing Standards*

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the Elida Municipal School

Mr. Balderas and Members of the Board

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and the major special revenue funds, the budgetary comparisons for the major capital project fund, major debt service fund and the combining individual funds and related budgetary comparison presented as supplemental information of the Elida Municipal School (District) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 14, 2012. 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

Management of the board is responsible for establishing and maintaining effective 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and correct on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting; 11-3, 11-5, 11-6, 11-7 and 11-8. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of it's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs; 11-3, 11-5, 11-6, 11-7 and 11-8.

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

This report is intended solely for the information and use of the administration, the board members, the Public Education Department, the Office of the State Auditor, the New Mexico State Legislature and federal grantors and is not intended to be and should not be used by anyone other than these specified parties.

De'Ann Willoughby CPA PC

November 14, 2012

FINANCIAL STATEMENT FINDINGS

Prior Year Audit Findings

	<u>Status</u>
11-1 Expenditures Over Budget	Resolved
11-2 Cash Appropriations in Excess of Available Cash Balances	Resolved
11-3 Payroll	Repeated & Modified
11-4 1099's	Resolved
11-5 Capital Assets	Repeated
11-6 Expenditures	Repeated & Modified
11-7 PED Cash Report	Repeated
11-8 SAS 115 Compliance	Repeated & Modified

Current Year Audit Findings

11-3 Payroll - Compliance and Internal Control-Significant Deficiency Condition

During our fieldwork we noted the following:

- (a) On the 941's reported to the IRS the Social Security Wages and the Medicare Wages did not agree for three of the four quarters.
- (b) State Unemployment reports were submitted to the State with no excess wages reported.
- (c) The district is paying for services not rendered. The district is cutting payroll at the beginning of the month for that month services.
- (d) The district is cutting payroll once a month which is against state law, for hourly employees.
- (e) There were two employees that were issued both a W-2 and a 1099. Both of these employees were bus drivers.

Criteria

- (a) IRS Publication 15 Circular E sets forth the required due dates for making 941 payroll tax deposits.
- (b) According to New Mexico Department of Labor regulations all wages paid to employees are to reported quarterly. Also, any wages paid over the taxable base rate of \$20,800 are to be considered excess wages and reported as such on the quarterly report.
- (e) The New Mexico Criminal Code makes it a fourth-degree felony for a public official to pay public money for services that have not been rendered. "Paying or receiving public money for services not rendered consists of knowingly making or receiving payment or causing payment to be made from public funds where such payment purports to be for wages, salary or remuneration for personal services [services] which have not in fact been rendered." NMSA 1978, § 30-23-2.
- (f) The New Mexico Criminal Code makes it a fourth-degree felony for a public official to pay public money for services that have not been rendered. "Paying or receiving public money for services not rendered consists of knowingly making or receiving payment or causing payment to be made from public funds where such payment purports to be for wages, salary or remuneration for personal services [services] which have not in fact been rendered." NMSA 1978, § 30-23-2.

Cause

Management was not aware that payroll was issued prior to earning and that non-exempt employees must be paid every 15 days. The other issues are a matter of additional training and oversight.

Effect

All could cause the District to incur penalties and fines.

Recommendation

Additional training and oversight is necessary to correct the issues above. An additional payroll period could be added to the existing payroll schedule to overcome the prepaid services issue by July 1, 2013.

Response

As of July 1, 2012, payroll is one being issued twice per month.

11-5 Capital Assets - Compliance and Internal Control-Significant Deficiency

Condition

During our fieldwork we noted that the District does not have a depreciation schedule, a inventory list or certification. The District could not provide documentation to the auditors indicating that a physical inventory was taken and compared to the Districts list of fixed assets.

Criteria

Section 12-6-10, NMSA 1978, requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list a the end of each fiscal year. The agency shall certify the correctness for the inventory after the physical inventory. This certification should be provided to the agency's auditors.

Cause

The District does not have a list of chattels and equipment to compare a physical inventory to.

Effect

The District is in violation of Section 12-6-10, NMSA 1978. A lack of a physical inventory could result in fixed assets being misplaced or stolen without a claim made to the insurance company.

Recommendation

The District should take action to comply with Section 12-6-10, NMSA 1978.

Response

The Visions software update did not allow for the correct reports at the time of the audit on November 8, 2012. On November 9, 2012, the reporting problem was resolved.

11-6 Expenditures -Compliance and Internal Control-Significant Deficiency

Condition

- Of a sample size of 143 revealed the following:
- Two had no PO's attached for a total of \$4,821.50.
 - Fifteen had no Invoices for the amount \$105,310.06.
 - Five invoices were past due for a total of \$27,046.16.
 - Eight PO's were issued after fact for a total of \$14,618.39.

Criteria

In accordance with 6.20.2.17 Purchasing 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.

Cause

The staff are not following the procurement act. They are sending bills to the central office expecting them to be paid without the purchase requisition or purchase order. Revised purchase orders should be issued when the amount of the purchase is greater than expected. Staff did not get the invoice to central office to complete the bill package before the bill was paid.

Effect

Without proper documentation and following the procurement act, there are not adequate controls over expenditures. Results are over spending.

Recommendation

Staff meetings need to be held with training on the procurement process. The Superintendent needs to enforce the process and write up those who violate it. There should be consequences to violations.

Response

Open Purchase Orders will take effect immediately and a copy of the PO will then be attached to the billing and all open PO's will be placed in file

11-7 PED Cash Reports -Compliance and Internal Control-Significant Deficiency

Condition

The District's PED Cash Report at year end did not properly reflect the June 30, 2012 audited cash balances.

Criteria

6.20.2.11 (B) (6) NMAC and Regulation SBE-6 the reports sent to the New Mexico Public Education Department (PED) must agree to the District's general ledger and must be submitted quarterly and annually by July 31.

Cause

Our reconciled balances did not agree with the District's PED cash report balances. Adjustments were made during the audit process causing there to be differences.

Effect

The District is not in compliance with NMAC 6.20.2.11 (b) (6) and Regulation SBE-6. Noncompliance may result in poor decision making by the District's governing board.

Recommendation

We recommend that the District reconcile grant balances to the bank reconciliation before preparing the PED cash report.

Response

The auditor closed out grants that were no longer available to the district on the day of the audit.

11-8 SAS 115 Compliance-Compliance and Internal Control-Significant Deficiency

Condition

The individuals responsible for the accounting functions for the District lacks the skills and knowledge to apply generally accepted accounting principals in preparing the entity's financial statements. The accounting management has not obtained training to adequately apply the generally accepted accounting principals, which includes GASB 34 and subsequent pronouncements. The Financial statements were prepared by the auditor.

Criteria

Statement on Accounting Standards (SAS) 115, Communication of Internal Control Related Matters Identified in an Audit, requires that management clearly accept responsibility for preparing all financial information and company's financial statements.

Cause

The District's staff has not been trained on Governmental Accounting Standards and related procedures to prepare financial statements.

Effect

The District's management may not be able to detect errors in reporting or financial presentation if they exist. Management may not be qualified to review the financial statements prepared by the auditor.

Recommendation

We recommend that the employees who participate in the accounting function obtain training in governmental accounting and the preparation of financial statements.

Response

The District will continue to rely on the auditor to prepare the financial statements.

Financial Statement Preparation

The financial statements were prepared by De'Aun Willoughby CPA. However, they are the responsibility of management.

Exit Conference

An exit conference was held on November 14, 2012 with Jim Daugherty-Superintendent, Monte Nickels - Board Secretary, Susan Lambirth-Business Manager and De'Aun Willoughby, CPA.