

# HAGERMAN MUNICIPAL SCHOOLS

## AUDITED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

JUNE 30, 2011

*Woodard, Cowen & Co.*

Certified Public Accountants

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS  
JUNE 30, 2011

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STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS  
JUNE 30, 2011

OFFICIAL ROSTER

BOARD OF EDUCATION

Chad Hamill	President
James Hollmann	Vice-president
Trey Lilly	Secretary
Glen Dunnahoo	Member
Wesley Pilley	Member

SCHOOL OFFICIALS

Steven Starkey	Superintendent
Cherryl Andrews	Director of Business & Finance

# Woodard, Cowen & Co.

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Mr. Hector H Balderas  
New Mexico State Auditor  
The Board of Directors  
Hagerman Municipal Schools

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 Hagerman Municipal Schools, as of and for the year ended June 30, 2011, 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 Hagerman Municipal Schools' nonmajor governmental funds and the budgetary comparisons for the major capital project and debt service funds 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, 2011, 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 Hagerman Municipal Schools, as of June 30, 2011, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the General Fund, Title I, Medicaid 3/21, and State Directed Activities, 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 non major governmental fund of Hagerman Municipal Schools as of June 30, 2011, and the respective changes in financial position thereof and the respective budgetary comparisons for the major capital project fund, debt service fund and all non-major governmental funds for the year 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, 2011, on our consideration of Hagerman Municipal Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be considered in assessing the results of our audit.

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Clovis: PO Box 1874, 116 E. Grand Avenue Clovis NM, 88101 Phone: 575-762-3811 Fax: 575-762-3866

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

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements, and the budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Government, and Non-Profit Organizations. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Hagerman Municipal Schools. This information and the statement of expenditures of federal awards are not a required part of the basic financial statements of Hagerman Municipal Schools. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects, in relation to the financial statements taken as a whole.

*Woodward, Lewen & Co.*

November 14, 2011  
Hagerman, New Mexico

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

STATEMENT OF NET ASSETS

June 30, 2011

<u>ASSETS</u>	<u>Governmental Activities Primary Government</u>
Current:	
Cash	\$ 1,204,854
Due from other governments	277,477
Property Taxes Receivable	4,515
Inventory	<u>8,150</u>
Non-current:	
Capital assets, Net	10,897,929
Bond Issuance Costs-Net	<u>28,638</u>
Total assets	<u>\$ 12,421,563</u>

LIABILITIES

Current:	
Accounts Payable	6,539
Deferred Revenue	108,596
Accrued Interest Payable	7,471
Debt due within one year	<u>200,000</u>
Non-current:	
Debt due in more than one year	<u>840,000</u>
Total liabilities	<u>1,162,606</u>

NET ASSETS

Invested in capital assets, net of related debt	9,857,929
Restricted for:	
Debt Service	267,307
Bond Building	258,231
Senate Bill Nine	129,726
Athletics	16,491
Cafeteria	69,269
Instructional Materials	12,595
Unrestricted	<u>647,409</u>
Total net assets	<u>\$ 11,258,957</u>

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





STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

BALANCE SHEET-- GOVERNMENTAL FUNDS

June 30, 2011

	<u>GENERAL</u>	<u>TITLE I</u>	<u>MEDICAID 3-21</u>	<u>STATE DIRECTED ACTIVITIES</u>
<b>ASSETS</b>				
Cash on Deposit	\$ 361,174	\$ -	\$ 79,910	\$ -
Due from Other Funds	277,477	-	-	-
Due from Other Agencies	-	74,625	-	58,663
Property Tax Receivable	186	-	-	-
Inventory	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 638,837</u>	<u>\$ 74,625</u>	<u>\$ 79,910</u>	<u>\$ 58,663</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	79,910	-
Due to Other Funds	-	74,625	-	58,663
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>74,625</u>	<u>79,910</u>	<u>58,663</u>
<b>FUND BALANCE</b>				
Nonspendable	-	-	-	-
Restricted	12,595	-	-	-
Unassigned	626,242	-	-	-
<b>TOTAL FUND BALANCE</b>	<u>638,837</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 638,837</u>	<u>\$ 74,625</u>	<u>\$ 79,910</u>	<u>\$ 58,663</u>

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

BOND BUILDING	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 258,231	\$ 263,886	\$ 241,653	\$ 1,204,854
-	-	-	277,477
-	-	144,189	277,477
-	3,421	908	4,515
-	-	8,150	8,150
<u>\$ 258,231</u>	<u>\$ 267,307</u>	<u>\$ 394,900</u>	<u>\$ 1,772,473</u>
\$ -	\$ -	\$ 6,539	\$ 6,539
-	-	28,686	108,596
-	-	144,189	277,477
-	-	179,414	392,612
-	-	8,150	8,150
258,231	267,307	207,336	745,469
-	-	-	626,242
<u>258,231</u>	<u>267,307</u>	<u>215,486</u>	<u>1,379,861</u>
<u>\$ 258,231</u>	<u>\$ 267,307</u>	<u>\$ 394,900</u>	<u>\$ 1,772,473</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

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

June 30, 2011

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

Fund balances - total governmental funds	\$ 1,379,861
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	10,897,929
Accrued interest payable not reported in the funds.	(7,471)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(1,040,000)
Bond Issuance Costs	<u>28,638</u>
Net assets of governmental activities	<u>\$ 11,258,957</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

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

Year Ended June 30, 2011

	GENERAL	TITLE I	MEDICAID 3-21	STATE DIRECTED ACTIVITIES
<b>REVENUE</b>				
Federal Programs	\$ 970	\$ 236,672	\$ 14,531	\$ -
State Programs	228,636	-	-	75,534
State Equalization	3,593,539	-	-	-
Local Grants	-	-	-	-
Interest Earnings	1,414	-	-	-
Charges for Services	-	-	-	-
Fees	-	-	-	-
Donations	18,249	-	-	-
Sale of Property	-	-	-	-
Miscellaneous	13,972	-	-	-
Sale of Bond Proceeds	-	-	-	-
Premium on Bond Sale	-	-	-	-
Local Property Taxes	16,316	-	-	-
<b>TOTAL REVENUES</b>	<u>3,873,096</u>	<u>236,672</u>	<u>14,531</u>	<u>75,534</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	2,241,908	205,157	-	75,534
Support Services	-	-	-	-
Support Services-Students	259,437	-	14,531	-
Support Services-Instruction	33,474	18,797	-	-
Support Services-General Administration	211,035	-	-	-
Support Services-School Administration	278,956	12,718	-	-
Central Services	66,155	-	-	-
Operation & Maintenance of Plant	558,864	-	-	-
Student Transportation	211,260	-	-	-
Other Support Services	4,893	-	-	-
Food Services-Operations	1,655	-	-	-
Community Services-Operations	-	-	-	-
Acquisition & Construction	-	-	-	-
Debt Service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>3,867,637</u>	<u>236,672</u>	<u>14,531</u>	<u>75,534</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<u>5,459</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (uses)</b>				
Transfers In/Out	-	-	-	-
<b>Total Other Financial Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change In Fund Balance</b>	<u>5,459</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>				
June 30, 2010	<u>633,378</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE June 30, 2011</b>	<u>\$ 638,837</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	BOND BUILDING	DEBT SERVICE	Other Governmental Funds	Total Governmental
\$	-	\$ -	\$ 817,680	\$ 1,069,853
	-	-	64,745	368,915
	-	-	-	3,593,539
	-	-	6,522	6,522
	295	130	271	2,110
	-	-	-	-
	-	-	34,314	34,314
	-	-	546	18,795
	-	-	-	-
	-	-	-	13,972
	-	-	-	-
	-	-	-	-
	-	265,772	70,753	352,841
	<u>295</u>	<u>265,902</u>	<u>994,831</u>	<u>5,460,861</u>
	-	-	476,732	2,999,331
	-	-	-	-
	-	-	82,328	356,296
	-	-	1,016	53,287
	-	2,492	6,674	220,201
	-	-	-	291,674
	-	-	-	66,155
	-	-	38,194	597,058
	-	-	570	211,830
	-	-	-	4,893
	-	-	239,445	241,100
	-	-	-	-
	88,842	-	164,719	253,561
	-	-	-	-
	-	205,000	-	205,000
	-	21,400	-	21,400
	<u>88,842</u>	<u>228,892</u>	<u>1,009,678</u>	<u>5,521,786</u>
	(88,547)	37,010	(14,847)	(60,925)
	-	-	-	-
	-	-	-	-
	<u>(88,547)</u>	<u>37,010</u>	<u>(14,847)</u>	<u>(60,925)</u>
	346,778	230,297	230,333	1,440,786
\$	<u>258,231</u>	<u>267,307</u>	<u>215,486</u>	<u>1,379,861</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

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

Year Ended June 30, 2011

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

Net change in fund balance - total governmental funds	\$ (60,925)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.	(260,052)
Expenses in the statement of activities which do not require use of current financial resources	
Decrease in Interest Payable	3,500
Bond Principal	205,000
Issuance cost Amortization	<u>(3,180)</u>
Change in Net Assets	<u>\$ (115,657)</u>

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

STATE OF NEW MEXICO  
Hagerman MUNICIPAL SCHOOLS  
COMBINED STATEMENT OF REVENUE AND EXPENDITURES--BUDGET  
(NON-GAAP) AND ACTUAL-GENERAL FUND  
Year Ended June 30, 2011

	General Fund			VARIANCE
	ORIGINAL BUDGET	BUDGET	ACTUAL	Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 14,022	\$ 14,022	\$ 16,351	\$ 2,329
Donations/Gifts	-	-	18,249	18,249
Interest Income	1,000	1,000	1,413	413
State Equalization	3,696,909	3,593,568	3,593,539	(29)
State Flow Through Grants	230,178	228,483	228,483	-
Access Board	17,000	17,000	13,566	(3,434)
Refunds	-	-	153	153
Insurance Recoveries	-	-	406	406
Forest Reserve	955	955	970	15
<b>TOTAL REVENUE</b>	<u>3,960,064</u>	<u>3,855,028</u>	<u>\$ 3,873,130</u>	<u>\$ 18,102</u>
Cash Balance Budgeted	<u>637,319</u>	<u>637,319</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 4,597,383</u>	<u>\$ 4,492,347</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 2,570,861	\$ 2,469,515	\$ 2,241,908	\$ 227,607
Support Services	-	-	-	-
Support Services-Students	311,840	311,840	259,437	52,403
Support Services-Instruction	52,314	52,314	33,474	18,840
Support Services-General Administration	263,957	263,957	211,035	52,922
Support Services-School Administration	302,595	302,595	278,956	23,639
Central Services	77,484	77,484	66,155	11,329
Operation & Maintenance of Plant	739,165	739,165	558,864	180,301
Student Transportation	214,950	211,260	211,260	-
Other Support Services	9,867	9,867	4,894	4,973
Food Services-Operations	54,350	54,350	1,655	52,695
Community Services-operations	-	-	-	-
Acquisition & Construction	-	-	-	-
Principal	-	-	-	-
Interest & Finance Charges	-	-	-	-
Debt Service Reserve	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,597,383</u>	<u>\$ 4,492,347</u>	<u>\$ 3,867,638</u>	<u>\$ 624,709</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 3,873,130
Differences-Budget to GAAP	
Property tax Receivable	186
Prior Year Tax Receivables	(220)
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 3,873,096</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 3,867,638
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 3,867,638</u>

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



STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

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

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 246,845	\$ 287,629	\$ 218,642	\$ (68,987)
<b>TOTAL REVENUE</b>	<u>246,845</u>	<u>287,629</u>	<u>218,642</u>	<u>(68,987)</u>
 Cash Balance Budgeted	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 246,845</u>	<u>\$ 287,629</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 215,547	253,631	205,157	48,474
Support Services-Instruction	16,105	18,805	18,797	8
Support Services-School Administration	15,193	15,193	12,717	2,476
<b>TOTAL EXPENDITURES</b>	<u>\$ 246,845</u>	<u>\$ 287,629</u>	<u>\$ 236,671</u>	<u>\$ 50,958</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 218,642
Differences-Budget to GAAP	
Current Year Receivable	74,625
Prior Year Receivable	(56,596)
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 236,671</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 236,671
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 236,671</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--TITLE XIX MEDICAID 3/21

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 22,325	\$ 22,325	\$ 27,949	\$ 5,624
TOTAL REVENUE	<u>22,325</u>	<u>22,325</u>	<u>27,949</u>	<u>5,624</u>
Cash Balance Budgeted	<u>51,444</u>	<u>51,444</u>		
TOTAL REVENUE & CASH	<u>\$ 73,769</u>	<u>\$ 73,769</u>		
EXPENDITURES				
Current				
Support Services-Students	51,444	73,769	14,531	59,238
TOTAL EXPENDITURES	<u>\$ 51,444</u>	<u>\$ 73,769</u>	<u>\$ 14,531</u>	<u>\$ 59,238</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 27,949
Differences-Budget to GAAP	
Current Year Deferral	(79,910)
Prior Year Deferral	66,492
Total Revenues (GAAP Basis)	<u>\$ 14,531</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 14,531
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 14,531</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--STATE DIRECTED ACTIVITIES

Year Ended June 30, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 75,534	\$ 75,534	\$ 57,656	\$ (17,878)
TOTAL REVENUE	<u>75,534</u>	<u>75,534</u>	<u>57,656</u>	<u>(17,878)</u>
Cash Balance Budgeted	-	-	-	-
TOTAL REVENUE & CASH	<u>\$ 75,534</u>	<u>\$ 75,534</u>		
EXPENDITURES				
Current				
Instruction	\$ 75,534	\$ 75,534	\$ 75,534	\$ -
TOTAL EXPENDITURES	<u>\$ 75,534</u>	<u>\$ 75,534</u>	<u>\$ 75,534</u>	<u>\$ -</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 57,656
Differences-Budget to GAAP	
Current Year Receivable	58,662
Prior Year Receivable	(40,784)
Total Revenues (GAAP Basis)	<u>\$ 75,534</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 75,534
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 75,534</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

SCHEDULE OF FIDUCIARY ASSETS & LIABILITIES--AGENCY FUND

June 30, 2011

ASSETS	
Cash on Deposit	\$ 147,530
TOTAL ASSETS	<u>\$ 147,530</u>
LIABILITIES	
Due to Student Groups	\$ 147,530
TOTAL LIABILITIES	<u>\$ 147,530</u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

I. Summary of Significant Accounting Policies

A. Reporting Entity

Hagerman Municipal School District is a special purpose government corporation governed by an elected five member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education in the City of Hagerman and surrounding area. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

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

There were no component units.

I. Summary of Significant Accounting Policies

B. Government-wide and fund financial statements

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

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

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues, net of estimated refunds and estimated uncollectible amounts, in the year for which they are levied, even if not available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

I. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Property taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

TITLE I – The Title I project provides remedial instruction in language arts for educationally deprived students in low-income areas. The project is funded by the Federal Government through the New Mexico State Department of Education under the Elementary and Secondary Education Act of 1965, Title I, Chapter I, part A, 20 U.S.C. 2701 et seq.

TITLE XIX MEDICAID – The purpose of this fund is to account for reimbursement of health-related services of Medicaid eligible students receiving related services, for administrative time study, and for a statement of service costs study. Authorized by the Social Security Act.

STATE DIRECTED ACTIVITIES – The purpose of this fund is used to account for a program funded by a State grant to assist the REC in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U.S.C. 1411-1420. The fund was created by the authority of federal grant provisions.

Bond Building (Capital Projects Fund) – To account for the costs of capital improvements, such as erecting, remodeling, making additions to, providing equipment for and furnishing school buildings, purchasing and improving school grounds funded from the sale of General Obligation Bonds.

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The government also reports the following fund types:

Governmental Funds:

Nonmajor Special Revenue Funds – The District accounts for resources restricted to, or designated for, a specific purpose by the District or a grantor in a special revenue fund.

Fiduciary Funds:

Agency Funds – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is the Student Activity Fund.

Similar to private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

I. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments.

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

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

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

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

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

2. Receivables and payables

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

The School District's property taxes are levied each year on the assessed valuation of property located in the School District as of the preceding January 1st. The assessed valuation for the 2011 fiscal year was \$29,688,641. Mill levy rates are set by the State of New Mexico each year for the General Fund, SB - 9 Capital Improvements Fund, and Debt Service Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days.

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

I. Summary of Significant Accounting Policies (continued)

D. Assets, liabilities, and net assets or equity (continued)

3. Inventories

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

4. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life that extends beyond a single reporting period. The District is capitalizing qualifying software and library books as required. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	50
Land Improvements	50
Equipment	10

5. Compensated absences

It is the District's policy not to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave or vacation.

6. Long-term obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as capital projects expenditures.



STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

I. Summary of Significant Accounting Policies (continued)

D. Assets, liabilities, and net assets or equity (continued)

7. Fund equity

For the government-wide financial statements, net assets are reported as restricted when constraints are placed on net asset use are either 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments; 2) Imposed by law through constitutional provisions or enabling legislation.

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

8. Comparative data/reclassifications

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

9. Indirect Costs

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

10. Salaries and Wages

The School District pays all salaries and wages due teachers on or before June 30th of each year.

11. Estimates

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

12. Revenues

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

A school district's program costs are determined through the use of various formulas using "program units" which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$3,593,539 in state equalization guarantee distributions during the year ended June 30, 2011.

Transportation Distribution: School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$211,260 in transportation distributions during the year ended June 30, 2011.

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between fund *balance total governmental funds and net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, long-term liabilities, including bonds payable, is not due and payable in the current period and therefore is not reported in the funds." The details of the \$1,040,000 difference are as follows:

Bonds Payable	\$ 1,040,000
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 1,040,000</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances - total governmental funds and changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this (\$260,052) difference are as follows:

Capital Outlay	\$ 224,708
Depreciation expense	<u>( 484,760)</u>
Net adjustment to increase net changes in fund balances – total government funds to arrive at changes in net assets of governmental activities	<u>\$( 260,052)</u>

Another element of that reconciliation states "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$205,000 difference are as follows:

Principal repayments:	
General obligation debt	\$ 205,000
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 205,000</u>

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

III. Stewardship, compliance, and accountability

A. Budgetary Information

Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are prepared by management and are approved by the local Board of Education and the Public School Budget and Planning Unit of the Department of Education. Auxiliary student activity accounts are not budgeted.

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

Actual expenditures may not exceed the budget at the function level, i.e., budgeted expenditures must be within budgeted amounts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a "series", this may be accomplished with only local Board of Education approval. If a transfer between "series" or a budget increase is required, approval must also be obtained from Public School Finance Division.

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

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

- In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
- In May or June, the budget is approved by the Board of Education
- The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called for.
- The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
- Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.
- The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2011 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

Budget comparison statements have been omitted on those funds that had no cash (receipts or expense) activity during the fiscal year.

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

III. Stewardship, compliance, and accountability (continued)

A. Budgetary Information (continued)

	<u>Original Budget</u>	<u>Final Budget</u>
General Fund	\$ 4,597,383	\$ 4,492,347
Special Revenue Fund	1,682,495	1,836,481
Debt Service	438,375	438,375
Capital Projects Fund	362,120	362,120
	<u>\$ 7,080,373</u>	<u>\$ 7,129,323</u>

B. Deficit fund equity

There were not any deficit fund balances at June 30, 2011.

IV. Detailed notes on all funds

A. Cash and temporary investments

At June 30, 2011, the carrying amount of the District's deposits was \$1,352,384 and the bank balance was \$1,485,560. Of this balance \$250,000 was covered by federal depository insurance and \$1,100,596 was covered by collateral held in the District's name in joint safekeeping by a third party. The remaining \$134,964 is comprised of amounts in excess of those required to be collateralized under state law.

New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution.

The collateral pledged is identified in the Supplementary Information of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

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

Investments held by the New Mexico State Treasurer are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool is not SEC registered. The State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 6-10-10 P and Sections 6-10-10.1 A and E, NMSA 1978. The pool does not have unit shares. Per Sections 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the local government investment pool is voluntary.

For the year ended June 30, 2011, the investments held in the LGIP had an interest risk (WAM) of 36 days and a Standard and Poor's Rating of AAAM.

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

IV. Detailed notes on all funds (continued)

Custodial Credit Risk – Deposits

Custodial Credit Risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial risk. As of June 30, 2011, \$134,964 of the government's bank balance of \$1,485,560 was exposed to custodial risk as follows:

Uninsured and Uncollateralized	\$134,964
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B. Receivables

Receivables as of year end for the government's individual major funds and non-major funds in the aggregate, including the following:

	Due From Other Agencies	Property Taxes Receivable
General Funds	\$ -	\$ 186
Senate Bill Nine	-	908
Debt Service	-	3,421
Title I	74,625	
State Directed Activities	58,663	
Title I Migrant	27,586	-
Entitlement	35,946	-
Preschool	3,221	
Early Intervention	4,258	
Risk Pool	23,416	
Teacher/Principal Training	6,137	-
Title I IASA Federal Stimulus	2,392	-
Entitlement Federal Stimulus	6,423	
Preschool Federal Stimulus	280	
SEG Federal Stimulus	151	
Education Job Fund	26,308	
2008 GO Bond Student Library SB333	8,071	
Totals	\$ 277,477	\$ 4,515

Governmental funds reported *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Amounts due to the District from delinquent property tax due to the County Treasurer were not available. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable
Grant draw downs prior to meeting all eligibility requirements	\$ 108,596
Total deferred/unearned revenue for governmental funds	\$ 108,596

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

IV. Detailed notes on all funds (continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance 06/30/10	Adjustments	Increases	Decreases	Balance 06/30/11
<b>Governmental Activities</b>					
Capital Assets not being depreciated					
Land	\$ 53,149	\$ 11,851	\$ 5,178	\$ -	\$ 70,178
Construction in Progress	-	-	-	-	-
Total Capital Assets not being depreciated	<u>53,149</u>	<u>11,851</u>	<u>5,178</u>	<u>-</u>	<u>70,178</u>
Capital Assets being depreciated					
Buildings & Improvements	14,544,593	137,139	111,875	-	14,793,607
Equipment & Vehicles	2,470,869	(148,674)	107,655	-	2,429,850
Total Capital Assets being depreciated	<u>17,015,462</u>	<u>(11,535)</u>	<u>219,530</u>	<u>-</u>	<u>17,223,457</u>
Less: Accumulated Depreciation					
Buildings & Improvements	4,403,051	(7,994)	366,533	-	4,761,590
Equipment & Vehicles	1,490,617	25,272	118,227	-	1,634,116
Total Accumulated Depreciation	<u>5,893,668</u>	<u>17,278</u>	<u>484,760</u>	<u>-</u>	<u>6,395,706</u>
Net Capital Assets being depreciated	<u>11,121,794</u>	<u>(28,813)</u>	<u>(265,230)</u>	<u>-</u>	<u>10,827,751</u>
Total Net Capital Assets	<u>\$ 11,174,943</u>	<u>\$ (16,962)</u>	<u>\$ (260,052)</u>	<u>\$ -</u>	<u>\$ 10,897,929</u>

The Schedule of General Capital Assets by Function and Activity, and the Schedule of Changes in General Capital Assets by Function and Activity have not been prepared because the detailed information is unavailable.

Depreciation expense was not charged to function/programs of the School District because the detail information was not available due to historical date not being available. Depreciation was calculated using the estimated useful lives of 50 years for buildings and improvements and land improvements and using 10 years for equipment.

The amount reported in the Adjustments column represents capital assets reclassified from equipment to buildings & improvements and land following a computer conversion. The net change in depreciation and resulting net assets adjustment is due to the depreciation correction from the change in useful lives.

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

IV. Detailed notes on all funds (continued)

D. Long-term debt – General Obligation Bonds

Series	Original Amount	Interest Rate	Balance 6/30/2010	Additions	Retirements	Balance 6/30/2011	Amount Due in One Year
2003	\$ 400,000	.715-1.945%	\$ 235,000	\$ -	\$ 60,000	\$ 175,000	\$ 60,000
2005	400,000	1.52-2.03%	230,000	-	40,000	190,000	40,000
2007	400,000	1.99-2.17%	380,000	-	80,000	300,000	50,000
2009	400,000	.67-3.59%	400,000	-	25,000	375,000	50,000
Total	\$ <u>1,600,000</u>		\$ <u>1,245,000</u>	\$ -	<u>205,000</u>	\$ <u>1,040,000</u>	\$ <u>200,000</u>

Fiscal Year	Principal	Interest	Total
2012	\$ 200,000	\$ 16,390	\$ 216,390
2013	165,000	13,471	178,471
2014	165,000	10,654	175,654
2015	105,000	8,307	113,307
2016	110,000	6,399	116,399
2017-2020	295,000	10,538	305,538
	\$ <u>1,040,000</u>	\$ <u>65,759</u>	\$ <u>1,105,759</u>

Legal Debt Margin

The legal debt margin is specified by Article IX Section 11 of the Constitution of the State of New Mexico as not greater than 6% of the assessed value of the taxable property within the School District. Based on these criteria, the maximum general obligation debt permissible is \$1,781,318 including \$1,040,000 debt outstanding based on the 2011 valuation.

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMSIA) was formed on April 5, 1985, under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2011.

B. Contingent liabilities

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

IV. Detailed notes on all funds (continued)

C. Employee retirement plan

**Plan Description.** Substantially all of the Cooperative's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (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](http://www.nmerb.org).

**Funding Policy.** Effective July 1, 2009 through June 30, 2011, plan members were required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. The Cooperative was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 10.9% of the gross covered salary of employees earning more than \$20,000 annually. Effective July 1, 2011 plan members are required by statute to contribute 7.9% of their salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually are required to contribute 11.12% of their gross salary. The Cooperative is required to contribute 12.4% of the 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 Cooperative 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, 2011, 2010, and 2009, were \$307,113, \$322,989, and \$330,642, respectively, which equal the amount of the required contributions for each fiscal year.

D. Post-retirement health care benefits

**Plan Description.** The Cooperative 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 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.

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



STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

V. Other information (continued)

D. Post-retirement health care benefits (continued)

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, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute .8333% of their salary. In the fiscal years ending June 30, 2012 through 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 Rate</u>	<u>Employee Contribution Rate</u>
FY12	1.834%	.917%
FY13	2.000%	1.000%

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

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

The District's contributions to the RHCA for the years ended June 30, 2011, 2010 and 2009 were \$46,204, \$37,358 and \$36,896, respectively, which equal the required contributions for each year.

E. Interfund Balances

	<u>Due from</u>	<u>Due to</u> <u>Operational</u>
Title I	\$	74,625
State Directed Activities		58,663
Title I Migrant		27,586
Entitlement		35,946
Preschool		3,221
Early Intervention		4,258
Risk Pool		23,416
Teacher/Principal Training		6,137
Title I IASA Federal Stimulus		2,392
Entitlement Federal Stimulus		6,423
Preschool Federal Stimulus		280
SEG Federal Stimulus		151
Education Job Fund		26,308
2008 GO Bond Student Library SB333		8,071
	\$	<u>277,477</u>

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

V. Other information (continued)

F. Restatement of Beginning Balance of Net Assets

The following restatement was made to correct reclassification of capital assets made with software conversion. Total restatement is \$16,962.

Restatement of Net Assets:

Net Assets – Governmental Activities at July 1, 2010	\$11,391,576
Deduct:	
Net effect of reclassification of capital assets	<u>(16,962)</u>
Restated Balance at July 1, 2010	<u>\$11,374,614</u>

G. Fund Balances Classified

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented here.

Fund Balances	General Fund	Bond Building	Debt Service	Non-Major Governmental Funds	Total
<b>Non-Spendable:</b>					
Inventory	\$ -	\$ -	\$ -	\$ 69,269	\$ 69,269
Total Nonspendable	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,269</u>	<u>69,269</u>
<b>Restricted for:</b>					
Debt Service	-	-	267,307	-	267,307
Capital Improvements	-	258,231	-	129,726	387,957
Athletics	-	-	-	16,491	16,491
Cafeteria	-	-	-	-	-
Instructional Materials	12,595	-	-	-	12,595
Total restricted	<u>12,595</u>	<u>-</u>	<u>-</u>	<u>146,217</u>	<u>684,350</u>
Unassigned	647,409	-	-	-	647,409
Total Fund Balances	<u>\$ 660,004</u>	<u>\$ 258,231</u>	<u>\$ 267,307</u>	<u>\$ 215,486</u>	<u>\$ 1,401,028</u>

## NON-MAJOR GOVERNMENTAL FUNDS

ALL FUNDS – All funds were created by management directive.

### Special Revenue

**ATHLETICS** – This is an auxiliary fund to account for budgeted athletics of the school for activities that are considered to be non-instructional. Authority for the creation of this fund is NMAC 6.20.2.

**CAFETERIA (Special Revenue Fund)** – The purpose of this account is to receive income from lunch sales or state and federal school lunch grants, and to make disbursements for those activities, which have as their purpose the preparation and serving of meals, lunches or snacks in connection with bona-fide food service operations in agreement with the School Lunch Division of the State Department of Education. Authority for the creation of this fund is NMSA 1978, 22-13-13.

**TITLE I MIGRANT** – To account for a Federal program to implement school-wide bilingual education programs of special alternative instruction programs to improve, reform, and upgrade relevant programs and operations within an entire local educational agency, that serve a significant number of children and youth of limited English proficiency. The fund was created under the authority of Title VII, Section 7115 of the ESEA (20USC 7425).

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

**IDEA B – PRESCHOOL** – To account for revenue received under the Preschool Public Act P.L. 99-457 for the purpose of providing special educational services to the developmentally delayed preschool children. This fund is federally funded and is restricted to expenditure by grant application. Required by the New Mexico State Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund.

**IDEA-B EARLY INTERVENTION** – To account for a federal grant restricted to the operation and maintenance of meeting education needs of children with disabilities. Authority for this fund comes from the Individuals with Disabilities Act, Part B, Sec 611, as amended; P.L. 91-230, 93-380, 94-142, 98-199, 99-457, 100-630, and 101-476; U.S.C. 1401-1419, P.L. 105-17.

**IDEA-B RISK POOL** – To account for a federal grant restricted to the operation and maintenance of meeting education needs of children with disabilities. Authority for this fund comes from the Individuals with Disabilities Act, Part B, Sec 611, as amended; P.L. 91-230, 93-380, 94-142, 98-199, 99-457, 100-630, and 101-476; U.S.C. 1401-1419, P.L. 105-17.

**TEACHER/PRINCIPAL TRAINING** – To provide grants to State Education Agencies 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. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965 as amended, Title II, Part A, Public Law 107-110.

**SAFE AND DRUG FREE SCHOOLS** – To offer a disciplined environment conducive to learning, by preventing violence in and around schools and strengthen programs that prevent the illegal use of alcohol, tobacco and drugs, involve parents, and coordinated with related Federal, State and community efforts and resources.

**TITLE I IASA FEDERAL STIMULUS** – Additional funding provided by federal stimulus funds under the American Recovery and Reinvestment Act to supplement the District's Title I funds.

**IDEA-B ENTITLEMENT FEDERAL STIMULUS** – Additional funding provided by the federal stimulus funds under the American Recovery and Reinvestment Act to supplement the District's IDEA-B programs.

**IDEA-B PRESCHOOL FEDERAL STIMULUS** – Additional funding provided by federal stimulus funds under the American Recovery and Reinvestment Act to supplement the District's preschool program under IDEA-B.

## NON-MAJOR GOVERNMENTAL FUNDS

ALL FUNDS – All funds were created by management directive.

### Special Revenue (continued)

FEDERAL SEG STIMULUS – Fund was created to account for the allocation received by the District from the American Recovery and Reinvestment Act.

EDUCATION JOB FUND – This fund was created to account for the District's allocation of funds intended to give the District a boost to save teacher jobs. Funding and authority for this fund comes from the American Recovery and Reinvestment Act.

RURAL VISION – To account for revenue received from the sale of telecommunication time sold to cable networks. The New Mexico Public Education Department requires this revenue to be accounted for in a separate fund. Authorized by the District's local school board.

TECHNOLOGY FOR EDUCATION – To account for distributions received from the Educational Technology fund for the expansion and improvement of technology in education. These funds are restricted to expenditure by New Mexico Statutes and the schools approved long-term technology plan. Authority for the creation of this fund is NMSA 22-15A-1 to 22-15A-10.

BEGINNING TEACHER MENTORING PROGRAM – To account for funds used to pay stipends to teachers as mentors and to hire new teachers. This fund was created by the authority of the State Legislature.

LIBRARY GO BONDS – To account for revenues received from the State for the purpose of providing funds to support the acquisition of library books. Authority for this fund comes from 2008 SB 233 Capital Projects G.O. Bond Act.

LIBRARY BOOK FUND – To account for revenues received from the State for the acquisition of school library books. Authority comes from Senate Bill 471, 2008.

CITY/COUNTY GRANTS – To account for grants received from local city and county sources. Funding provided by grant contract in which sources will vary from year to year. Expenditures in this fund are stipulated by individual grant contract. All private grants are subject to board approval.

TRANSPORTATION RELATED – To account for grants received from the local transportation provider. Funding provided by grant contract in which sources will vary from year to year. Expenditures in this fund are stipulated by individual grant contract. All private grants are subject to board approval.

SB 9 – To account for 2 mill levy restricted by board resolution for erecting, remodeling, making additions to, providing equipment for, furnishing school buildings, and improving school grounds and maintenance of school buildings and grounds exclusive of salary expense of employees. Authority for the creation of this fund is NMSA 1978, 22-25-1 to 22-25-10.

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET--SPECIAL REVENUE FUNDS  
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2011

	<u>ATHLETICS</u>	<u>CAFETERIA</u>	<u>TITLE I MIGRANT</u>	<u>ENTITLEMENT</u>	<u>PRESCHOOL</u>
<b>ASSETS</b>					
Cash on Deposit	\$ 16,491	\$ 61,119	\$ -	\$ -	\$ -
Due From Other Agencies	-	-	27,586	35,946	3,221
Due From Other Funds	-	-	-	-	-
Property Taxes Receivable	-	-	-	-	-
Inventory	-	8,150	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 16,491</u>	<u>\$ 69,269</u>	<u>\$ 27,586</u>	<u>\$ 35,946</u>	<u>\$ 3,221</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-	-
Due to Other Funds	-	-	27,586	35,946	3,221
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>27,586</u>	<u>35,946</u>	<u>3,221</u>
<b>FUND BALANCE</b>					
Nonspendable		8,150			
Restricted	16,491	61,119	-	-	-
<b>TOTAL FUND BALANCE</b>	<u>16,491</u>	<u>69,269</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 16,491</u>	<u>\$ 69,269</u>	<u>\$ 27,586</u>	<u>\$ 35,946</u>	<u>\$ 3,221</u>

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

EARLY INTERVENTION	RISK POOL	TEACHER PRINCIPAL TRAINING	SAFE AND DRUG FREE SCHOOLS	TITLE I FEDERAL STIMULUS	ENTITLEMENT FEDERAL STIMULUS	PRE SCHOOL FEDERAL STIMULUS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,258	23,416	6,137	-	2,392	6,423	280
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,258</u>	<u>23,416</u>	<u>6,137</u>	<u>-</u>	<u>2,392</u>	<u>6,423</u>	<u>280</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
4,258	23,416	6,137	-	2,392	6,423	280
<u>4,258</u>	<u>23,416</u>	<u>6,137</u>	<u>-</u>	<u>2,392</u>	<u>6,423</u>	<u>280</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,258</u>	<u>23,416</u>	<u>6,137</u>	<u>-</u>	<u>2,392</u>	<u>6,423</u>	<u>280</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET--SPECIAL REVENUE FUNDS  
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2011

	STATE EQUALIZATION	EDUCATION JOB FUND	RURAL VISION	TECH FOR ED	BEGINNING TEACHER MENTORING
<b>ASSETS</b>					
Cash on Deposit	\$ -	\$ -	\$ 7,077	\$ -	\$ 7,224
Due From Other Agencies	151	26,308	-	-	-
Due From Other Funds	-	-	-	-	-
Property Taxes Receivable	-	-	-	-	-
Inventory	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 151</b>	<b>\$ -</b>	<b>\$ 7,077</b>	<b>\$ -</b>	<b>\$ 7,224</b>
<b>LIABILITIES AND FUND BALANCE</b>					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	7,077	-	7,224
Due to Other Funds	151	26,308	-	-	-
<b>TOTAL LIABILITIES</b>	<b>151</b>	<b>26,308</b>	<b>7,077</b>	<b>-</b>	<b>7,224</b>
<b>FUND BALANCE</b>					
Nonspendable					
Restricted	-	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 151</b>	<b>\$ 26,308</b>	<b>\$ 7,077</b>	<b>\$ -</b>	<b>\$ 7,224</b>

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

LIBRARY GO BONDS	LIBRARY BOOK FUND	CITY COUNTY GRANTS	TRANSPORTATION RELATED	SB-9	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ 818	\$ 13,567	\$ -	\$ 135,357	\$ 241,653
8,071	-	-	-	-	144,189
-	-	-	-	-	-
-	-	-	-	908	908
-	-	-	-	-	8,150
<u>\$ 8,071</u>	<u>\$ 818</u>	<u>\$ 13,567</u>	<u>\$ -</u>	<u>\$ 136,265</u>	<u>\$ 394,900</u>
\$ -	\$ -	\$ -	\$ -	\$ 6,539	\$ 6,539
-	818	13,567	-	-	28,686
8,071	-	-	-	-	144,189
<u>8,071</u>	<u>818</u>	<u>13,567</u>	<u>-</u>	<u>6,539</u>	<u>179,414</u>
-	-	-	-	129,726	8,150
-	-	-	-	129,726	207,336
<u>\$ 8,071</u>	<u>\$ 818</u>	<u>\$ 13,567</u>	<u>\$ -</u>	<u>\$ 136,265</u>	<u>\$ 394,900</u>

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



STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

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

Year Ended June 30, 2011

	<u>ATHLETICS</u>	<u>CAFETERIA</u>	<u>TITLE I MIGRANT</u>	<u>ENTITLEMENT</u>	<u>PRESCHOOL</u>
<b>REVENUE</b>					
Federal Programs	\$ -	\$ 236,703	\$ 88,992	\$ 109,201	\$ 6,369
State Programs	-	-	-	-	-
State Equalization	-	-	-	-	-
Local Grants	-	-	-	-	-
Interest Earnings	23	48	-	-	-
Charges For Services	-	-	-	-	-
Fees	18,698	15,616	-	-	-
Donations	546	-	-	-	-
Miscellaneous	-	-	-	-	-
Local Property Taxes	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>19,267</u>	<u>252,367</u>	<u>88,992</u>	<u>109,201</u>	<u>6,369</u>
<b>EXPENDITURES</b>					
Current					
Instruction	14,267	-	28,992	81,903	5,329
Support Services	-	-	-	-	-
Support Services-Students	-	-	60,000	21,288	1,040
Support Services-Instruction	-	-	-	-	-
Support Services-General Administration	-	-	-	6,010	-
Support Services-School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student Transportation	-	-	-	-	-
Other Support Services	-	-	-	-	-
Food Services-Operations	-	239,445	-	-	-
Community Services-Operations	-	-	-	-	-
Acquisition & Construction	-	-	-	-	-
Debt Service	-	-	-	-	-
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>14,267</u>	<u>239,445</u>	<u>88,992</u>	<u>109,201</u>	<u>6,369</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	5,000	12,922	-	-	-
<b>Other Financing Sources (uses)</b>					
Transfer/Refunds	-	-	-	-	-
<b>Total Other Financial Sources</b>	-	-	-	-	-
<b>Net Change In Fund Balance</b>	5,000	12,922	-	-	-
<b>FUND BALANCE</b>					
June 30, 2010	<u>11,491</u>	<u>56,347</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>					
June 30, 2011	<u>\$ 16,491</u>	<u>\$ 69,269</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

EARLY INTERVENTION	RISK POOL	TEACHER PRINCIPAL TRAINING	SAFE AND DRUG FREE SCHOOLS	TITLE I FEDERAL STIMULUS	ENTITLEMENT FEDERAL STIMULUS	PRE SCHOOL FEDERAL STIMULUS
\$ 15,074	\$ 23,416	\$ 37,053	\$ 2,480	\$ 30,012	\$ 125,217	\$ 2,062
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>15,074</u>	<u>23,416</u>	<u>37,053</u>	<u>2,480</u>	<u>30,012</u>	<u>125,217</u>	<u>2,062</u>
15,074	23,416	37,053	2,480	30,012	124,647	2,062
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	570	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>15,074</u>	<u>23,416</u>	<u>37,053</u>	<u>2,480</u>	<u>30,012</u>	<u>125,217</u>	<u>2,062</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

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

Year Ended June 30, 2011

	STATE EQUALIZATION	EDUCATION JOB FUND	RURAL VISION	TECH FOR ED	BEGINNING TEACHER MENTORING
<b>REVENUE</b>					
Federal Programs	\$ 38,194	\$ 102,907	\$ -	\$ -	\$ -
State Programs	-	-	-	1,016	2,068
State Equalization	-	-	-	-	-
Local Grants	-	-	-	-	-
Interest Earnings	-	-	-	-	-
Charges For Services	-	-	-	-	-
Fees	-	-	-	-	-
Donations	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Local Property Taxes	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>38,194</u>	<u>102,907</u>	<u>-</u>	<u>1,016</u>	<u>2,068</u>
<b>EXPENDITURES</b>					
Current					
Instruction	-	102,907	-	-	2,068
Support Services	-	-	-	-	-
Support Services-Students	-	-	-	1,016	-
Support Services-Instruction	-	-	-	-	-
Support Services-General Administration	-	-	-	-	-
Support Services-School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	38,194	-	-	-	-
Student Transportation	-	-	-	-	-
Other Support Services	-	-	-	-	-
Food Services-Operations	-	-	-	-	-
Community Services-Operations	-	-	-	-	-
Acquisition & Construction	-	-	-	-	-
Debt Service	-	-	-	-	-
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>38,194</u>	<u>102,907</u>	<u>-</u>	<u>1,016</u>	<u>2,068</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	-	-	-	-	-
<b>Other Financing Sources (uses)</b>					
Transfer/Refunds	-	-	-	-	-
<b>Total Other Financial Sources</b>	-	-	-	-	-
<b>Net Change In Fund Balance</b>	-	-	-	-	-
<b>FUND BALANCE</b>					
June 30, 2010	-	-	-	-	-
<b>FUND BALANCE</b>					
June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

LIBRARY GO BONDS	LIBRARY BOOK FUND	CITY COUNTY GRANTS	TRANSPORTATION RELATED	SB-9	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 817,680
-	-	-	61,661	-	64,745
-	-	-	-	-	-
-	-	6,522	-	-	6,522
-	-	-	-	200	271
-	-	-	-	-	-
-	-	-	-	-	34,314
-	-	-	-	-	546
-	-	-	-	-	-
-	-	-	-	70,753	70,753
<u>-</u>	<u>-</u>	<u>6,522</u>	<u>61,661</u>	<u>70,953</u>	<u>994,831</u>
-	-	6,522	-	-	476,732
-	-	-	-	-	82,328
-	-	-	-	-	1,016
-	-	-	-	664	6,674
-	-	-	-	-	-
-	-	-	-	-	38,194
-	-	-	-	-	570
-	-	-	-	-	-
-	-	-	-	-	239,445
-	-	-	61,661	103,058	164,719
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>6,522</u>	<u>61,661</u>	<u>103,722</u>	<u>1,009,678</u>
-	-	-	-	(32,769)	(14,847)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	(32,769)	(14,847)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,495</u>	<u>230,333</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,726</u>	<u>\$ 215,486</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

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

Year Ended June 30, 2011

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Fees-Users	\$ 12,200	\$ 12,200	\$ 18,698	\$ 6,498
Donations/Gifts	-	-	546	546
Interest Income	14	14	23	9
<b>TOTAL REVENUE</b>	<u>12,214</u>	<u>12,214</u>	<u>\$ 19,267</u>	<u>\$ 7,053</u>
Cash Balance Budgeted	<u>10,969</u>	<u>10,969</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 23,183</u>	<u>\$ 23,183</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 23,183	23,183	14,267	8,916
<b>TOTAL EXPENDITURES</b>	<u>\$ 23,183</u>	<u>\$ 23,183</u>	<u>\$ 14,267</u>	<u>\$ 8,916</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis) \$ 19,267  
Differences-Budget to GAAP

Total Revenues (GAAP Basis) \$ 19,267

**Uses/outflows of resources**

Actual amounts (budgetary basis) \$ 14,267  
Differences-budget to GAAP  
Total Expenditures (GAAP Basis) \$ 14,267

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

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

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Fees-Summer School	\$ 15,200	\$ 15,200	\$ 15,616	\$ 416
Interest Income	-	-	48	48
Federal Revenue	209,500	209,500	226,467	16,967
<b>TOTAL REVENUE</b>	<u>224,700</u>	<u>224,700</u>	<u>\$ 242,131</u>	<u>\$ 17,431</u>
Cash Balance Budgeted	<u>20,358</u>	<u>20,358</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 245,058</u>	<u>\$ 245,058</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Food Services-Operations	\$ 245,058	\$ 245,058	\$ 233,469	\$ 11,589
<b>TOTAL EXPENDITURES</b>	<u>\$ 245,058</u>	<u>\$ 245,058</u>	<u>\$ 233,469</u>	<u>\$ 11,589</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 242,131
Differences-Budget to GAAP	
Commodities Received	10,236
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 252,367</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 233,469
Differences-budget to GAAP	
Cost of Commodities Used	10,236
Inventory Adjustment	(4,260)
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 239,445</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

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

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 89,000	\$ 194,375	\$ 66,583	\$ (127,792)
<b>TOTAL REVENUE</b>	<u>89,000</u>	<u>194,375</u>	<u>66,583</u>	<u>(127,792)</u>
Cash Balance Budgeted	-	-		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 89,000</u>	<u>\$ 194,375</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 29,000	34,375	28,992	5,383
Support Services-Students	60,000	160,000	60,000	100,000
<b>TOTAL EXPENDITURES</b>	<u>\$ 89,000</u>	<u>\$ 194,375</u>	<u>\$ 88,992</u>	<u>\$ 105,383</u>

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

<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis)		\$ 66,583
Differences-Budget to GAAP		
Current Year Receivable		27,586
Prior Year Receivable		(5,177)
<b>Total Revenues (GAAP Basis)</b>		<u>\$ 88,992</u>
 <b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis)		\$ 88,992
Differences-budget to GAAP		
<b>Total Expenditures (GAAP Basis)</b>		<u>\$ 88,992</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

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

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 124,949	\$ 124,949	\$ 93,892	\$ (31,057)
<b>TOTAL REVENUE</b>	<u>124,949</u>	<u>124,949</u>	<u>93,892</u>	<u>(31,057)</u>
 Cash Balance Budgeted				
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 124,949</u>	<u>\$ 124,949</u>		
 <b>EXPENDITURES</b>				
Current				
Instruction	\$ 97,467	97,467	81,903	15,564
Support Services-Students	21,469	21,469	21,288	181
Support Services-General Administration	6,013	6,013	6,011	2
<b>TOTAL EXPENDITURES</b>	<u>\$ 124,949</u>	<u>\$ 124,949</u>	<u>\$ 109,202</u>	<u>\$ 15,747</u>

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

<b>Sources/inflows of resources</b>	
Actual amounts (budgetary basis)	\$ 93,892
Differences-Budget to GAAP	
Current Year Receivable	35,946
Prior Year Receivable	(20,636)
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 109,202</u>
 <b>Uses/outflows of resources</b>	
Actual amounts (budgetary basis)	\$ 109,202
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 109,202</u>

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



STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

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

Year Ended June 30, 2011

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 7,310	\$ 7,310	\$ 3,847	\$ (3,463)
<b>TOTAL REVENUE</b>	<u>7,310</u>	<u>7,310</u>	<u>3,847</u>	<u>(3,463)</u>
Cash Balance Budgeted	-	-		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 7,310</u>	<u>\$ 7,310</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 6,270	\$ 6,270	5,329	\$ 941
Support Services-Students	1,040	1,040	1,040	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 7,310</u>	<u>\$ 7,310</u>	<u>6,369</u>	<u>\$ 941</u>

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

<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis)		\$ 3,847
Differences-Budget to GAAP		
Current Year Receivable		3,221
Prior Year Receivable		(699)
<b>Total Revenues (GAAP Basis)</b>		<u>\$ 6,369</u>
 <b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis)		\$ 6,369
Differences-budget to GAAP		
<b>Total Expenditures (GAAP Basis)</b>		<u>\$ 6,369</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVEUE FUND--IDEA-B EARLY INTERVENTION

Year Ended June 30, 2011

	<u>ORIGINAL BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
REVENUE				
Federal Revenue	\$ 20,208	\$ 20,208	\$ 10,816	\$ (9,392)
TOTAL REVENUE	<u>20,208</u>	<u>20,208</u>	<u>10,816</u>	<u>(9,392)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 20,208</u>	<u>\$ 20,208</u>		
EXPENDITURES				
Current				
Instruction	\$ 20,208	\$ 20,208	\$ 15,074	\$ 5,134
TOTAL EXPENDITURES	<u>20,208</u>	<u>20,208</u>	<u>15,074</u>	<u>5,134</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 10,816
Differences-Budget to GAAP	
Current Year Receivable	4,258
Total Revenues (GAAP Basis)	<u>\$ 15,074</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 15,074
Total Expenditures (GAAP Basis)	<u>\$ 15,074</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--IDEA-B RISK POOL

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 24,334	\$ 24,334	\$ -	\$ (24,334)
TOTAL REVENUE	<u>24,334</u>	<u>24,334</u>	<u>-</u>	<u>(24,334)</u>
 Cash Balance Budgeted	 -	 -		
TOTAL REVENUE & CASH	<u>\$ 24,334</u>	<u>\$ 24,334</u>		
EXPENDITURES				
Current				
Instruction	\$ 24,334	\$ 24,334	\$ 23,416	\$ 918
TOTAL EXPENDITURES	<u>\$ 24,334</u>	<u>\$ 24,334</u>	<u>\$ 23,416</u>	<u>\$ 918</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ -
Differences-Budget to GAAP	
Current Year Receivable	23,416
Total Revenues (GAAP Basis)	<u>\$ 23,416</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 23,416
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 23,416</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--TEACHER/PRINCIPAL TRAINING & RECRUITING

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 37,959	\$ 39,558	\$ 37,034	\$ (2,524)
TOTAL REVENUE	<u>37,959</u>	<u>39,558</u>	<u>37,034</u>	<u>(2,524)</u>
 Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 37,959</u>	<u>\$ 39,558</u>		
 EXPENDITURES				
Current				
Instruction	\$ 37,959	39,558	37,053	\$ 2,505
TOTAL EXPENDITURES	<u>\$ 37,959</u>	<u>39,558</u>	<u>37,053</u>	<u>2,505</u>

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

<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis)		\$ 37,034
Differences-Budget to GAAP		
Current Year Receivable		6,137
Prior Year Receivable		(6,118)
Current Year Deferral		
Total Revenues (GAAP Basis)		<u>\$ 37,053</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis)		\$ 37,053
Differences-budget to GAAP		
Total Expenditures (GAAP Basis)		<u>\$ 37,053</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--SAFE & DRUG FREE SCHOOLS & COMMUNITIES

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 3,196	\$ 3,196	\$ 2,985	\$ (211)
TOTAL REVENUE	<u>3,196</u>	<u>3,196</u>	<u>2,985</u>	<u>(211)</u>
 Cash Balance Budgeted	<u>          </u>	<u>          </u>		
TOTAL REVENUE & CASH	<u>\$ 3,196</u>	<u>\$ 3,196</u>		
 EXPENDITURES				
Current				
Instruction	\$ 3,196	\$ 3,196	\$ 2,480	\$ 716
TOTAL EXPENDITURES	<u>3,196</u>	<u>3,196</u>	<u>2,480</u>	<u>716</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 2,985
Differences-Budget to GAAP	(505)
Prior Year Receivable	
Total Revenues (GAAP Basis)	<u>\$ 2,480</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 2,480
Total Expenditures (GAAP Basis)	<u>\$ 2,480</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

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

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ 74,712	\$ 74,712
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>74,712</u>	<u>74,712</u>
Cash Balance Budgeted	<u>97,059</u>	<u>97,059</u>		
TOTAL REVENUE & CASH	<u>\$ 97,059</u>	<u>\$ 97,059</u>		
EXPENDITURES				
Current				
Instruction	\$ 97,059	\$ 30,015	\$ 30,012	\$ 3
TOTAL EXPENDITURES	<u>97,059</u>	<u>30,015</u>	<u>30,012</u>	<u>3</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 74,712
Differences-Budget to GAAP	
Current Year Receivable	2,392
Prior Year Receivable	(47,092)
Total Revenues (GAAP Basis)	<u>\$ 30,012</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 30,012
Total Expenditures (GAAP Basis)	<u>\$ 30,012</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

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

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	118,794	\$ 118,794
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 118,794</u>	<u>\$ 118,794</u>
Cash Balance Budgeted	<u>125,512</u>	<u>125,512</u>		
TOTAL REVENUE & CASH	<u>\$ 125,512</u>	<u>\$ 125,512</u>		
EXPENDITURES				
Current				
Instruction	\$ 125,512	\$ 124,855	\$ 124,647	\$ 208
Student Transportation	657	657	570	87
TOTAL EXPENDITURES	<u>\$ 126,169</u>	<u>\$ 125,512</u>	<u>\$ 125,217</u>	<u>\$ 295</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 118,794
Differences-Budget to GAAP	
Current Year Receivable	6,423
Total Revenues (GAAP Basis)	<u>\$ 125,217</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 125,217
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 125,217</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

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

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ 1,882	\$ 1,882
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>1,882</u>	<u>1,882</u>
Cash Balance Budgeted	<u>2,112</u>	<u>2,062</u>		
TOTAL REVENUE & CASH	<u>\$ 2,112</u>	<u>\$ 2,062</u>		
EXPENDITURES				
Current				
Instruction	\$ 2,112	\$ 2,062	2,062	\$ -
TOTAL EXPENDITURES	<u>\$ 2,112</u>	<u>\$ 2,062</u>	<u>2,062</u>	<u>\$ -</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 1,882
Differences-Budget to GAAP	
Current Year Receivable	281
Prior Year Receivable	(101)
Total Revenues (GAAP Basis)	<u>\$ 2,062</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 2,062
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 2,062</u>

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



STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--STATE EQUALIZATION FEDERAL STIMULUS

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 38,043	\$ 38,194	\$ 38,043	\$ (151)
<b>TOTAL REVENUE</b>	<u>38,043</u>	<u>38,194</u>	<u>38,043</u>	<u>(151)</u>
Cash Balance Budgeted	_____	_____		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 38,043</u>	<u>\$ 38,194</u>		
<b>EXPENDITURES</b>				
Current				
Operation & Maintenance of Plant	38,043	38,194	38,194	-
<b>TOTAL EXPENDITURES</b>	<u>38,043</u>	<u>38,194</u>	<u>38,194</u>	<u>-</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 38,043
Differences-Budget to GAAP	
Current Year Receivable	151
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 38,194</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 38,194
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 38,194</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

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

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 102,907	\$ 102,907	\$ 76,598	\$ (26,309)
TOTAL REVENUE	<u>102,907</u>	<u>102,907</u>	<u>76,598</u>	<u>(26,309)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 102,907</u>	<u>\$ 102,907</u>		
EXPENDITURES				
Current				
Instruction	\$ 102,907	\$ 102,907	\$ 102,907	\$ -
TOTAL EXPENDITURES	<u>102,907</u>	<u>102,907</u>	<u>102,907</u>	<u>-</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 76,598
Differences-Budget to GAAP	26,309
Current Year Receivable	<u>102,907</u>
Total Revenues (GAAP Basis)	<u>102,907</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 102,907
Differences-budget to GAAP	<u>102,907</u>
Total Expenditures (GAAP Basis)	<u>102,907</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

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

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ -	\$ 136	\$ -	\$ (136)
<b>TOTAL REVENUE</b>	<u>\$ -</u>	<u>\$ 136</u>	<u>\$ -</u>	<u>\$ (136)</u>
Cash Balance Budgeted	880	880		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 880</u>	<u>\$ 1,016</u>		
<b>EXPENDITURES</b>				
Current				
Support Services-Instruction	\$ 880	\$ 1,016	\$ 1,016	\$ -
<b>TOTAL EXPENDITURES</b>	<u>\$ 880</u>	<u>\$ 1,016</u>	<u>\$ 1,016</u>	<u>\$ -</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ -
Differences-Budget to GAAP	1,016
Prior Year Deferral	
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 1,016</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 1,016
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 1,016</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

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

Year Ended June 30, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 9,292	\$ 9,292	\$ -	\$ (9,292)
TOTAL REVENUE	<u>9,292</u>	<u>9,292</u>	<u>-</u>	<u>(9,292)</u>
Cash Balance Budgeted	-			
TOTAL REVENUE & CASH	<u>\$ 9,292</u>	<u>\$ 9,292</u>		
EXPENDITURES				
Current				
Instruction	\$ 9,292	\$ 9,292	\$ 2,068	\$ 7,224
TOTAL EXPENDITURES	<u>9,292</u>	<u>9,292</u>	<u>2,068</u>	<u>7,224</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ -
Differences-Budget to GAAP	
Current Year Deferral	(7,224)
Prior Year Deferral	9,292
Total Revenues (GAAP Basis)	<u>\$ 2,068</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 2,068
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 2,068</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--CITY/LOCAL GRANTS

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
City/Local Grants	\$ 6,504	\$ 6,504	\$ 10,504	\$ 4,000
<b>TOTAL REVENUE</b>	<u>6,504</u>	<u>6,504</u>	<u>10,504</u>	<u>4,000</u>
Cash Balance Budgeted	<u>9,304</u>	<u>9,304</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 15,808</u>	<u>\$ 15,808</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 9,034	\$ 15,808	\$ 6,522	\$ 9,286
<b>TOTAL EXPENDITURES</b>	<u>\$ 9,034</u>	<u>\$ 15,808</u>	<u>\$ 6,522</u>	<u>\$ 9,286</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 10,504
Differences-Budget to GAAP	
Current Year Deferral	(13,567)
Prior Year Deferral	9,585
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 6,522</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 6,522
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 6,522</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--TRANSPORTATION RELATED GRANTS

Year Ended June 30, 2011

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	VARIANCE Favorable (Unfavorable)
REVENUE				
City/Local Grants	\$ 65,539	\$ 65,539	\$ 61,661	\$ (3,878)
TOTAL REVENUE	<u>65,539</u>	<u>65,539</u>	<u>61,661</u>	<u>(3,878)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 65,539</u>	<u>\$ 65,539</u>		
EXPENDITURES				
Current				
Acquisition & Construction	\$ 65,539	\$ 65,539	\$ 61,661	\$ 3,878
TOTAL EXPENDITURES	<u>65,539</u>	<u>65,539</u>	<u>61,661</u>	<u>3,878</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 61,661
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 61,661</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 61,661
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 61,661</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--SENATE BILL 9

Year Ended June 30, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 61,557	\$ 61,557	\$ 70,942	\$ 9,385
Interest Income	100	100	200	100
State Flow Through Grants	96,037	96,037	96,037	(96,037)
<b>TOTAL REVENUE</b>	<u>157,694</u>	<u>157,694</u>	<u>\$ 71,142</u>	<u>\$ (86,552)</u>
Cash Balance Budgeted	<u>138,914</u>	<u>138,914</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 296,608</u>	<u>\$ 296,608</u>		
<b>EXPENDITURES</b>				
Current				
Support Services-General Administration	600	664	664	-
Acquisition & Construction	199,971	295,944	96,519	199,425
<b>TOTAL EXPENDITURES</b>	<u>\$ 200,571</u>	<u>\$ 296,608</u>	<u>\$ 97,183</u>	<u>\$ 199,425</u>

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

<b>Sources/inflows of resources</b>	
Actual amounts (budgetary basis)	\$ 71,142
Differences-Budget to GAAP	
Property tax Receivable	908
Prior Year Tax Receivables	(1,097)
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 70,953</u>
<b>Uses/outflows of resources</b>	
Actual amounts (budgetary basis)	\$ 97,183
Differences-budget to GAAP	
Accounts Payable	6,539
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 103,722</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS  
COMBINING BALANCE SHEET -- GENERAL FUND

June 30, 2011

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>TOTALS</u>
<b>ASSETS</b>				
Cash on Deposit	\$ 348,579	\$ -	\$ 12,595	\$ 361,174
Due from Other Funds	277,477	-	-	277,477
Property Tax Receivable	186	-	-	186
Due from other Agencies	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 626,242</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 12,595</u></b>	<b><u>\$ 638,837</u></b>
<b>LIABILITIES AND FUND BALANCE</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-
Due to Other Funds	-	-	-	-
<b>TOTAL LIABILITIES AND OTHER CREDITS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>				
Restricted	-	-	12,595	12,595
Unassigned	626,242	-	-	626,242
<b>TOTAL FUND BALANCE</b>	<b><u>626,242</u></b>	<b><u>-</u></b>	<b><u>12,595</u></b>	<b><u>638,837</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 626,242</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 12,595</u></b>	<b><u>\$ 638,837</u></b>

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



STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

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

Year Ended June 30, 2011

	Operational	Transportation	Instructional Materials	TOTALS
<b>REVENUE</b>				
Federal Programs	\$ 970	\$ -	\$ -	\$ 970
State Programs	-	211,260	17,376	228,636
State Equalization	3,593,539	-	-	3,593,539
Interest Earnings	1,414	-	-	1,414
Charges For Services	-	-	-	-
Fees	-	-	-	-
Donations	18,249	-	-	18,249
Sale of Property	-	-	-	-
Miscellaneous	13,972	-	-	13,972
Local Property Taxes	16,316	-	-	16,316
<b>TOTAL REVENUES</b>	<u>3,644,460</u>	<u>211,260</u>	<u>17,376</u>	<u>3,873,096</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	2,218,030	-	23,878	2,241,908
Support Services	-	-	-	-
Support Services-Students	259,437	-	-	259,437
Support Services-Instruction	33,474	-	-	33,474
Support Services-General Administration	211,035	-	-	211,035
Support Services-School Administration	278,956	-	-	278,956
Central Services	66,155	-	-	66,155
Operation & Maintenance of Plant	558,864	-	-	558,864
Student Transportation	-	211,260	-	211,260
Other Support Services	4,893	-	-	4,893
Food Services-Operations	1,655	-	-	1,655
Community Services-Operations	-	-	-	-
Acquisition & Construction	-	-	-	-
Debt Service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>3,632,499</u>	<u>211,260</u>	<u>23,878</u>	<u>3,867,637</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>11,961</b>	<b>-</b>	<b>(6,502)</b>	<b>5,459</b>
<b>Other Financing Sources (uses)</b>				
Transfer IN (OUT)	-	-	-	-
<b>Total Other Financial Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change In Fund Balances</b>	<b>11,961</b>	<b>-</b>	<b>(6,502)</b>	<b>5,459</b>
<b>FUND BALANCE</b>				
June 30, 2010	614,281	-	19,097	633,378
Restatement	-	-	-	-
Restated Balance	<u>614,281</u>	<u>-</u>	<u>19,097</u>	<u>633,378</u>
<b>FUND BALANCE June 30, 2011</b>	<u><u>\$ 626,242</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,595</u></u>	<u><u>\$ 638,837</u></u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

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

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 14,022	\$ 14,022	\$ 16,351	\$ 2,329
Donations/Gifts	-	-	18,249	18,249
Interest Income	1,000	1,000	1,413	413
State Equalization	3,696,909	3,593,568	3,593,539	(29)
Access Board	17,000	17,000	13,566	(3,434)
Insurance Recoveries	-	-	406	406
Forest Reserve	955	955	970	15
<b>TOTAL REVENUE</b>	<u>3,729,886</u>	<u>3,626,545</u>	<u>\$ 3,644,494</u>	<u>\$ 17,949</u>
Cash Balance Budgeted	<u>618,526</u>	<u>618,526</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 4,348,412</u>	<u>\$ 4,245,071</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 2,536,840	\$ 2,433,499	\$ 2,218,030	\$ 215,469
Support Services				-
Support Services-Students	311,840	311,840	259,437	52,403
Support Services-Instruction	52,314	52,314	33,474	18,840
Support Services-General Administration	263,957	263,957	211,035	52,922
Support Services-School Administration	302,595	302,595	278,956	23,639
Central services	77,484	77,484	66,155	11,329
Operation & Maintenance of Plant	739,165	739,165	558,864	180,301
Student Transportation	-	-	-	-
Other Support Services	9,867	9,867	4,894	4,973
Food Services-Operations	54,350	54,350	1,655	52,695
Community Services-operations	-	-	-	-
Acquisition & Construction	-	-	-	-
Principal	-	-	-	-
Interest & Finance Charges	-	-	-	-
Debt Service Reserve	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,348,412</u>	<u>\$ 4,245,071</u>	<u>\$ 3,632,500</u>	<u>\$ 612,571</u>
Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures				
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis)			\$ 3,644,494	
Differences-Budget to GAAP				
Property tax Receivable			186	
Prior Year Tax Receivables			(220)	
<b>Total Revenues (GAAP Basis)</b>			<u>\$ 3,644,460</u>	
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis)			\$ 3,632,500	
Differences-budget to GAAP				
<b>Total Expenditures (GAAP Basis)</b>			<u>\$ 3,632,500</u>	

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

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

Year Ended June 30, 2011

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
<b>REVENUE</b>				
State Flow Through Grants	\$ 214,950	\$ 211,260	\$ 211,260	\$ -
<b>TOTAL REVENUE</b>	<u>214,950</u>	<u>211,260</u>	<u>211,260</u>	<u>-</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 214,950</u>	<u>\$ 211,260</u>		
<b>EXPENDITURES</b>				
Current				
Student Transportation	\$ 214,950	\$ 211,260	\$ 211,260	\$ -
<b>TOTAL EXPENDITURES</b>	<u>214,950</u>	<u>211,260</u>	<u>211,260</u>	<u>-</u>

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

<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis)		\$ 211,260
Differences-Budget to GAAP		
<b>Total Revenues (GAAP Basis)</b>		<u>\$ 211,260</u>
 <b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis)		\$ 211,260
Differences-budget to GAAP		
<b>Total Expenditures (GAAP Basis)</b>		<u>\$ 211,260</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

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

Year Ended June 30, 2011

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ 15,228	\$ 17,223	\$ 17,223	\$ -
Refunds	-	-	153	153
<b>TOTAL REVENUE</b>	<u>15,228</u>	<u>17,223</u>	<u>17,376</u>	<u>153</u>
Cash Balance Budgeted	<u>18,793</u>	<u>18,793</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 34,021</u>	<u>\$ 36,016</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 34,021	\$ 36,016	\$ 23,878	\$ 12,138
<b>TOTAL EXPENDITURES</b>	<u>\$ 34,021</u>	<u>\$ 36,016</u>	<u>\$ 23,878</u>	<u>\$ 12,138</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 17,376
Differences-Budget to GAAP	
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 17,376</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 23,878
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 23,878</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

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

Year Ended June 30, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Interest Income	\$ 250	\$ 250	\$ 296	\$ 46
TOTAL REVENUE	<u>250</u>	<u>250</u>	<u>296</u>	<u>46</u>
Cash Balance Budgeted	<u>361,870</u>	<u>361,870</u>		
TOTAL REVENUE & CASH	<u>\$ 362,120</u>	<u>\$ 362,120</u>		
<b>EXPENDITURES</b>				
Current				
Acquisition & Construction	362,120	362,120	88,842	273,278
TOTAL EXPENDITURES	<u>\$ 362,120</u>	<u>\$ 362,120</u>	<u>88,842</u>	<u>273,278</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 296
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 296</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 88,842
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 88,842</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
ACTUAL (NON GAAP BUDGETARY BASIS)--DEBT SERVICE FUND

Year Ended June 30, 2011

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 226,399	226,399	\$ 266,319	\$ 39,920
Interest Income	70	70	129	59
<b>TOTAL REVENUE</b>	<u>226,469</u>	<u>226,469</u>	<u>\$ 266,448</u>	<u>\$ 39,979</u>
Cash Balance Budgeted	<u>211,906</u>	<u>211,906</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 438,375</u>	<u>\$ 438,375</u>		
<b>EXPENDITURES</b>				
Current				
Support Services-General Administration	\$ 2,264	\$ 2,493	\$ 2,492	\$ 1
Principal	205,000	205,000	205,000	-
Interest and Finance Charges	21,400	21,400	21,400	-
Debt Service Reserve	209,711	209,482		209,482
<b>TOTAL EXPENDITURES</b>	<u>\$ 438,375</u>	<u>\$ 438,375</u>	<u>\$ 228,892</u>	<u>\$ 209,483</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 266,448
Differences-Budget to GAAP	
Property tax Receivable	3,421
Prior Year Tax Receivables	(3,968)
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 265,901</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 228,892
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 228,892</u>

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

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -- AGENCY FUND

Year Ended June 30, 2011

	BALANCE 7/01/10	ADDITIONS	TRANSFERS	DEDUCTIONS	BALANCE 6/30/11
Central office	\$ 39	\$ 1,664	\$ -	\$ 1,447	\$ 256
High School	128,513	676,744	-	663,544	141,713
Middle School	2,228	4,507	-	5,069	1,666
Elementary School	1,905	17,136	-	15,146	3,895
Total	<u>\$ 132,685</u>	<u>\$ 700,051</u>	<u>\$ -</u>	<u>\$ 685,206</u>	<u>\$ 147,530</u>

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

<u>US DEPARTMENT OF EDUCATION</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH GRANTOR NUMBER</u>	<u>PROGRAM EXPENDITURES</u>
<i>Passed through New Mexico Public Education Department</i>			
Title I	84.010	24101	\$ 236,672
Migrant Children Education	84.011	24103	88,992
Idea B Entitlement	<1> 84.027	24106	109,201
Idea B Preschool	<1> 84.027	24109	6,369
Idea B Early Intervention	<1> 84.027	24112	15,074
Idea B Risk Pool	<1> 84.027	24120	23,416
Teacher/Principal Training	84.367	24154	37,053
Safe & Drug Free Schools	84.186	24157	2,480
Title I Federal Stimulus	84.389	24201	30,012
Entitlement-Federal Stimulus	84.0270	24206	125,217
Pre School-Federal Stimulus	84.1730	24209	2,062
Title XIX Medicaid	93.778	25153	14,531
SEG Federal Stimulus	84.394	25250	38,194
Education Job Fund	84.410	25255	102,907
Total Department of Education			<u>832,180</u>
 <b>US DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through New Mexico Public Education Department</i>			
National School Lunch	<1> 10.555	21000	226,467
<i>Passed through NM Dept. of Finance &amp; Admin</i>			
Forrest Reserve	10.665	25130	970
<i>Passed through NM Human Services Department</i>			
School Food Commodity Distribution Program	10.550	21000	10,236
Total Department of Agriculture			<u>237,673</u>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<b>\$ <u>1,069,853</u></b>
 <1> Major Program			
Reconciliation to Federal Revenues in Financial Statements:			
Federal Revenues Per Financial Statements			<b>\$ <u>1,069,853</u></b>

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

Note 2 Non-Monetary assistance of \$10,236 is included in the schedule at fair market value of the commodities received from the Department of Agriculture.



STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

SCHEDULE OF PLEDGED COLLATERAL

June 30, 2011

	TOTAL DEPOSITS	FDIC INSURANCE	UNINSURED BANK BALANCE	COLLATERAL REQUIRED	COLLATERAL PLEGGED	SECURITY DEFICIT	UNINSURED & UNCOLLATERALIZED DEPOSITS
PORTALES NATIONAL BANK	\$ 997,464	\$ 250,000	\$ 747,464	\$ 373,732	\$ 612,500	\$ -	\$ 134,964
COLLATERAL	CUSIP #	MATURITY	MARKET VALUE				
BERNALLILLO NM MUN SCH	085279PR2	08/01/13	102,530	GO BONDS			
CARLSBAD NM MUN SCH	3133XGWH3	08/01/13	509,970	GO BONDS			
			\$ 612,500				
NEW MEXICO STATE TREASURER	\$ 488,096	\$ -	\$ 488,096	\$ 488,096	\$ 488,096	\$ -	\$ -
Total all Institutions	\$ 1,485,560	\$ 250,000	\$ 1,235,560	\$ 861,828	\$ 1,100,596	\$ -	\$ 134,964
	Portales National Bank	New Mexico State Treasurer					
50% pledged collateral requirement per statute	\$ 373,732	\$ 488,096					
Total pledged collateral	(612,500)	(488,096)					
Pledged collateral (over) under requirement	\$ (238,768)	\$ -					

All pledged securities are held by the financial institutions trust Department or it's agent.

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

BANK SUMMARY

June 30, 2011

BANK	ACCT TYPE	FUND	BANK BALANCE	DEPOSITS IN TRANSIT	OUTSTANDING CHECKS	NET CASH BALANCE
JAMES POLK STONE NATIONAL BANK	• CHK	BUILDING	\$ 238,805	\$ -	\$ -	\$ 238,805
	• CHK	OPERATING	196,836	-	131,109	65,727
	• CHK	CAPITAL IMPROVEMENTS	93,473	-	443	93,030
	• CHK	CAFETERIA	61,119	-	-	61,119
	• CHK	ACTIVITY	135,286	-	2	135,284
	• CHK	NON-INSTRUCTIONAL	11,253	-	400	10,853
	• CHK	FEDERAL PROJECTS	9,607	-	1,222	8,385
	• CHK	DEBT SERVICE	251,085	-	-	251,085
TOTAL JAMES POLK STONE NATIONAL BANK			<u>\$ 997,464</u>	<u>\$ -</u>	<u>\$ 133,176</u>	<u>\$ 864,288</u>
TOTAL NEW MEXICO STATE TREASURER		MULTI FUND	<u>488,096</u>			<u>488,096</u>
			<u>\$ 488,096</u>			<u>\$ 488,096</u>
TOTAL DEPOSITS		TOTAL DEPOSITED CASH	<u>\$ 1,485,560</u>	<u>\$ -</u>	<u>\$ 133,176</u>	<u>\$ 1,352,384</u>
	* interest bearing					
		ACTIVITY CASH ON HAND				<u>-</u>
		TOTAL CASH				<u>\$ 1,352,384</u>

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

BANK RECONCILIATION

JUNE 30, 2011

	Operational	Transportation	Food Services	Athletics	Federal Projects	Local & State	SB-9
Audited Net Cash JUNE 30, 2010	\$ 523,060	\$ -	\$ 52,457	\$ 11,491	\$ 20,567	\$ (23,067)	\$ 161,397
	-	-	-	-	-	-	-
TOTAL CASH BALANCE JUNE 30, 2010	523,060	-	52,457	11,491	20,567	(23,067)	161,397
Add: Prior year void checks	-	-	-	-	-	-	-
2010-2011 Revenue	3,644,495	211,260	242,131	19,267	771,778	131,820	81,532
Loans Paid back	-	-	-	-	-	-	-
Loans In	91,000	-	-	-	279,477	-	-
Transfers In	-	-	-	-	-	-	-
	3,735,495	211,260	242,131	19,267	1,051,255	131,820	81,532
TOTAL AVAILABLE CASH	4,258,555	211,260	294,588	30,758	1,071,822	108,753	242,929
2010-2011 Expenditures	3,632,499	211,260	233,469	14,267	832,180	146,800	107,572
Loans Out	279,477	-	-	-	-	-	-
Loans Paid Back	-	-	-	-	91,000	-	-
Transfers Out	-	-	-	-	-	-	-
	3,911,976	211,260	233,469	14,267	923,180	146,800	107,572
NET CASH, JUNE 30, 2011	346,579	-	61,119	16,491	148,642	(38,047)	135,357
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
TOTAL CASH, JUNE 30, 2011	\$ 346,579	\$ -	\$ 61,119	\$ 16,491	\$ 148,642	\$ (38,047)	\$ 135,357

<u>Debt Service</u>	<u>Instructional Materials</u>	<u>Bond Building</u>	<u>Activity</u>
\$ 226,330	\$ 19,096	\$ 346,778	\$ 132,685
-	-	-	-
226,330	19,096	346,778	132,685
266,448	17,376	297	700,051
-	-	-	-
266,448	17,376	297	700,051
492,778	36,472	347,075	832,736
228,892	23,878	88,842	685,206
-	-	-	-
-	-	-	-
228,892	23,878	88,842	685,206
263,886	12,594	258,233	147,530
-	-	-	-
<u>\$ 263,886</u>	<u>\$ 12,594</u>	<u>\$ 258,233</u>	<u>\$ 147,530</u>

# Woodard, Cowen & Co.

Certified Public Accountants

## 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, New Mexico State Auditor  
Board of Education  
Hagerman Municipal Schools  
Hagerman, NM

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hagerman Municipal Schools, as of and for the year ended June 30, 2011, which collectively comprise the Hagerman Municipal Schools' basic financial statements and have issued our report thereon dated November 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hagerman Municipal Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*Woodard, Cowen & Co.*

Woodard, Cowen & Company  
Portales, New Mexico  
November 14, 2011

# Woodard, Cowen & Co.

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Mr. Hector Balderas, State Auditor  
Board of Education  
Hagerman Municipal Schools  
Hagerman, New Mexico

### Compliance

We have audited Hagerman Municipal Schools' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Hagerman Municipal Schools' major federal programs for the year ended June 30, 2011. Hagerman Municipal Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Hagerman Municipal Schools' management. Our responsibility is to express an opinion on Hagerman Municipal Schools' compliance based on our audit.

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

In our opinion, Hagerman Municipal Schools, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

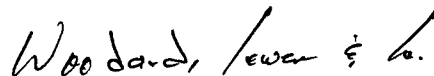
### Internal Control over Compliance

Management of Hagerman Municipal Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Hagerman Municipal Schools internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hagerman Municipal Schools' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



Woodard, Cowen & Company  
Portales, New Mexico  
November 14, 2011



STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2011

PRIOR YEAR AUDIT FINDINGS – Hagerman Municipal Schools

Late Report 10-01

State of Condition:	The audit report was filed by the due date of November 15, 2010, but because of changes required by the SAO office deemed the report to not be timely filed.
Recommendation:	The District and auditor will be more diligent to file the audit in the future.
Status:	Resolved

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2011

I. SUMMARY OF AUDITORS RESULTS:

Report on Financial Statements	Unqualified
Significant Deficiencies on GAGAS	None
Material Weakness involving Significant Deficiencies	None
Material Noncompliance	None
Questioned Cost	None
Type A & Type B dollar threshold	\$300,000
Entity Risk	Low Risk
Major Federal Program	National School Lunch #10.555 Idea B Entitlement #84.027 Idea B Preschool #84.027 Early Intervention #84.027 IDEA B Risk Pool #84.027
Significant Deficiencies on Internal Control over Major Programs	None
Report on Compliance with Major Programs	Unqualified
II. FEDERAL PROGRAM FINDINGS:	None
III. FINANCIAL STATEMENT FINDINGS:	
None	

STATE OF NEW MEXICO  
HAGERMAN MUNICIPAL SCHOOLS

June 30, 2011

OTHER DISCLOSURES

AUDITOR PREPARED FINANCIAL STATEMENTS

These financial statements and related footnotes and supplemental information were prepared by the auditor. The auditor cannot be a part of the District's internal control, thus the preparation of the report is not a substitute for managements' internal control and is not considered in the auditors' evaluation of the severity of the internal control deficiency.

EXIT CONFERENCE

An exit conference, to discuss the contents of this report, was held on November 14, 2011. In attendance at the 2:00 a.m. meeting were Steven Starkey, Superintendent, Chad Hamill and James Hollman, School Board Members, and Cheryl Andrews, Director of Finance. Gayland Cowen, CPA represented our firm at this meeting. Also in attendance were audit committee members, Lois Wilson Stephens and Justin Gossett.