

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS
JUNE 30, 2012

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STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

OFFICIAL ROSTER

June 30, 2012

BOARD OF EDUCATION

Chad Hamill	President
James Hollmann	Vice President
Trey Lilly	Secretary
Wesley Pilley	Member
Cody Munson	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 School Board
Hagerman Municipal Schools

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Hagerman Municipal Schools' (District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental, nonmajor and the budgetary comparisons for the major capital project funds, 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, 2012, as listed in the table of contents.

These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. 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 the 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2012, and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of each nonmajor governmental, of the District as of June 30, 2012, and the respective budgetary comparisons for the major capital project funds, debt service funds, and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2012 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Portales: PO Box 445, 118 E. 2nd Street Portales NM, 88130 Phone: 575-356-8564 Fax: 575-356-2453
Clovis: PO Box 1874, 116 E. Grand Avenue Clovis NM, 88101 Phone: 575-762-3811 Fax: 575-762-3866

The District has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Woodard, Cowen & Co

Woodard, Cowen, & Company
November 13, 2012

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS
STATEMENT OF NET ASSETS

June 30, 2012

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,177,065
Property Taxes Receivable	3,957
Due From Other Agencies	215,139
Inventory	<u>9,480</u>
Non-current assets:	
Capital assets, net	10,507,396
Bond issuance costs, net	25,455
Total Assets	<u><u>\$ 11,938,492</u></u>
<u>LIABILITIES</u>	
Current:	
Accounts Payable	7,347
Deferred Revenue	109,912
Accrued Interest Payable	6,040
Debt due in one year	<u>165,000</u>
Non-current:	
Debt in more than one year:	675,000
Total Liabilities	<u><u>963,299</u></u>
<u>NET ASSETS</u>	
Invested in capital assets net of related debt	9,667,396
Restricted for:	
Capital Projects	298,148
Debt Service	199,873
Inventory	9,480
Unrestricted	<u>800,296</u>
Total Net Assets	<u><u>\$ 10,975,193</u></u>

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

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue & Changes in Net Assets
	\$	\$	\$	\$	\$
Primary government:					
Governmental activities:					
Instruction	2,809,174	13,068	574,477	-	(2,221,629)
Support Services					
Support Services-Students	423,190	-	172,148	-	(251,042)
Support Services-Instruction	50,572	-	18,978	-	(31,594)
Support Services-General Administration	219,836	-	6,376	-	(213,460)
Support Services-School Administration	287,991	-	12,577	-	(275,414)
Central Services	65,551	-	-	-	(65,551)
Operation & Maintenance of Plant	814,974	-	31,187	-	(783,787)
Student Transportation	204,192	-	204,192	-	-
Other Support Services	11,138	-	-	-	(11,138)
Food Services-Operations	241,916	14,419	251,365	-	23,868
Community Services-operations	-	-	-	-	-
Bond Interest	14,960	-	-	-	(14,960)
Depreciation-unallocated	479,337	-	-	-	(479,337)
Amortization Unallocated	3,182	-	-	-	(3,182)
Unallocated Revenue	-	-	-	96,037	96,037
Total governmental activities	\$ 5,626,013	\$ 27,487	\$ 1,271,300	\$ 96,037	\$ (4,231,189)

General revenues:

Property taxes:

Levied for General purpose	\$	13,401
Levied for Capital Projects		59,407
Levied for Debt Service		150,323
Rent		-
PED Equalization Guarantee		3,704,497
Unrestricted interest income		1,415
Miscellaneous		23,427
Donations		-
Loss on disposal of capital assets		(2,109)

Total general revenues 3,950,361

Change in net assets (280,828)

Net assets - beginning 11,258,957

Restatement (2,936)

Restated Beginning Net Assets 11,256,021

Net assets - ending \$ 10,975,193

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

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

BALANCE SHEET-- GOVERNMENTAL FUNDS

June 30, 2012

	<u>GENERAL</u>	<u>TITLE I</u>	<u>MIGRANT</u>
ASSETS			
Cash on Deposit	\$ 466,353	\$ -	\$ -
Due from Other Funds	215,139	-	-
Due from Other Governments	-	41,631	50,040
Due From External Funds	-	-	-
Property Taxes Receivable	199	-	-
Inventory	-	-	-
TOTAL ASSETS	<u><u>\$ 681,691</u></u>	<u><u>\$ 41,631</u></u>	<u><u>\$ 50,040</u></u>
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-
Due to Other Funds	-	41,631	50,040
TOTAL LIABILITIES	-	41,631	50,040
FUND BALANCE			
Non-spendable	-	-	-
Restricted for: Capital Projects	-	-	-
Restricted for: Debt Service	-	-	-
Restricted for: Instructional Materials	16,141	-	-
Restricted for: Athletics	-	-	-
Restricted for: Cafeteria	-	-	-
Restricted for: Special Revenue	-	-	-
Unassigned:			
General Fund	665,550	-	-
Special Revenue Funds	-	-	-
TOTAL FUND BALANCE	<u><u>681,691</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 681,691</u></u>	<u><u>\$ 41,631</u></u>	<u><u>\$ 50,040</u></u>

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

<u>MEDICAID</u>	<u>BOND BUILDING</u>	<u>DEBT SERVICE</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>Total GOVERNMENTAL FUNDS</u>
\$ 82,937	\$ 218,481	\$ 197,130	\$ 212,164	\$ 1,177,065
-	-	-	-	215,139
-	-	-	123,468	215,139
-	-	-	-	-
-	-	2,743	1,015	3,957
-	-	-	9,480	9,480
<u>\$ 82,937</u>	<u>\$ 218,481</u>	<u>\$ 199,873</u>	<u>\$ 346,127</u>	<u>\$ 1,620,780</u>
\$ -	\$ -	\$ -	\$ 7,347	\$ 7,347
82,937	-	-	26,975	109,912
-	-	-	123,468	215,139
82,937	-	-	157,790	332,398
-	-	-	9,480	9,480
-	218,481	-	79,667	298,148
-	-	199,873	-	199,873
-	-	-	-	16,141
-	-	-	15,533	15,533
-	-	-	83,657	83,657
-	-	-	-	-
-	-	-	-	665,550
-	-	-	-	-
<u>-</u>	<u>218,481</u>	<u>199,873</u>	<u>188,337</u>	<u>1,288,382</u>
<u>\$ 82,937</u>	<u>\$ 218,481</u>	<u>\$ 199,873</u>	<u>\$ 346,127</u>	<u>\$ 1,620,780</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, 2012

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

Fund Balances - total governmental funds	\$ 1,288,382
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	10,507,396
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds are as follows:	
Accrued interest payable not reported in the funds.	(6,040)
Liabilities not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Bond Issuance Costs	25,455
Bonded Debt	<u>(840,000)</u>
Net assets of governmental activities	<u>\$ 10,975,193</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, 2012

	GENERAL	TITLE I	MIGRANT
REVENUE			
Residential/Non-Residential Taxes	\$ 13,401	\$ -	\$ -
Fees Activities	-	-	-
Fees-Users	-	-	-
Interest Income	1,105	-	-
State Equalization	3,704,497	-	-
State Programs	222,470	-	-
Donations	2,469	-	-
Access Board	15,032	-	-
Refunds	587	-	-
Charter School Admin	-	-	-
Federal Program	902	263,595	96,322
TOTAL REVENUES	3,960,463	263,595	96,322
EXPENDITURES			
Current			
Instruction	2,239,191	232,040	39,872
Support Services-Students	251,042	-	56,450
Support Services-Instruction	31,594	18,978	-
Support Services-General Administration	211,503	-	-
Support Services-School Administration	275,414	12,577	-
Central Services	65,551	-	-
Operation & Maintenance of Plant	626,482	-	-
Student Transportation	204,045	-	-
Other Support Services	11,138	-	-
Food Services-Operations	-	-	-
Acquisition & Construction	-	-	-
Bond Principal	-	-	-
Bond Interest	-	-	-
TOTAL EXPENDITURES	3,915,960	263,595	96,322
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	44,503	-	-
Other Financing Sources			
Bond Proceeds	-	-	-
Sale of Equipment	-	-	-
Bond Premium	-	-	-
Transfers In<Out>	-	-	-
Total Other Financial Sources	-	-	-
Net Change In Fund Balances	44,503	-	-
FUND BALANCE			
June 30, 2011	638,837	-	-
Restatement	(1,649)	-	-
Restated Fund Balance June 30, 2011	637,188	-	-
FUND BALANCE June 30, 2012	\$ 681,691	\$ -	\$ -

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

MEDICAID	BOND BUILDING	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ -	\$ 150,323	\$ 59,407	\$ 223,131
-	-	-	12,874	12,874
-	-	-	14,419	14,419
-	147	79	102	1,433
-	-	-	-	3,704,497
-	-	-	171,964	394,434
-	-	-	176	2,645
-	-	-	-	15,032
-	-	-	4,512	5,099
-	-	-	119,917	119,917
27,846	-	-	465,148	853,813
<u>27,846</u>	<u>147</u>	<u>150,402</u>	<u>848,519</u>	<u>5,347,294</u>
-	-	-	298,071	2,809,174
27,846	-	-	87,852	423,190
-	-	-	-	50,572
-	-	1,401	6,932	219,836
-	-	-	-	287,991
-	-	-	-	65,551
-	-	-	-	626,482
-	-	-	147	204,192
-	-	-	-	11,138
-	-	-	241,916	241,916
-	38,946	-	240,459	279,405
-	-	200,000	-	200,000
-	-	16,391	-	16,391
<u>27,846</u>	<u>38,946</u>	<u>217,792</u>	<u>875,377</u>	<u>5,435,838</u>
-	(38,799)	(67,390)	(26,858)	(88,544)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(38,799)	(67,390)	(26,858)	(88,544)
-	258,232	267,307	215,486	1,379,862
-	(952)	(44)	(291)	(2,936)
-	257,280	267,263	215,195	1,376,926
<u>\$ -</u>	<u>\$ 218,481</u>	<u>\$ 199,873</u>	<u>\$ 188,337</u>	<u>\$ 1,288,382</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 -
ALL GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2012

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

Net change in fund balance - total governmental funds	\$ (88,544)
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	(388,424)
Loss on Disposal of capital assets reported in net assets	(2,109)
Expenses in the statement of activities which do not require use of current financial resources	
Decrease in Interest Payable	1,431
Bond principal payments	200,000
Bond issuance cost amortization	<u>(3,182)</u>
Change in Net Assets	<u>\$ (280,828)</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, 2012

General Fund				
	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 13,360	\$ 13,360	\$ 13,388	\$ 28
Donations/Gifts	-	-	2,469	2,469
Interest Income	1,409	1,409	1,105	(304)
State Equalization	3,690,900	3,704,216	3,704,497	281
State Flow Through Grants	204,355	222,055	222,470	415
Access Board	13,709	13,709	15,032	1,323
Refunds	-	-	587	587
Forest Reserve	873	873	902	29
TOTAL REVENUE	<u>3,924,606</u>	<u>3,955,622</u>	<u>\$ 3,960,450</u>	<u>\$ 4,828</u>
Cash Balance Budgeted	<u>412,617</u>	<u>412,617</u>		
TOTAL REVENUE & CASH	<u>\$ 4,337,223</u>	<u>\$ 4,368,239</u>		
EXPENDITURES				
Current				
Instruction	\$ 2,565,400	\$ 2,552,912	\$ 2,239,191	\$ 313,721
Support Services-Students	279,457	279,457	251,042	28,415
Support Services-Instruction	35,173	35,173	31,594	3,579
Support Services-General Administration	243,584	243,584	211,503	32,081
Support Services-School Administration	280,928	280,928	275,414	5,514
Central Services	66,591	66,591	65,551	1,040
Operation & Maintenance of Plant	637,910	664,626	626,482	38,144
Student Transportation	188,857	204,045	204,045	-
Other Support Services	9,750	11,350	11,138	212
Food Services-Operations	29,573	29,573	-	29,573
TOTAL EXPENDITURES	<u>\$ 4,337,223</u>	<u>\$ 4,368,239</u>	<u>\$ 3,915,960</u>	<u>\$ 452,279</u>
Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures				
Sources/inflows of resources				
Actual amounts (budgetary basis)			\$ 3,960,450	
Differences-Budget to GAAP				
Property tax Receivable			199	
Prior Year Tax Receivables			(186)	
Total Revenues (GAAP Basis)			<u>\$ 3,960,463</u>	
Uses/outflows of resources				
Actual amounts (budgetary basis)			\$ 3,915,960	
Total Expenditures (GAAP Basis)			<u>\$ 3,915,960</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 247,473	\$ 288,793	\$ 296,589	\$ 7,796
TOTAL REVENUE	<u>247,473</u>	<u>288,793</u>	<u>296,589</u>	<u>7,796</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 247,473</u>	<u>\$ 288,793</u>		
EXPENDITURES				
Current				
Instruction	\$ 215,846	\$ 257,166	\$ 232,040	\$ 25,126
Support Services-Instruction	18,985	18,985	18,978	7
Support Services-School Administration	12,642	12,642	12,577	65
TOTAL EXPENDITURES	<u>\$ 247,473</u>	<u>\$ 288,793</u>	<u>\$ 263,595</u>	<u>\$ 25,198</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 296,589
Differences-Budget to GAAP	
Current Year Receivable	41,631
Prior Year Receivable	(74,625)
Total Revenues (GAAP Basis)	<u>\$ 263,595</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 263,595
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 263,595</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 89,000	\$ 173,282	\$ 73,868	\$ (99,414)
TOTAL REVENUE	<u>89,000</u>	<u>173,282</u>	<u>73,868</u>	<u>(99,414)</u>
 Cash Balance Budgeted	 -	 -		
TOTAL REVENUE & CASH	<u>\$ 89,000</u>	<u>\$ 173,282</u>		
EXPENDITURES				
Current				
Instruction	\$ 29,000	\$ 113,282	\$ 39,872	\$ 73,410
Support Services-Students	60,000	60,000	56,450	3,550
TOTAL EXPENDITURES	<u>\$ 89,000</u>	<u>\$ 173,282</u>	<u>\$ 96,322</u>	<u>\$ 76,960</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 73,868
Differences-Budget to GAAP	
Current Year Receivable	50,040
Prior Year Receivable	(27,586)
Total Revenues (GAAP Basis)	<u>\$ 96,322</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 96,322
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 96,322</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 22,325	\$ 41,109	\$ 30,873	\$ (10,236)
TOTAL REVENUE	<u>22,325</u>	<u>41,109</u>	<u>30,873</u>	<u>(10,236)</u>
Cash Balance Budgeted	<u>75,762</u>	<u>75,762</u>		
TOTAL REVENUE & CASH	<u>\$ 98,087</u>	<u>\$ 116,871</u>		
EXPENDITURES				
Current				
Support Services-Students	98,087	116,871	27,846	89,025
TOTAL EXPENDITURES	<u>\$ 98,087</u>	<u>\$ 116,871</u>	<u>\$ 27,846</u>	<u>\$ 89,025</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 30,873
Differences-Budget to GAAP	
Current Year Deferral	(3,027)
Total Revenues (GAAP Basis)	<u>\$ 27,846</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 27,846
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 27,846</u>

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

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS
STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2012

	<u>AGENCY FUNDS</u>
ASSETS	
Cash on Deposit	\$ 143,210
TOTAL ASSETS	<u>\$ 143,210</u>
LIABILITIES	
Due to Student Groups	\$ 143,210
TOTAL LIABILITIES	<u>\$ 143,210</u>

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

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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, 2012

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 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).

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.

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.

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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 2012 fiscal year was \$30,566,240. 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, 2012

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, 2012

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 \$3,704,497 in state equalization guarantee distributions during the year ended June 30, 2012.

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 \$204,045 in transportation distributions during the year ended June 30, 2012.

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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 \$840,000 difference are as follows:

Bonds Payable	\$ 840,000
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 840,000</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 (\$388,424) difference are as follows:

Capital Outlay	\$ 90,913
Depreciation expense	<u>(479,337)</u>
Net adjustment to increase net changes in fund balances – total government funds to arrive at changes in net assets of governmental activities	<u>\$(388,424)</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 \$200,000 difference are as follows:

Principal repayments:	
General obligation debt	\$ 200,000
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 200,000</u>

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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, 2012 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, 2012

III. Stewardship, compliance, and accountability (continued)

A. Budgetary Information (continued)

	Original Budget	Final Budget
General Fund	\$ 4,337,223	\$ 4,368,239
Special Revenue Fund	1,475,667	1,759,060
Debt Service	426,749	426,749
Capital Projects Fund	258,312	258,312
	<u>\$ 6,497,951</u>	<u>\$ 6,812,360</u>

B. Deficit fund equity

There were not any deficit fund balances at June 30, 2012.

IV. Detailed notes on all funds

A. Cash and temporary investments

At June 30, 2012, the carrying amount of the District's deposits was \$1,320,275 and the bank balance was \$1,492,085. Of this balance \$250,000 was covered by federal depository insurance and \$1,059,798 was covered by collateral held in the District's name in joint safekeeping by a third party. The remaining \$182,287 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, 2012, the investments held in the LGIP had an interest risk (WAM) of 83 days and a Standard and Poor's Rating of AAAM.

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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, 2012, \$182,287 of the government's bank balance of \$1,492,085 was exposed to custodial risk as follows:

Uninsured and Uncollateralized \$182,287

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	\$ -	\$ 199
Senate Bill Nine	-	1,015
Debt Service	-	2,743
Title I	41,631	
State Directed Activities	29,505	
Title I Migrant	50,040	-
Entitlement	33,255	-
Preschool	2,504	
Early Intervention	5,134	
Risk Pool	28,815	
Library GO Bonds	8,071	-
ENMU Grants	16,184	
Totals	<u>\$ 215,139</u>	<u>\$ 3,957</u>

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:

	<u>Unavailable</u>
Grant draw downs prior to meeting all eligibility requirements	<u>\$ 109,912</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 109,912</u>

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

IV. Detailed notes on all funds (continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance 06/30/11	Increases	Decreases	Balance 06/30/12
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 70,178	\$ 6,905	\$ -	\$ 77,083
Construction in Progress	-	-	-	-
Total Capital Assets not being depreciated	<u>70,178</u>	<u>6,905</u>	<u>-</u>	<u>77,083</u>
Capital Assets being depreciated				
Buildings & Improvements	14,793,607	84,008	1,702	14,875,913
Equipment & Vehicles	<u>2,429,850</u>	<u>-</u>	<u>94,504</u>	<u>2,335,346</u>
Total Capital Assets being depreciated	<u>17,223,457</u>	<u>84,008</u>	<u>96,206</u>	<u>17,211,259</u>
Less: Accumulated Depreciation				
Buildings & Improvements	4,761,590	366,441	1,418	5,126,613
Equipment & Vehicles	<u>1,634,116</u>	<u>112,896</u>	<u>92,679</u>	<u>1,654,333</u>
Total Accumulated Depreciation	<u>6,395,706</u>	<u>479,337</u>	<u>94,097</u>	<u>6,780,946</u>
Net Capital Assets being depreciated	<u>10,827,751</u>	<u>(395,329)</u>	<u>2,109</u>	<u>10,430,313</u>
Total Net Capital Assets	<u>\$ 10,897,929</u>	<u>\$ (388,424)</u>	<u>\$ 2,109</u>	<u>\$ 10,507,396</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.

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

IV. Detailed notes on all funds (continued)

D. Long-term debt – General Obligation Bonds

Series	Original Amount	Interest Rate	Balance 6/30/2011	Additions	Retirements	Balance 6/30/2012	Amount Due in One Year
2003	\$ 400,000	.715-1.945%	\$ 175,000	\$ -	\$ 60,000	\$ 115,000	\$ 60,000
2005	400,000	1.52-2.03%	190,000	-	40,000	150,000	40,000
2007	400,000	1.99-2.17%	300,000	-	50,000	250,000	30,000
2009	400,000	.67-3.59%	375,000	-	50,000	325,000	35,000
Total	\$ 1,600,000		\$ 1,040,000	\$ -	200,000	\$ 840,000	\$ 165,000

Fiscal Year	Principal	Interest	Total
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	75,000	4,727	79,727
2018-2020	220,000	5,811	225,811
	\$ 840,000	\$ 49,369	\$ 889,369

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 \$1,833,974 including \$840,000 debt outstanding based on the 2012 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, 2012.

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.

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

IV. Detailed notes on all funds (continued)

C. Employee retirement plan

Plan Description. Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (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.

Funding Policy. Plan members earning \$20,000 or less annually are required by statute to contribute 7.9% of their gross salary. Plan members earning over \$20,000 annually were required to contribute 11.15% of their gross salary in fiscal year 2012 and will be required to contribute 9.40% of their gross salary in fiscal year 2013. The District has been and is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, in fiscal years 2012 and 2013. In fiscal year 2012 the District contributed 9.15% of the gross covered salary of employees earning more than \$20,000 annually. In fiscal year 2013 the District will contribute 10.9% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2012, 2011, and 2010, were \$260,369, \$307,113, and \$322,989, respectively, which equal the amount of the required contributions for each fiscal year.

D. Post-retirement health care benefits

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

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which 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.

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending June 30, 2013 the contribution rates for employees and employers will rise as follows:

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

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
FY13	2.000%	1.000%

Also, employers joining the program after January 1, 1998, 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, 2012, 2011 and 2010 were \$50,322, \$46,204 and \$37,358, respectively, which equal the required contributions for each year.

E. Interfund Balances

Due from	Due to Operational
Title I	\$ 41,631
State Directed Activities	29,505
Title I Migrant	50,040
Entitlement	33,255
Preschool	2,504
Early Intervention	5,134
Risk Pool	28,815
Library GO Bonds	8,071
ENMU Grants	16,184
	<u>\$ 215,139</u>

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

V. Other information (continued)

F. Restatement of Beginning Balance of Net Assets

The following restatement was made to recognize decrease in State Treasurer Investment. Total restatement is \$(2,936).

Restatement of Net Assets:

Net Assets – Governmental Activities at July 1, 2011	\$11,258,957
Deduct:	
Loss on investments at LGIP	<u>(2,936)</u>
Restated Balance at July 1, 2011	<u>\$11,256,021</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
Non-Spendable:					
Inventory	\$ -	\$ -	\$ -	\$ 9,480	\$ 9,480
Total Nonspendable	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,480</u>	<u>9,480</u>
Restricted for:					
Debt Service	-	-	199,873	-	199,873
Capital Improvements	-	218,481	-	79,667	298,148
Athletics	-	-	-	15,533	15,533
Cafeteria	-	-	-	83,657	83,657
Instructional Materials	16,141	-	-	-	16,141
Total restricted	<u>16,141</u>	<u>-</u>	<u>-</u>	<u>178,857</u>	<u>613,352</u>
Unassigned	665,550	-	-	-	665,550
Total Fund Balances	<u>\$ 681,691</u>	<u>\$ 218,481</u>	<u>\$ 199,873</u>	<u>\$ 188,337</u>	<u>\$ 1,288,382</u>

NON-MAJOR GOVERNMENTAL FUNDS

ALL FUNDS – All funds were created by management directive.

Special Revenue

CAFETERIA – 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.

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.

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.

RURAL EDUCATION – To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

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.

NON-MAJOR GOVERNMENTAL FUNDS

ALL FUNDS – All funds were created by management directive.

Special Revenue (continued)

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.

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, 936-380 ,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.

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.

ENMU GRANTS – To account for funds from the ENMU-Roswell Gear up Program to purchase an Apple Education Mobile Learning Lab for biology classes at the high school.

NM HIGHWAY DEPARTMENT – To account for funds provided for paving projects within the district.

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.

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--NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
JUNE 30, 2012

	CAFETERIA	ATHLETICS	ENTITLEMENT	PRESCHOOL
ASSETS				
Cash	\$ 83,657	\$ 15,533	\$ -	\$ -
Due from Other Funds	-	-	-	-
Due from Other Governments	-	-	33,255	2,504
Property Taxes Receivable				
Inventory	9,480	-	-	-
TOTAL ASSETS	<u>\$ 93,137</u>	<u>\$ 15,533</u>	<u>\$ 33,255</u>	<u>\$ 2,504</u>
LIABILITIES AND FUND BALANCE				
Due to other Funds	\$ -	\$ -	\$ 33,255	\$ 2,504
Accounts Payable	-	-	-	-
Deferred Revenue	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>33,255</u>	<u>2,504</u>
FUND BALANCE				
Non-spendable	9,480	-	-	-
Restricted	83,657	15,533	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCE	<u>93,137</u>	<u>15,533</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 93,137</u>	<u>\$ 15,533</u>	<u>\$ 33,255</u>	<u>\$ 2,504</u>

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

EARLY INTERVENTION	RISK POOL	TEACHER/ PRINCIPAL TRAINING	RURAL EDUCATION	EDUCATION JOB FUND	RURAL VISION	BEGINNING TEACHER MENTORING
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,077	\$ 1,465
-	-	-	-	-	-	-
5,134	28,815	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 5,134</u>	<u>\$ 28,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,077</u>	<u>\$ 1,465</u>
\$ 5,134	\$ 28,815	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	9,077	1,465
<u>5,134</u>	<u>28,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,077</u>	<u>1,465</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 5,134</u>	<u>\$ 28,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,077</u>	<u>\$ 1,465</u>

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

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
JUNE 30, 2012

	LIBRARY G.O. BONDS	STATE DIRECTED ACTIVITIES	LIBRARY BOOK FUND
ASSETS			
Cash	\$ -	\$ -	\$ 818
Due from Other Funds	-	-	-
Due from Other Governments	8,071	29,505	-
Property Taxes Receivable	-	-	-
Inventory	-	-	-
TOTAL ASSETS	<u>\$ 8,071</u>	<u>\$ 29,505</u>	<u>\$ 818</u>
LIABILITIES AND FUND BALANCE			
Due to other Funds	\$ 8,071	\$ 29,505	\$ -
Accounts Payable	-	-	-
Deferred Revenue	-	-	818
TOTAL LIABILITIES	<u>8,071</u>	<u>29,505</u>	<u>818</u>
FUND BALANCE			
Non-spendable	-	-	-
Restricted	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 8,071</u>	<u>\$ 29,505</u>	<u>\$ 818</u>

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

ENMU GRANTS	NM HIGHWAY DEPT	CITY/ COUNTY GRANTS	SENATE BILL NINE	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ 15,615	\$ 85,999	\$ 212,164
-	-	-	-	-
16,184	-	-	-	123,468
-	-	-	1,015	\$ 1,015
-	-	-	-	9,480
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,615</u>	<u>\$ 87,014</u>	<u>\$ 346,127</u>
\$ 16,184	\$ -	\$ -	\$ -	\$ 123,468
-	-	-	7,347	7,347
-	-	15,615	-	26,975
<u>16,184</u>	<u>-</u>	<u>15,615</u>	<u>7,347</u>	<u>157,790</u>
-	-	-	-	9,480
-	-	-	79,667	178,857
-	-	-	-	-
-	-	-	<u>79,667</u>	<u>188,337</u>
<u>\$ 16,184</u>	<u>\$ -</u>	<u>\$ 15,615</u>	<u>\$ 87,014</u>	<u>\$ 346,127</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 - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	<u>CAFETERIA</u>	<u>ATHLETICS</u>	<u>ENTITLEMENT</u>	<u>PRESCHOOL</u>
REVENUE				
Residential/Non-Residential Taxes				
Fees Activities	\$ -	\$ 12,874	\$ -	\$ -
Fees-Users	14,419	-	-	-
Fees-Summer School		-	-	-
Interest Income	-	18	-	-
State Programs	-	-	-	-
Impact Aid	-	-	-	-
Donations	-	176	-	-
Refunds	-	-	-	-
Local Grants	-	-	-	-
Federal Program	251,365	-	125,024	6,807
Forest Reserve	-	-	-	-
TOTAL REVENUES	<u>265,784</u>	<u>13,068</u>	<u>125,024</u>	<u>6,807</u>
EXPENDITURES				
Current				
Instruction	-	14,006	93,389	5,620
Support Services-Students	-	-	25,259	1,040
Support Services-Instruction	-	-	-	-
Support Services-General Administration	-	-	6,376	-
Student Transportation	-	-	-	147
Other Support Services	-	-	-	-
Food Services-Operations	241,916	-	-	-
Community Services-operations	-	-	-	-
Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	<u>241,916</u>	<u>14,006</u>	<u>125,024</u>	<u>6,807</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	23,868	(938)	-	-
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN/ TRANSFERS OUT	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change In Fund Balance	23,868	(938)	-	-
FUND BALANCE				
June 30, 2011	69,269	16,491	-	-
Restatement	-	(20)	-	-
FUND BALANCE	<u>69,269</u>	<u>16,471</u>	<u>-</u>	<u>-</u>
June 30, 2012	<u>\$ 93,137</u>	<u>\$ 15,533</u>	<u>\$ -</u>	<u>\$ -</u>

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

<u>EARLY INTERVENTION</u>	<u>RISK POOL</u>	<u>TEACHER/ PRINCIPAL</u>	<u>RURAL EDUCATION</u>	<u>EDUCATION JOB FUND</u>	<u>RURAL VISION</u>	<u>BEGINNING TEACHER MENTORING</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	5,759
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,134	29,604	30,722	14,968	1,524	-	-
<u>5,134</u>	<u>29,604</u>	<u>30,722</u>	<u>14,968</u>	<u>1,524</u>	<u>-</u>	<u>5,759</u>
5,134	21,515	30,722	14,968	1,524	-	5,759
-	8,089	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,134</u>	<u>29,604</u>	<u>30,722</u>	<u>14,968</u>	<u>1,524</u>	<u>-</u>	<u>5,759</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 - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	LIBRARY G.O. BONDS	STATE DIRECTED ACTIVITIES	LIBRARY BOOK FUND
REVENUE			
Residential/Non-Residential Taxes			
Fees Activities	\$ -	\$ -	\$ -
Fees-Users	-	-	-
Fees-Summer School	-	-	-
Interest Income	-	-	-
State Programs	-	70,168	-
Impact Aid	-	-	-
Donations	-	-	-
Refunds	-	-	-
Local Grants	-	-	-
Federal Program	-	-	-
Forest Reserve	-	-	-
TOTAL REVENUES	-	70,168	-
EXPENDITURES			
Current			
Instruction	-	70,168	-
Support Services-Students	-	-	-
Support Services-Instruction	-	-	-
Support Services-General Administration	-	-	-
Student Transportation	-	-	-
Other Support Services	-	-	-
Food Services-Operations	-	-	-
Community Services-operations	-	-	-
Acquisition & Construction	-	-	-
TOTAL EXPENDITURES	-	70,168	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
TRANSFERS IN/ TRANSFERS OUT	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
Net Change In Fund Balance	-	-	-
FUND BALANCE			
June 30, 2011			
Restatement	-	-	-
FUND BALANCE			
June 30, 2012	\$ -	\$ -	\$ -

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

ENMU GRANTS	NM HIGHWAY DEPT	CITY/ COUNTY GRANTS	SENATE BILL NINE	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
			59,407	59,407
\$ -	\$ -	\$ -	-	\$ 12,874
-	-	-	-	14,419
-	-	-	-	-
-	-	-	84	102
-	-	-	96,037	171,964
-	-	-	-	-
-	-	-	-	176
-	-	-	4,512	4,512
75,444	31,187	13,286	-	119,917
-	-	-	-	465,148
-	-	-	-	-
<u>75,444</u>	<u>31,187</u>	<u>13,286</u>	<u>160,040</u>	<u>848,519</u>
21,980	-	13,286	-	298,071
53,464	-	-	-	87,852
-	-	-	-	-
-	-	-	556	6,932
-	-	-	-	147
-	-	-	-	-
-	-	-	-	241,916
-	-	-	-	-
-	31,187	-	209,272	240,459
<u>75,444</u>	<u>31,187</u>	<u>13,286</u>	<u>209,828</u>	<u>875,377</u>
-	-	-	(49,788)	(26,858)
-	-	-	-	-
-	-	-	-	(26,858)
-	-	-	(49,788)	(26,858)
-	-	-	129,726	215,486
-	-	-	(271)	(291)
-	-	-	129,455	215,195
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,667</u>	<u>\$ 188,337</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--CAFETERIA

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Fees-Summer School	\$ 14,300	\$ 14,300	\$ 14,395	\$ 95
Interest Income	33	33	24	(9)
Federal Revenue	220,000	220,000	235,448	15,448
TOTAL REVENUE	<u>234,333</u>	<u>234,333</u>	<u>\$ 249,867</u>	<u>\$ 15,534</u>
Cash Balance Budgeted	<u>50,963</u>	<u>50,963</u>		
TOTAL REVENUE & CASH	<u>\$ 285,296</u>	<u>\$ 285,296</u>		
EXPENDITURES				
Current				
Food Services-Operations	\$ 285,296	\$ 285,296	\$ 227,329	\$ 57,967
TOTAL EXPENDITURES	<u>\$ 285,296</u>	<u>\$ 285,296</u>	<u>\$ 227,329</u>	<u>\$ 57,967</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 249,867
Differences-Budget to GAAP	
Commodities Received	15,917
Total Revenues (GAAP Basis)	<u>\$ 265,784</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 227,329
Differences-budget to GAAP	
Cost of Commodities Used	15,917
Inventory Adjustment	(1,330)
Total Expenditures (GAAP Basis)	<u>\$ 241,916</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Fees-Users	\$ 15,000	\$ 15,000	\$ 12,874	\$ (2,126)
Donations/Gifts	500	500	176	(324)
Interest Income	16	16	18	2
TOTAL REVENUE	<u>15,516</u>	<u>15,516</u>	<u>\$ 13,068</u>	<u>\$ (2,448)</u>
Cash Balance Budgeted	<u>17,058</u>	<u>17,058</u>		
TOTAL REVENUE & CASH	<u>\$ 32,574</u>	<u>\$ 32,574</u>		
EXPENDITURES				
Current				
Instruction	\$ 32,574	\$ 32,574	\$ 14,026	\$ 18,548
TOTAL EXPENDITURES	<u>\$ 32,574</u>	<u>\$ 32,574</u>	<u>\$ 14,026</u>	<u>\$ 18,548</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 13,068
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 13,068</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 14,026
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 14,026</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 122,747	\$ 144,361	\$ 127,715	\$ (16,646)
TOTAL REVENUE	<u>122,747</u>	<u>144,361</u>	<u>127,715</u>	<u>(16,646)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 122,747</u>	<u>\$ 144,361</u>		
EXPENDITURES				
Current				
Instruction	\$ 90,339	\$ 111,953	\$ 93,389	\$ 18,564
Support Services-Students	25,922	25,922	25,259	663
Support Services-General Administration	6,486	6,486	6,376	110
TOTAL EXPENDITURES	<u>\$ 122,747</u>	<u>\$ 144,361</u>	<u>\$ 125,024</u>	<u>\$ 19,337</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 127,715
Differences-Budget to GAAP	
Current Year Receivable	33,255
Prior Year Receivable	(35,946)
Total Revenues (GAAP Basis)	<u>\$ 125,024</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 125,024
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 125,024</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 6,491	\$ 7,868	\$ 7,524	\$ (344)
TOTAL REVENUE	<u>6,491</u>	<u>7,868</u>	<u>7,524</u>	<u>(344)</u>
 Cash Balance Budgeted	 -	 -		
TOTAL REVENUE & CASH	<u>\$ 6,491</u>	<u>\$ 7,868</u>		
EXPENDITURES				
Current				
Instruction	\$ 4,860	\$ 6,237	\$ 5,620	\$ 617
Support Services-Students	974	1,040	1,040	-
Student Transportation	657	591	147	444
TOTAL EXPENDITURES	<u>\$ 6,491</u>	<u>\$ 7,868</u>	<u>\$ 6,807</u>	<u>\$ 1,061</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 7,524
Differences-Budget to GAAP	
Current Year Receivable	2,504
Prior Year Receivable	(3,221)
Total Revenues (GAAP Basis)	<u>\$ 6,807</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 6,807
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 6,807</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, 2012

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 5,134	\$ 5,134	\$ 4,258	\$ (876)
TOTAL REVENUE	<u>5,134</u>	<u>5,134</u>	<u>4,258</u>	<u>(876)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 5,134</u>	<u>\$ 5,134</u>		
EXPENDITURES				
Current				
Instruction	\$ 5,134	\$ 5,134	\$ 5,134	\$ -
TOTAL EXPENDITURES	<u>5,134</u>	<u>5,134</u>	<u>5,134</u>	<u>-</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 4,258
Differences-Budget to GAAP	
Current Year Receivable	5,134
Prior Year Receivable	(4,258)
Total Revenues (GAAP Basis)	<u>\$ 5,134</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 5,134
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 5,134</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 58,241	\$ 58,241	\$ 24,205	\$ (34,036)
TOTAL REVENUE	<u>58,241</u>	<u>58,241</u>	<u>24,205</u>	<u>(34,036)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 58,241</u>	<u>\$ 58,241</u>		
EXPENDITURES				
Current				
Instruction	\$ 50,152	\$ 50,152	\$ 21,515	\$ 28,637
Support Services-Students	8,089	8,089	8,089	-
TOTAL EXPENDITURES	<u>\$ 58,241</u>	<u>\$ 58,241</u>	<u>\$ 29,604</u>	<u>\$ 28,637</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 24,205
Differences-Budget to GAAP	
Current Year Receivable	28,815
Prior Year Receivable	(23,416)
Total Revenues (GAAP Basis)	<u>\$ 29,604</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 29,604
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 29,604</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 30,743	\$ 32,691	\$ 36,859	\$ 4,168
TOTAL REVENUE	<u>30,743</u>	<u>32,691</u>	<u>36,859</u>	<u>4,168</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 30,743</u>	<u>\$ 32,691</u>		
EXPENDITURES				
Current				
Instruction	\$ 30,743	\$ 32,691	\$ 30,722	\$ 1,969
TOTAL EXPENDITURES	<u>30,743</u>	<u>32,691</u>	<u>30,722</u>	<u>1,969</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 36,859
Differences-Budget to GAAP	
Prior Year Receivable	(6,137)
Total Revenues (GAAP Basis)	<u>\$ 30,722</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 30,722
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 30,722</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--RURAL EDUCATION ACHIEVEMENT

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 14,967	\$ 36,990	\$ 14,968	\$ (22,022)
TOTAL REVENUE	<u>14,967</u>	<u>36,990</u>	<u>14,968</u>	<u>(22,022)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 14,967</u>	<u>\$ 36,990</u>		
EXPENDITURES				
Current				
Instruction	\$ 14,967	\$ 36,990	\$ 14,968	\$ 22,022
TOTAL EXPENDITURES	<u>\$ 14,967</u>	<u>\$ 36,990</u>	<u>\$ 14,968</u>	<u>\$ 22,022</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 14,968
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 14,968</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 14,968
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 14,968</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 1,524	\$ 1,524	\$ 27,833	\$ 26,309
TOTAL REVENUE	<u>1,524</u>	<u>1,524</u>	<u>27,833</u>	<u>26,309</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 1,524</u>	<u>\$ 1,524</u>		
EXPENDITURES				
Current				
Instruction	\$ 1,524	\$ 1,524	\$ 1,524	\$ -
TOTAL EXPENDITURES	<u>\$ 1,524</u>	<u>\$ 1,524</u>	<u>\$ 1,524</u>	<u>\$ -</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 27,833
Differences-Budget to GAAP	
Prior Year Receivable	(26,309)
Total Revenues (GAAP Basis)	<u>\$ 1,524</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 1,524
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 1,524</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--RURAL VISION

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Grants	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
TOTAL REVENUE	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Cash Balance Budgeted	<u>7,077</u>	<u>7,077</u>		
TOTAL REVENUE & CASH	<u>\$ 9,077</u>	<u>\$ 9,077</u>		
EXPENDITURES				
Current				
Acquisition & Construction	\$ 9,077	\$ 9,077	\$ -	\$ 9,077
TOTAL EXPENDITURES	<u>\$ 9,077</u>	<u>\$ 9,077</u>	<u>-</u>	<u>\$ 9,077</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 2,000
Differences-Budget to GAAP	
Current Year Deferral	<u>(2,000)</u>
Total Revenues (GAAP Basis)	<u>\$ -</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ -
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<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--SPECIAL REVENUE FUND--BEGINNING TEACHER MENTORING PROGRAM

Year Ended June 30, 2012

	ORIGINAL BUDGET	BUDGET ..	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash Balance Budgeted	<u>7,224</u>	<u>7,224</u>		
TOTAL REVENUE & CASH	<u>\$ 7,224</u>	<u>\$ 7,224</u>		
EXPENDITURES				
Current				
Instruction	\$ 7,224	\$ 7,224	\$ 5,759	\$ 1,465
TOTAL EXPENDITURES	<u>\$ 7,224</u>	<u>\$ 7,224</u>	<u>\$ 5,759</u>	<u>\$ 1,465</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	
Prior Year Deferral	5,759
Total Revenues (GAAP Basis)	<u>\$ 5,759</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 5,759
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 5,759</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, 2012

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 70,169	\$ 70,169	\$ 99,325	\$ 29,156
TOTAL REVENUE	<u>70,169</u>	<u>70,169</u>	<u>99,325</u>	<u>29,156</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 70,169</u>	<u>\$ 70,169</u>		
EXPENDITURES				
Current				
Instruction	\$ 70,169	\$ 70,169	\$ 70,168	\$ 1
TOTAL EXPENDITURES	<u>70,169</u>	<u>70,169</u>	<u>70,168</u>	<u>1</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 99,325
Differences-Budget to GAAP	
Current Year Receivable	29,505
Prior Year Receivable	(58,662)
Total Revenues (GAAP Basis)	<u>\$ 70,168</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 70,168
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 70,168</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--ENMU GRANT

Year Ended June 30, 2012

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
City/Local Grants	\$ 78,192	\$ 78,192	\$ 59,260	\$ (18,932)
TOTAL REVENUE	<u>78,192</u>	<u>78,192</u>	<u>59,260</u>	<u>(18,932)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 78,192</u>	<u>\$ 78,192</u>		
EXPENDITURES				
Current				
Instruction	\$ 24,728	\$ 24,728	\$ 21,980	\$ 2,748
Support Services-Students	53,464	53,464	53,464	-
TOTAL EXPENDITURES	<u>\$ 78,192</u>	<u>\$ 78,192</u>	<u>\$ 75,444</u>	<u>\$ 2,748</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 59,260
Differences-Budget to GAAP	
Current Year Receivable	16,184
Total Revenues (GAAP Basis)	<u>\$ 75,444</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 75,444
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 75,444</u>

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

STATE OF NEW MEXICO
EUNICE MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--NM STATE HIGHWAY DEPARTMENT

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
City/Local Grants	\$ 31,197	\$ 31,197	\$ 31,187	\$ (10)
TOTAL REVENUE	<u>31,197</u>	<u>31,197</u>	<u>31,187</u>	<u>(10)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 31,197</u>	<u>\$ 31,197</u>		
EXPENDITURES				
Current				
Acquisition & Construction	\$ 31,197	\$ 31,197	\$ 31,187	\$ 10
TOTAL EXPENDITURES	<u>31,197</u>	<u>31,197</u>	<u>31,187</u>	<u>10</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 31,187
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 31,187</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 31,187
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 31,187</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/COUNTY GRANTS

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
City/Local Grants	\$ 9,533	\$ 9,533	\$ 15,333	\$ 5,800
TOTAL REVENUE	<u>9,533</u>	<u>9,533</u>	<u>15,333</u>	<u>5,800</u>
Cash Balance Budgeted	<u>15,093</u>	<u>15,093</u>		
TOTAL REVENUE & CASH	<u>\$ 24,626</u>	<u>\$ 24,626</u>		
EXPENDITURES				
Current				
Instruction	\$ 24,626	\$ 24,626	\$ 13,286	\$ 11,340
TOTAL EXPENDITURES	<u>\$ 24,626</u>	<u>\$ 24,626</u>	<u>\$ 13,286</u>	<u>\$ 11,340</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 15,333
Differences-Budget to GAAP	
Current Year Deferral	(2,047)
Total Revenues (GAAP Basis)	<u>\$ 13,286</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 13,286
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 13,286</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, 2012

	<u>ORIGINAL BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
REVENUE				
Residential/Non-Residential Taxes	\$ 59,143	\$ 59,143	\$ 59,300	\$ 157
Interest Income	148	148	84	(64)
State Flow Through Grants	96,037	188,082	96,037	(92,045)
Refunds			4,512	4,512
TOTAL REVENUE	<u>155,328</u>	<u>247,373</u>	<u>\$ 159,933</u>	<u>\$ (87,440)</u>
Cash Balance Budgeted	<u>86,465</u>	<u>86,465</u>		
TOTAL REVENUE & CASH	<u>\$ 241,793</u>	<u>\$ 333,838</u>		
EXPENDITURES				
Current				
Support Services-General Administration	\$ 547	\$ 556	\$ 556	\$ -
Acquisition & Construction	241,246	333,282	208,464	124,818
TOTAL EXPENDITURES	<u>\$ 241,793</u>	<u>\$ 333,838</u>	<u>\$ 209,020</u>	<u>\$ 124,818</u>
Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures				
Sources/inflows of resources				
Actual amounts (budgetary basis)			\$ 159,933	
Differences-Budget to GAAP				
Property tax Receivable			1,015	
Prior Year Tax Receivables			(908)	
Total Revenues (GAAP Basis)			<u>\$ 160,040</u>	
Uses/outflows of resources				
Actual amounts (budgetary basis)			\$ 209,020	
Differences-budget to GAAP				
Current Year Accounts Payable			7,347	
Prior Year Accounts Payable			(6,539)	
Total Expenditures (GAAP Basis)			<u>\$ 209,828</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, 2012

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TOTALS
ASSETS				
Cash on Deposit	\$ 450,212	\$ -	\$ 16,141	466,353
Due from Other Funds	215,139	-	-	215,139
Taxes Receivable	199	-	-	199
TOTAL ASSETS	\$ 665,550	\$ -	\$ 16,141	681,691
Liabilities				
Accounts Payable	\$ -	\$ -	\$ -	-
Deferred Revenue	-	-	-	-
FUND BALANCE				
Fund Balance				
Restricted	-	-	16,141	16,141
Unassigned	665,550	-	-	665,550
TOTAL FUND BALANCE	665,550	-	16,141	681,691
TOTAL LIABILITIES AND FUND BALANCE	\$ 665,550	\$ -	\$ 16,141	681,691

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

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE – GENERAL FUND

Year Ended June 30, 2012

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TOTALS
REVENUE				
Residential/Non-Residential Taxes	\$ 13,401	\$ -	\$ -	13,401
Interest Income	1,105	-	-	1,105
State Equalization	3,704,497	-	-	3,704,497
State Programs	-	204,045	18,425	222,470
Impact Aid	-	-	-	-
Donations	2,469	-	-	2,469
Sale of Property/Equipment	-	-	-	-
Access Board	15,032	-	-	15,032
Refunds	512	-	75	587
Forest Reserve	902	-	-	902
TOTAL REVENUES	3,737,918	204,045	18,500	3,960,463
EXPENDITURES				
Instruction	2,224,237	-	14,954	2,239,191
Support Services-Students	251,042	-	-	251,042
Support Services-Instruction	31,594	-	-	31,594
Support Services-General Administration	211,503	-	-	211,503
Support Services-School Administration	275,414	-	-	275,414
Central Services	65,551	-	-	65,551
Operation & Maintenance of Plant	626,482	-	-	626,482
Student Transportation	-	204,045	-	204,045
Other Support Services	11,138	-	-	11,138
Food Services-Operations	-	-	-	-
Community Services-operations	-	-	-	-
Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	3,696,961	204,045	14,954	3,915,960
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	40,957	-	3,546	44,503
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN/ TRANSFERS OUT	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change In Fund Balance	40,957	-	3,546	44,503
FUND BALANCE				
June 30, 2011	626,242	-	12,595	638,837
Restatement	(1,649)	-	-	(1,649)
Restated Fund Balance June 30, 2011	624,593	-	12,595	637,188
FUND BALANCE June 30, 2012	\$ 665,550	\$ -	\$ 16,141	681,691

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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 13,360	\$ 13,360	\$ 13,388	\$ 28
Donations/Gifts	-	-	2,469	2,469
Interest Income	1,409	1,409	1,105	(304)
State Equalization	3,690,900	3,704,216	3,704,497	281
Access Board	13,709	13,709	15,032	1,323
Refunds	-	-	512	512
Forest Reserve	873	873	902	29
TOTAL REVENUE	<u>3,720,251</u>	<u>3,733,567</u>	<u>\$ 3,737,905</u>	<u>\$ 4,338</u>
Cash Balance Budgeted	<u>406,415</u>	<u>406,415</u>		
TOTAL REVENUE & CASH	<u>\$ 4,126,666</u>	<u>\$ 4,139,982</u>		
EXPENDITURES				
Current				
Instruction	\$ 2,543,700	\$ 2,528,700	\$ 2,224,237	\$ 304,463
Support Services				-
Support Services-Students	279,457	279,457	251,042	28,415
Support Services-Instruction	35,173	35,173	31,594	3,579
Support Services-General Administration	243,584	243,584	211,503	32,081
Support Services-School Administration	280,928	280,928	275,414	5,514
Central services	66,591	66,591	65,551	1,040
Operation & Maintenance of Plant	637,910	664,626	626,482	38,144
Other Support Services	9,750	11,350	11,138	212
Food Services-Operations	29,573	29,573	-	29,573
TOTAL EXPENDITURES	<u>\$ 4,126,666</u>	<u>\$ 4,139,982</u>	<u>\$ 3,696,961</u>	<u>\$ 443,021</u>
Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures				
Sources/inflows of resources				
Actual amounts (budgetary basis)			\$ 3,737,905	
Differences-Budget to GAAP				
Property tax Receivable			199	
Prior Year Tax Receivables			(186)	
Total Revenues (GAAP Basis)			<u>\$ 3,737,918</u>	
Uses/outflows of resources				
Actual amounts (budgetary basis)			\$ 3,696,961	
Differences-budget to GAAP				
Total Expenditures (GAAP Basis)			<u>\$ 3,696,961</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, 2012

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 188,857	\$ 204,045	\$ 204,045	\$ -
TOTAL REVENUE	<u>188,857</u>	<u>204,045</u>	<u>204,045</u>	<u>-</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 188,857</u>	<u>\$ 204,045</u>		
EXPENDITURES				
Current				
Student Transportation	\$ 188,857	\$ 204,045	\$ 204,045	\$ -
TOTAL EXPENDITURES	<u>188,857</u>	<u>204,045</u>	<u>204,045</u>	<u>-</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 204,045
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 204,045</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 204,045
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 204,045</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 15,498	\$ 18,010	\$ 18,425	\$ 415
Refunds	-	-	75	75
TOTAL REVENUE	<u>15,498</u>	<u>18,010</u>	<u>18,500</u>	<u>490</u>
Cash Balance Budgeted	<u>6,202</u>	<u>6,202</u>		
TOTAL REVENUE & CASH	<u>\$ 21,700</u>	<u>\$ 24,212</u>		
EXPENDITURES				
Current				
Instruction	\$ 21,700	\$ 24,212	\$ 14,954	\$ 9,258
TOTAL EXPENDITURES	<u>\$ 21,700</u>	<u>\$ 24,212</u>	<u>\$ 14,954</u>	<u>\$ 9,258</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 18,500
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 18,500</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 14,954
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 14,954</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, 2012

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Interest Income	\$ 150	\$ 150	\$ 147	\$ (3)
TOTAL REVENUE	<u>150</u>	<u>150</u>	<u>147</u>	<u>(3)</u>
Cash Balance Budgeted	<u>258,162</u>	<u>258,162</u>		
TOTAL REVENUE & CASH	<u>\$ 258,312</u>	<u>\$ 258,312</u>		
EXPENDITURES				
Current				
Acquisition & Construction	\$ 258,312	\$ 258,312	\$ 38,946	\$ 219,366
TOTAL EXPENDITURES	<u>\$ 258,312</u>	<u>\$ 258,312</u>	<u>\$ 38,946</u>	<u>\$ 219,366</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 147
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 147</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 38,946
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 38,946</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, 2012

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 216,391	216,391	\$ 151,001	\$ (65,390)
Interest Income	71	71	79	8
TOTAL REVENUE	<u>216,462</u>	<u>216,462</u>	<u>\$ 151,080</u>	<u>\$ (65,382)</u>
Cash Balance Budgeted	<u>210,287</u>	<u>210,287</u>		
TOTAL REVENUE & CASH	<u>\$ 426,749</u>	<u>\$ 426,749</u>		
EXPENDITURES				
Current				
Support Services-General Administration	\$ 2,163	\$ 2,163	\$ 1,401	\$ 762
Principal	200,000	200,000	200,000	-
Interest and Finance Charges	16,391	16,391	16,391	-
Debt Service Reserve	208,195	208,195	-	208,195
TOTAL EXPENDITURES	<u>\$ 426,749</u>	<u>\$ 426,749</u>	<u>\$ 217,792</u>	<u>\$ 208,957</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 151,080
Differences-Budget to GAAP	
Property tax Receivable	2,743
Prior Year Tax Receivables	(3,421)
Total Revenues (GAAP Basis)	<u>\$ 150,402</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 217,792
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 217,792</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 FUNDS

Year Ended June 30, 2012

	<u>Balance</u> <u>6/30/2011</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>Balance</u> <u>6/30/2012</u>
Central Office	\$ 256	\$ 1,221	\$ 1,077	\$ 400
High School	141,713	645,873	649,525	138,061
Middle School	1,666	7,625	7,428	1,863
Elementary School	3,895	18,812	19,821	2,886
	<u>\$ 147,530</u>	<u>\$ 673,531</u>	<u>\$ 677,851</u>	<u>\$ 143,210</u>

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

STATE OF NEW MEXICO
HAGERMAN PUBLIC SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2012

	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>PROGRAM EXPENDITURES</u>
<u>US DEPARTMENT OF EDUCATION</u>			
Passed through the State Department of Education			
Title I	84.010	24101	\$ 263,595
IDEA-B Preschool	84.173	24109	6,807
IDEA-B Risk Pool	<1> 84.027	24120	29,604
IDEA-B Early Intervention Services	<1> 84.027	24112	5,134
English Language Acquisition	84.365	24153	27,846
Teacher/Principal Training	84.367	24154	30,722
IDEA-B Entitlement	<1> 84.027	24106	125,024
Title I Migrant Children	84.011	24103	96,322
Rural Education	84.358	25233	14,968
ARRA - Education Jobs Fund	84.410	25255	1,524
TOTAL PASS THROUGH GRANTS			<u>\$ 601,546</u>
TOTAL DEPARTMENT OF EDUCATION			<u>\$ 601,546</u>
<u>US DEPARTMENT OF AGRICULTURE</u>			
Passed Through State Department of Education			
National School Lunch Program	<1> 10.555	21000	235,448
Commodities Received	<1> 10.555	21000	15,917
TOTAL DEPARTMENT OF AGRICULTURE			<u>\$ 251,365</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$ 852,911</u>
Reconciliation to Federal Revenues in Financial Statements:			
Federal Revenues Per Financial Statements			<u>\$ 852,911</u>

<1> Major Program

Note 1 This schedule is presented on the 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 is reported in the schedule at the fair market value of the commodities received.

See Independent Auditor's Report

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

SCHEDULE OF PLEDGED COLLATERAL

JUNE 30, 2012

	TOTAL DEPOSITS	FDIC INSURANCE	UNINSURED DEPOSITS	COLLATERAL REQUIRED	COLLATERAL PLEGGED	UNINSURED & UNCOLLATERALIZED DEPOSITS	PLEGGED COLLATERAL DEFICIT
JAMES POLK STONE BANK	\$ 1,040,877	\$ 250,000	\$ 790,877	\$ 395,439	\$ 608,590	\$ 182,287	\$ -
COLLATERAL							
		CUSIP #	MATURES				
Bernalillo NM MUN GO Bonds	101,570	085279PR2	08/01/13				
Carlsbad NM MSD GO Bonds	507,020	3133XGWH3	08/01/13				
	\$ 608,590						
COLLATERAL IS HELD AT INDEPENDENT BANKERS BANK DALLAS TEXAS							
NEW MEXICO STATE TREASURER	\$ 451,208	\$ -	\$ 451,208	\$ 451,208	\$ 451,208	\$ -	\$ -
SECURITIES HELD BY CHASE BANK, NEW YORK CITY							
TOTAL ALL INSTITUTIONS	\$ 1,492,085	\$ 250,000	\$ 1,242,085	\$ 846,647	\$ 1,059,798	\$ 182,287	\$ -

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

BANK SUMMARY

JUNE 30, 2012

Bank	ACCT TYPE	FUND	BANK BALANCE	OUTSTANDING CHECKS	OUTSTANDING DEPOSITS	CASH BALANCE
JAMES POLK STONE BANK	Checking	Operational	* \$ 350,119	\$ 168,770	\$ -	\$ 181,349
	Checking	Capital Improvement	* 78,887	-	-	78,887
	Checking	Cafeteria	* 83,598	33	90	83,655
	Checking	Athletics	* 9,902	-	-	9,902
	Checking	Debt Service	* 184,344	-	-	184,344
	Checking	Building Fund	* 199,964	-	-	199,964
	Sweep	Activity Fund	* 134,063	3,097	-	130,966
Total Wells Fargo Bank			<u>1,040,877</u>	<u>171,900</u>	<u>90</u>	<u>869,067</u>
New Mexico State Treas	C.D.	Capital Improvement	* 7,112			7,112
New Mexico State Treas	C.D.	Debt Service	* 12,786			12,786
New Mexico State Treas	C.D.	Athletics	* 5,631			5,631
New Mexico State Treas	C.D.	Activity Fund	* 12,245			12,245
New Mexico State Treas	C.D.	Operational	* 394,918			394,918
New Mexico State Treas	C.D.	Building Fund	* 18,516	-	-	18,516
Total New Mexico Treas			<u>451,208</u>			<u>451,208</u>
Amount on Deposit			<u>\$ 1,492,085</u>	<u>\$ 171,900</u>	<u>\$ 90</u>	<u>\$ 1,320,275</u>

Total Cash

* Interest Bearing

See Independent Auditor's Report

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

BANK RECONCILIATION

June 30, 2012

	OPERATIONAL	TRANSP.	FOOD SERVICES	ATHLETICS	FEDERAL PROJECTS	LOCAL/STATE ACCOUNT
Audited Net Cash						
JUNE 30, 2011	\$ 346,578	\$ -	\$ 61,119	\$ 16,491	\$ 148,642	\$ (38,047)
Outstanding Loans	279,477				(279,477)	
TOTAL CASH BALANCE						
JUNE 30, 2011	626,055	-	61,119	16,491	(130,835)	(38,047)
Add: Prior year void checks	-	-	-	-	-	-
2011-2012 Revenue	3,737,906	204,045	249,867	13,068	653,939	207,106
Transfers In	-	-	-	-	-	-
TOTAL AVAILABLE CASH	4,363,961	204,045	310,986	29,559	523,104	169,059
Prior year void checks	-	-	-	-	-	-
2011-2012 Expenditures	3,696,963	204,045	227,329	14,026	601,544	195,844
Loss on Investment Pool	1,649					
Transfers Out	-	-	-	-	-	-
	3,698,612	204,045	227,329	14,026	601,544	195,844
NET CASH, JUNE 30, 2012	665,349	-	83,657	15,533	(78,440)	(26,785)
Cash On hand	-	-	-	-	-	-
Paid back to PED	-	-	-	-	-	-
Held Payroll Checks	-	-	-	-	-	-
Loans (Out) In	(215,139)	-	-	-	161,378	53,761
TOTAL CASH, JUNE 30, 2012	\$ 450,210	\$ -	\$ 83,657	\$ 15,533	\$ 82,938	\$ 26,976

See Independent Auditor's Report

SB-9	ACTIVITIES	INSTRUCTIONAL MATERIALS	BOND BUILDING	DEBT SERVICE
\$ 135,357	\$ 147,530	\$ 12,594	\$ 258,233	\$ 263,886
135,357	147,530	12,594	258,233	263,886
159,933	673,531	18,500	147	151,079
-	-	-	-	-
295,290	821,061	31,094	258,380	414,965
209,291	677,851	14,953	39,899	217,835
-	-	-	-	-
209,291	677,851	14,953	39,899	217,835
85,999	143,210	16,141	218,481	197,130
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ 85,999	\$ 143,210	\$ 16,141	\$ 218,481	\$ 197,130

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
To the School Board
Hagerman Municipal Schools

We have audited the financial statements of the governmental activities, each major fund, aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of Hagerman Municipal Schools, as of and for the year ended June 30, 2012, which collectively comprise the Hagerman Municipal Schools' basic financial statements and have issued our report thereon dated November 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Hagerman Municipal Schools is responsible for establishing and maintaining effective 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

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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' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Hagerman Municipal Schools' response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within Hagerman Municipal Schools, the School Board, the State Auditor, the Public Education Department, 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.

Woodward, Hewitt & Co.

Portales, New Mexico
November 13, 2012

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, 2012. 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, 2012.

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, Lawrence B.

Portales, New Mexico
November 13, 2012

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2012

PRIOR YEAR AUDIT FINDINGS – Hagerman Municipal Schools

None

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

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 Title I #84.010 Idea B Entitlement #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, 2012

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 13, 2012. In attendance at the 1:15 p.m. meeting were Steven Starkey, Superintendent, James Hollman, School Board Member, and Cheryl Andrews, Director of Finance. Gayland Cowen, CPA and John P. McKinley, CPA represented our firm at this meeting. Also in attendance was an audit committee member, Justin Gossett.