

**STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS**

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
JUNE 30, 2014**

Woodard, Cowen & Co.

Certified Public Accountants

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS
JUNE 30, 2014

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HAGERMAN MUNICIPAL SCHOOLS
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STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

OFFICIAL ROSTER

June 30, 2014

BOARD OF EDUCATION

Chad Hamill	President
James Hollmann	Vice President
Trey Lilly	Secretary
Chris Villa	Member
Cody Munson	Member

SCHOOL OFFICIALS

Rickey Williams	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
School Board
Hagerman Municipal Schools

Report on Financial Statements

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 (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds and the budgetary comparisons for the major capital project funds and the debt service fund presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the

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

District, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the major capital projects funds, debt service fund, and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require 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.

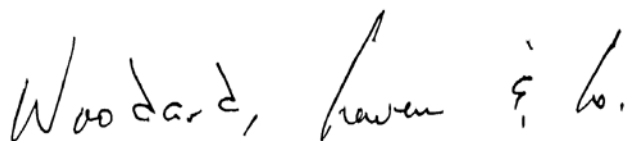
Other Information

Our audit was conducted for the purpose of forming opinions on the District's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Changes in Assets and Liabilities – Agency Fund, Schedule of Pledged Collateral, Bank Summary, and Bank Reconciliation are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, Schedule of Changes in Assets and Liabilities – Agency Fund, Schedule of Pledged Collateral, Bank Summary, and Bank Reconciliation are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, the Schedule of Changes in Assets and Liabilities – Agency Fund, Schedule of Pledged Collateral, Bank Summary, and Bank Reconciliation are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2014 on our consideration of the Agency'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* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Woodward, Lauren S." The signature is written in a cursive, slightly slanted style.

Portales, New Mexico
November 14, 2014

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS
STATEMENT OF NET POSITION

June 30, 2014

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,461,053
Property Taxes Receivable	8,609
Due From Other Agencies	215,730
Inventory	<u>7,517</u>
Non-current assets:	
Capital assets, net	9,641,704
Bond issuance costs, net	-
TOTAL ASSETS	<u><u>\$ 11,334,613</u></u>
<u>LIABILITIES</u>	
Current:	
Accounts Payable	3,500
Accrued Interest Payable	4,724
Debt due in one year	<u>145,000</u>
Non-current:	
Debt in more than one year:	<u>765,000</u>
TOTAL LIABILITIES	<u>918,224</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned Revenue	<u>92,689</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>92,689</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	8,731,704
Restricted for:	
Capital Projects	763,860
Debt Service	178,377
Inventory	7,517
Textbooks	4,000
Cafeteria	150,299
Athletics	21,804
Special Revenue	157,565
Unrestricted	<u>308,574</u>
TOTAL NET POSITION	<u><u>\$ 10,323,700</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, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue & Changes in Net Position
					Primary Governmental Activities
Primary government:					
Governmental activities:					
Instruction	\$ 2,889,480	\$ 23,402	\$ 528,466	\$ -	\$ (2,337,612)
Support Services			-		
Support Services-Students	374,852	-	114,214	-	(260,638)
Support Services-Instruction	55,326	-	35,022	-	(20,304)
Support Services-General Administration	230,770	-	-	-	(230,770)
Support Services-School Administration	330,229	-	-	-	(330,229)
Central Services	70,467	-	-	-	(70,467)
Operation & Maintenance of Plant	788,364	-	-	-	(788,364)
Student Transportation	273,250	-	273,250	-	-
Other Support Services	8,630	-	-	-	(8,630)
Food Services-Operations	241,254	15,195	257,184	-	31,125
Community Services-operations	-	-	-	-	-
Bond Interest	11,596	-	-	-	(11,596)
Depreciation-unallocated	440,285	-	-	-	(440,285)
Amortization Unallocated	-	-	-	-	-
Unallocated Revenue	-	-	-	64,314	64,314
Total governmental activities	\$ 5,714,503	\$ 38,597	\$ 1,208,136	\$ 64,314	\$ (4,403,456)

General revenues:

Property taxes:

Levied for General purpose	\$	14,245
Levied for Capital Projects		63,761
Levied for Debt Service		163,873
Fees		68,160
Local Grants		10,175
PED Equalization Guarantee		3,714,644
Unrestricted interest income		176
Miscellaneous		24,067
Donations		3,555
Total general revenues		<u>4,062,656</u>
Change in net position		(340,800)
Net position - beginning		10,686,962
Restatement		(22,462)
Restated Beginning Net Position		<u>10,664,500</u>
Net position - ending	\$	<u><u>10,323,700</u></u>

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

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

BALANCE SHEET-- GOVERNMENTAL FUNDS

June 30, 2014

	GENERAL	TITLE I	MIGRANT
ASSETS			
Cash on Deposit	\$ 266,162	\$ -	\$ -
Due from Other Funds	215,730	-	-
Due from Other Governments	-	60,261	45,447
Due From External Funds	-	-	-
Property Taxes Receivable	488	-	-
Inventory	-	-	-
TOTAL ASSETS	<u>\$ 482,380</u>	<u>\$ 60,261</u>	<u>\$ 45,447</u>
LIABILITIES			
Due to Other Funds	\$ -	\$ 60,261	\$ 45,447
Accounts Payable	-	-	-
TOTAL LIABILITIES	-	60,261	45,447
DEFERRED INFLOWS OF RESOURCES			
Unearned Revenue	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-
FUND BALANCE			
Non-spendable	-	-	-
Restricted for: Capital Projects	-	-	-
Restricted for: Debt Service	-	-	-
Restricted for: Instructional Materials	4,000	-	-
Restricted for: Cafeteria	-	-	-
Restricted for: Athletics	-	-	-
Restricted for: Special Revenue	-	-	-
Unassigned:			
General Fund	478,380	-	-
Special Revenue Funds	-	-	-
TOTAL FUND BALANCE	<u>482,380</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 482,380</u>	<u>\$ 60,261</u>	<u>\$ 45,447</u>

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

MEDICAID	BOND BUILDING	SENATE BILL NINE	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	Total GOVERNMENTAL FUNDS
\$ 57,879	\$ 572,740	\$ 192,348	\$ 172,528	\$ 199,396	\$ 1,461,053
-	-	-	-	-	215,730
-	-	-	-	110,022	215,730
-	-	-	-	-	-
-	-	2,272	5,849	-	8,609
-	-	-	-	7,517	7,517
<u>\$ 57,879</u>	<u>\$ 572,740</u>	<u>\$ 194,620</u>	<u>\$ 178,377</u>	<u>\$ 316,935</u>	<u>\$ 1,908,639</u>
\$ -	\$ -	\$ -	\$ -	\$ 110,022	\$ 215,730
-	3,500	-	-	-	3,500
-	3,500	-	-	110,022	219,230
57,879	-	-	-	34,810	92,689
57,879	-	-	-	34,810	92,689
-	-	-	-	7,517	7,517
-	569,240	-	-	-	569,240
-	-	-	178,377	-	178,377
-	-	-	-	-	4,000
-	-	-	-	142,782	142,782
-	-	-	-	21,804	21,804
-	-	194,620	-	-	194,620
-	-	-	-	-	478,380
-	-	-	-	-	-
-	569,240	194,620	178,377	172,103	1,596,720
<u>\$ 57,879</u>	<u>\$ 572,740</u>	<u>\$ 194,620</u>	<u>\$ 178,377</u>	<u>\$ 316,935</u>	<u>\$ 1,908,639</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 POSITION

June 30, 2014

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

Fund Balances - total governmental funds	\$ 1,596,720
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	9,641,704
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.	(4,724)
Liabilities not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Bonded Debt	<u>(910,000)</u>
Net positon of governmental activities	<u>\$ 10,323,700</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, 2014

	GENERAL	TITLE I	MIGRANT
REVENUE			
Residential/Non-Residential Taxes	\$ 14,245	\$ -	\$ -
Fees-Users	-	-	-
Interest Income	84	-	-
State Equalization	3,714,644	-	-
State Flow Through Grants	272,466	-	-
State Programs	28,254	-	-
Donations	2,555	-	-
Access Board	16,678	-	-
Refunds	2,105	-	-
Local Grants	-	-	-
Indirect Cost - (DFG)	29,564	-	-
Indirect Cost - (Flow Through Grants)	-	-	-
Insurance Recoveries	2,052	-	-
Bond Proceeds	-	-	-
Bond Premium	774	-	-
Federal Program	-	213,697	120,723
TOTAL REVENUES	<u>4,083,421</u>	<u>213,697</u>	<u>120,723</u>
EXPENDITURES			
Current			
Instruction	2,359,056	193,789	67,821
Support Services-Students	220,470	-	52,902
Support Services-Instruction	40,212	-	-
Support Services-General Administration	228,626	-	-
Support Services-School Administration	310,321	19,908	-
Central Services	70,467	-	-
Operation & Maintenance of Plant	675,598	-	-
Student Transportation	272,466	-	-
Other Support Services	8,630	-	-
Food Services-Operations	-	-	-
Acquisition & Construction	-	-	-
Bond Principal	-	-	-
Bond Interest	-	-	-
TOTAL EXPENDITURES	<u>4,185,846</u>	<u>213,697</u>	<u>120,723</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(102,425)	-	-
Other Financing Sources			
Bond Premium	-	-	-
Transfers In<Out>	-	-	-
Total Other Financial Sources	<u>-</u>	<u>-</u>	<u>-</u>
Net Change In Fund Balances	(102,425)	-	-
FUND BALANCE			
June 30, 2013	561,953	-	-
Restatement	22,852	-	-
Restated Fund Balance June 30, 2013	<u>584,805</u>	<u>-</u>	<u>-</u>
FUND BALANCE			
June 30, 2014	<u>\$ 482,380</u>	<u>\$ -</u>	<u>\$ -</u>

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

MEDICAID	BOND BUILDING	SENATE BILL NINE	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ -	\$ 63,761	\$ 163,873	\$ -	\$ 241,879
-	-	-	-	38,596	38,596
-	57	13	9	13	176
-	-	-	-	-	3,714,644
-	-	-	-	-	272,466
-	-	64,314	-	113,483	206,051
-	-	-	-	1,000	3,555
-	-	-	-	-	16,678
-	-	-	-	-	2,105
-	-	-	-	10,175	10,175
-	-	-	-	-	29,564
-	-	-	-	-	-
-	-	-	-	-	2,052
-	-	-	-	-	-
-	-	-	-	-	774
40,902	-	-	-	459,666	834,988
<u>40,902</u>	<u>57</u>	<u>128,088</u>	<u>163,882</u>	<u>622,933</u>	<u>5,373,703</u>
-	-	-	-	268,814	2,889,480
40,902	-	-	-	60,578	374,852
-	-	-	-	15,114	55,326
-	-	601	1,543	-	230,770
-	-	-	-	-	330,229
-	-	-	-	-	70,467
-	-	-	-	-	675,598
-	-	-	-	784	273,250
-	-	-	-	-	8,630
-	-	-	-	241,254	241,254
-	49,332	90,432	-	-	139,764
-	-	-	165,000	-	165,000
-	-	-	11,910	-	11,910
<u>40,902</u>	<u>49,332</u>	<u>91,033</u>	<u>178,453</u>	<u>586,544</u>	<u>5,466,530</u>
-	(49,275)	37,055	(14,571)	36,389	(92,827)
-	-	-	-	-	-
-	-	-	-	-	-
-	(49,275)	37,055	(14,571)	36,389	(92,827)
-	641,367	157,565	192,948	135,714	1,689,547
-	(22,852)	-	-	-	-
-	618,515	157,565	192,948	135,714	1,689,547
<u>\$ -</u>	<u>\$ 569,240</u>	<u>\$ 194,620</u>	<u>\$ 178,377</u>	<u>\$ 172,103</u>	<u>\$ 1,596,720</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, 2014

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

Net change in fund balance - total governmental funds	\$ (92,827)
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	(413,287)
Expenses in the statement of activities which do not require use of current financial resources	
Decrease in interest payable	314
Bond principal payments	165,000
	<hr/>
Change in Net Position	<u>\$ (340,800)</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, 2014

	General Fund			VARIANCE
	ORIGINAL BUDGET	BUDGET	ACTUAL	Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 13,735	\$ 13,735	\$ 14,645	\$ 910
Donations/Gifts	-	-	2,555	2,555
Interest Income	405	405	84	(321)
State Equalization	3,715,834	3,715,253	3,714,644	(609)
State Flow Through Grants	267,222	296,245	300,720	4,475
Sale of Property/Equipment	-	-	-	-
Access Board	11,280	11,280	16,678	5,398
Refunds	-	-	2,105	2,105
Indirect Cost - (DFG)	-	29,490	29,564	74
Insurance Recoveries	-	-	2,052	2,052
Forest Reserve	-	774	774	-
TOTAL REVENUE	<u>4,008,476</u>	<u>4,067,182</u>	<u>\$ 4,083,821</u>	<u>\$ 16,639</u>
Cash Balance Budgeted	<u>329,846</u>	<u>16,193</u>		
TOTAL REVENUE & CASH	<u>\$ 4,338,322</u>	<u>\$ 4,083,375</u>		
EXPENDITURES				
Current				
Instruction	\$ 2,465,303	\$ 2,501,619	\$ 2,359,056	\$ 142,563
Support Services-Students	275,412	296,312	220,470	75,842
Support Services-Instruction	40,628	42,728	40,212	2,516
Support Services-General Administration	222,331	238,658	228,626	10,032
Support Services-School Administration	308,902	318,591	310,321	8,270
Central Services	71,084	71,084	70,467	617
Operation & Maintenance of Plant	696,839	724,960	675,598	49,362
Student Transportation	244,129	272,466	272,466	-
Other Support Services	13,694	13,694	8,630	5,064
Food Services-Operations	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 4,338,322</u>	<u>\$ 4,480,112</u>	<u>\$ 4,185,846</u>	<u>\$ 294,266</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 4,083,821
Differences-Budget to GAAP	
Property tax Receivable	488
Prior Year Tax Receivables	(888)
Total Revenues (GAAP Basis)	<u>\$ 4,083,421</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 4,185,846
Total Expenditures (GAAP Basis)	<u>\$ 4,185,846</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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 202,041	\$ 240,774	\$ 208,170	\$ (32,604)
TOTAL REVENUE	<u>202,041</u>	<u>240,774</u>	<u>208,170</u>	<u>(32,604)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 202,041</u>	<u>\$ 240,774</u>		
EXPENDITURES				
Current				
Instruction	\$ 182,124	\$ 220,857	\$ 193,789	\$ 27,068
Support Services-Instruction	19,917	19,917	19,908	9
Support Services-School Administration				-
TOTAL EXPENDITURES	<u>\$ 202,041</u>	<u>\$ 240,774</u>	<u>\$ 213,697</u>	<u>\$ 27,077</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 208,170
Differences-Budget to GAAP	
Current Year Receivable	60,261
Prior Year Receivable	(54,734)
Total Revenues (GAAP Basis)	<u>\$ 213,697</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 213,697
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 213,697</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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 80,100	\$ 153,880	\$ 106,534	\$ (47,346)
TOTAL REVENUE	<u>80,100</u>	<u>153,880</u>	<u>106,534</u>	<u>(47,346)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 80,100</u>	<u>\$ 153,880</u>		
EXPENDITURES				
Current				
Instruction	\$ 26,100	\$ 99,880	\$ 67,821	\$ 32,059
Support Services-Students	54,000	54,000	52,902	1,098
TOTAL EXPENDITURES	<u>\$ 80,100</u>	<u>\$ 153,880</u>	<u>\$ 120,723</u>	<u>\$ 33,157</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 106,534
Differences-Budget to GAAP	
Current Year Receivable	45,447
Prior Year Receivable	(31,258)
Total Revenues (GAAP Basis)	<u>\$ 120,723</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 120,723
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 120,723</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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 23,261	\$ 23,261	\$ 37,925	\$ 14,664
TOTAL REVENUE	<u>23,261</u>	<u>23,261</u>	<u>37,925</u>	<u>14,664</u>
Cash Balance Budgeted	<u>55,661</u>	<u>55,661</u>		
TOTAL REVENUE & CASH	<u>\$ 78,922</u>	<u>\$ 78,922</u>		
EXPENDITURES				
Current				
Support Services-Students	78,922	78,922	40,902	38,020
TOTAL EXPENDITURES	<u>\$ 78,922</u>	<u>\$ 78,922</u>	<u>\$ 40,902</u>	<u>\$ 38,020</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 37,925
Differences-Budget to GAAP	
Current Year Deferral	(57,879)
Prior Year Deferral	60,856
Total Revenues (GAAP Basis)	<u>\$ 40,902</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 40,902
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 40,902</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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 61,129	\$ 61,129	\$ 65,728	\$ 4,599
Interest Income			13	13
State Flow Through Grants	<u>48,478</u>	<u>142,722</u>	<u>64,314</u>	<u>(78,408)</u>
TOTAL REVENUE	<u>109,607</u>	<u>203,851</u>	<u>\$ 130,055</u>	<u>\$ (73,796)</u>
Cash Balance Budgeted	<u>58,659</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 168,266</u>	<u>\$ 203,851</u>		
EXPENDITURES				
Current				
Support Services-General Administration	\$ 570	\$ 570	\$ 601	\$ (31)
Other Support Services	55	55	-	55
Acquisition & Construction	<u>167,641</u>	<u>356,552</u>	<u>90,432</u>	<u>266,120</u>
TOTAL EXPENDITURES	<u>\$ 168,266</u>	<u>\$ 357,177</u>	<u>\$ 91,033</u>	<u>\$ 266,144</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 130,055
Differences-Budget to GAAP	
Property tax Receivable	2,272
Prior Year Tax Receivables	(4,239)
Total Revenues (GAAP Basis)	<u>\$ 128,088</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 91,033
Differences-budget to GAAP	
Prior Year Accounts Payable	-
Total Expenditures (GAAP Basis)	<u>\$ 91,033</u>

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

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2014

ASSETS

Pooled Cash	\$ <u>152,188</u>
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LIABILITIES AND FUND BALANCE

Liabilities:

Deposits Held for Students	\$ <u>152,188</u>
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Total Liabilities	\$ <u>152,188</u>
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The accompanying footnotes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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 (Special Revenue Fund) – 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 (Special Revenue Fund) – 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 (Special Revenue Fund) – 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.

SB 9 (Special Revenue Fund) – 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.

The government also reports the following fund types:

Governmental Funds:

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

Fiduciary Funds:

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

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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 initial assessed valuation for the 2013 fiscal year was \$30,351,654. 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.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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 \$3,714,644 in state equalization guarantee distributions during the year ended June 30, 2014.

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 \$272,466 in transportation distributions during the year ended June 30, 2014.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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 \$910,000 difference are as follows:

Bonds Payable	\$ 910,000
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 910,000</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 (\$413,287) difference are as follows:

Capital Outlay	\$ 26,998
Depreciation expense	<u>(440,285)</u>
Net adjustment to increase net changes in fund balances – total government funds to arrive at changes in net assets of governmental activities	<u>\$(413,287)</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 \$165,000 difference are as follows:

Principal repayments:	
General obligation debt	\$ 165,000
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 165,000</u>

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014 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.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

III. Stewardship, compliance, and accountability (continued)

A. Budgetary Information (continued)

	<u>Original Budget</u>	<u>Final Budget</u>
General Fund	\$ 4,338,322	\$ 4,480,112
Special Revenue Fund	1,132,332	1,661,105
Debt Service	362,143	362,143
Capital Projects Fund	618,551	618,551
	<u>\$ 6,451,348</u>	<u>\$ 7,121,911</u>

B. Deficit fund equity

There were not any deficit fund balances at June 30, 2014.

IV. Detailed notes on all funds

A. Cash and temporary investments

At June 30, 2014, the carrying amount of the District's deposits was \$1,613,242 and the bank balance was \$1,842,044. Of this balance \$250,000 was covered by federal depository insurance and \$942,946 was covered by collateral held in the District's name in joint safekeeping by a third party. The remaining \$649,098 is comprised of amounts in excess of those required to be collateralized under state law, however, \$119,844 is classified as under collateralized and uninsured.

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, 2014, the investments held in the LGIP had an interest risk (WAM) of 59 days and a Standard and Poor's Rating of AAAM.

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014, \$649,098 of the government's bank balance of \$1,842,044 was exposed to custodial risk as follows:

Uninsured and Uncollateralized	\$649,098
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B. Receivables

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

	Due From Other Agencies	Property Taxes Receivable
General Funds	\$ -	\$ 488
Senate Bill Nine	-	2,272
Debt Service	-	5,849
Title I	60,261	
Title I Migrant	45,447	-
Entitlement	36,371	-
NM Autism Project	5,031	
Preschool	1,218	
Risk Pool	14,295	
Teacher/Principal Training	4,449	-
NM Reads to Lead	11,883	
Kindergarten Three Plus	18,021	
Next Generation Assessment	11,972	
ENMU Grants	6,782	
Totals	<u>\$ 215,730</u>	<u>\$ 8,609</u>

Governmental funds reported *deferred inflows of resources* 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>\$ 92,689</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 92,689</u>

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

IV. Detailed notes on all funds (continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance 06/30/13	Increases	Decreases	Balance 06/30/14
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 77,083	\$ -	\$ -	\$ 77,083
Construction in Progress	-	-	-	-
Total Capital Assets not being depreciated	77,083	-	-	77,083
Capital Assets being depreciated				
Buildings & Improvements	14,859,913	-	-	14,859,913
Equipment & Vehicles	2,340,921	26,998	460	2,367,459
Total Capital Assets being depreciated	17,200,834	26,998	460	17,227,372
Less: Accumulated Depreciation				
Buildings & Improvements	5,483,370	365,210	-	5,848,580
Equipment & Vehicles	1,739,368	75,075	272	1,814,171
Total Accumulated Depreciation	7,222,738	440,285	272	7,662,751
Net Capital Assets being depreciated	9,978,096	(413,287)	188	9,564,621
Total Net Capital Assets	\$ 10,055,179	\$ (413,287)	\$ 188	\$ 9,641,704

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 THE FINANCIAL STATEMENTS
JUNE 30, 2014

IV. Detailed notes on all funds (continued)

D. Long-term debt – General Obligation Bonds

Series	Original Amount	Interest Rate	Balance 6/30/2013	Additions	Retirements	Balance 6/30/2014	Amount Due in One Year
2003	\$ 400,000	.715-1.945%	\$ 55,000	\$ -	\$ 55,000	\$ -	\$ -
2005	400,000	1.52-2.03%	110,000	-	40,000	70,000	35,000
2007	400,000	1.99-2.17%	220,000	-	35,000	185,000	35,000
2009	400,000	.67-3.59%	290,000	-	35,000	255,000	35,000
2013	400,000	.235%-1.175%	400,000	-	-	400,000	40,000
Total	\$ 2,000,000		\$ 1,075,000	\$ -	165,000	\$ 910,000	\$ 145,000

Fiscal Year	Principal	Interest	Total
2015	\$ 145,000	\$ 10,319	\$ 155,319
2016	150,000	8,169	158,169
2017	115,000	6,210	121,210
2018	115,000	4,513	119,513
2019	125,000	2,596	127,596
2020-2024	260,000	1,713	261,713
	\$ 910,000	\$ 33,520	\$ 943,520

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 \$1,821,099 including \$910,000 debt outstanding based on the 2013 initial valuation.

V. Other information

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, 2014.

B. Contingent liabilities

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

V. Other information (continued)

C. Employee retirement plan

Plan Description. Substantially all of the District's full-time employees participate in an educational 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, other employees of state public school districts, colleges and universities, and some state agency employees) 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.

Member Contributions

Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 10.10% of their gross salary in fiscal year 2014; 10.7% of their gross salary in fiscal year 2015 and thereafter.

Employer Contributions

The District contributed 13.15% of gross covered salary in fiscal year 2014. In fiscal year 2015 the District will contribute 13.9% of gross covered salary.

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, 2014, 2013, and 2012, were \$354,324, \$308,953, and \$260,369, respectively, which equal the amount of the required contributions for each fiscal year.

D. Post-retirement health care benefits

Plan Description. The Center 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.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

V. Other information (continued)

D. Post-retirement health care benefits (continued)

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

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Center's contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$53,892, \$55,949 and \$50,322, respectively, which equal the required contributions for each year.

E. Interfund Balances

Due from	Due to Operational
Title I	\$ 60,261
Title I Migrant	45,447
Entitlement	36,371
NM Autism Project	5,031
Preschool	1,218
Risk Pool	14,295
Teacher/Principal Training	4,449
NM Reads to Lead	11,883
Kindergarten Three Plus	18,021
Next Generation Assessment	11,972
ENMU Grants	6,782
	\$ 215,730

These amounts represent temporary operating loans that will be repaid during the next fiscal year.

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

F. Restatement of Beginning Balance of Net Position

The following restatement was made to recognize a receivable in Library G.O. Bonds (Special Revenue Fund) that was deemed to be no longer receivable. Total restatement is \$(8,071).

Restatement of Net Position:

Net Position – Governmental Activities at June 30, 2013	\$10,686,962
Deduct:	
Prior year SDAA Revenue recognized in two separate funds	<u>(22,462)</u>
Restated Balance at July 1, 2013	<u>\$10,664,500</u>

G. Fund Balances Classified

Fund balance is classified as non-spendable, 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	Senate Bill 9	Bond Building	Debt Service	Non-Major Governmental Funds	Total
Non-Spendable:						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 7,517	\$ 7,517
Total Nonspendable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,517</u>	<u>7,517</u>
Restricted for:						
Debt Service	-	-	-	178,377	-	178,377
Capital Improvements	-	-	569,240	-	-	569,240
Athletics	-	-	-	-	21,804	21,804
Cafeteria	-	-	-	-	142,782	142,782
Instructional Materials	4,000	-	-	-	-	4,000
Special Revenue	-	194,620	-	-	-	194,620
Total restricted	<u>4,000</u>	<u>194,620</u>	<u>569,240</u>	<u>178,377</u>	<u>164,586</u>	<u>1,110,823</u>
Unassigned	<u>478,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>478,380</u>
Total Fund Balances	<u>\$ 482,380</u>	<u>\$ 194,620</u>	<u>\$ 569,240</u>	<u>\$ 178,377</u>	<u>\$ 172,103</u>	<u>\$ 1,596,720</u>

H. Changes in accounting standards

Under GASB 68, the District's pension liability will be required to be reported on the Statement of Net Position. The District anticipates that the amount of pension liability for the District will be calculated and provided by the Education Retirement Board.

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

NEW MEXICO AUTISM PROJECT – To account for funds provided to the District to support the District's implementation of the NMAP and improve outcomes for students with Autism Spectrum Disorders. 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 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 ACHIEVEMENT – 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.

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.

2010 G.O. BOND STUDENT LIBRARY – This fund is used to account for the revenue and expenditures to acquire supplementary library books, equipment, and library resources for public schools and juvenile detention libraries statewide.

NEW MEXICO READS TO LEAD – To account for the funding provided by the PED for the purchase of K-3 non-fiction books, K-3 non-fiction classroom libraries, and K-3 non-fiction text materials. Fund was created under the state-wide reading initiative authorized under NM Section 22-13-1.3.

KINDERGARTEN THREE PLUS – To account for the funds used to provide additional educational time for students in kindergarten through the third grade with at least 25 additional instructional days beginning up to two months earlier than the regular school year. The funding and authority provided by the NM PED.

NEXT GENERATION ASSESSMENT – To account for funds provided to the District for purchases computers and related hardware that will aid and prepare the District in taking the PARCC assessment test. Funding and authority provided by the NM PED.

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.

NON-MAJOR GOVERNMENTAL FUNDS

ALL FUNDS – All funds were created by management directive.

Special Revenue (continued)

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.

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
JUNE 30, 2014

	CAFETERIA	ATHLETICS	ENTITLEMENT	NEW MEXICO AUTISM PROJECT
ASSETS				
Cash	\$ 142,782	\$ 21,804	\$ -	\$ -
Due from Other Funds	-	-	-	-
Due from Other Governments	-	-	36,371	5,031
Due from External Funds	-	-	-	-
Property Taxes Receivable	-	-	-	-
Inventory	7,517	-	-	-
TOTAL ASSETS	\$ 150,299	\$ 21,804	\$ 36,371	\$ 5,031
LIABILITIES				
Due to other Funds	\$ -	\$ -	\$ 36,371	\$ 5,031
Accounts Payable	-	-	-	-
TOTAL LIABILITIES	-	-	36,371	5,031
DEFERRED INFLOWS OF RESOURCES				
Unearned Revenue	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-
FUND BALANCE				
Non-spendable	-	-	-	-
Restricted				
Cafeteria	150,299	-	-	-
Athletics	-	21,804	-	-
Special Revenue	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCE	150,299	21,804	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 150,299	\$ 21,804	\$ 36,371	\$ 5,031

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

PRESCHOOL	RISK POOL	TEACHER/ PRINCIPAL TRAINING	RURAL EDUCATION ACHIEVEMENT	RURAL VISION	2010 GO BONDS STUDENT LIBRARY	NEW MEXICO READS TO LEAD
\$ -	\$ -	\$ -	\$ -	\$ 13,477	\$ -	\$ -
-	-	-	-	-	-	-
1,218	14,295	4,449	-	-	-	11,883
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 1,218</u>	<u>\$ 14,295</u>	<u>\$ 4,449</u>	<u>\$ -</u>	<u>\$ 13,477</u>	<u>\$ -</u>	<u>\$ 11,883</u>
\$ 1,218	\$ 14,295	\$ 4,449	\$ -	\$ -	\$ -	\$ 11,883
-	-	-	-	-	-	-
<u>1,218</u>	<u>14,295</u>	<u>4,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,883</u>
-	-	-	-	13,477	-	-
-	-	-	-	<u>13,477</u>	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 1,218</u>	<u>\$ 14,295</u>	<u>\$ 4,449</u>	<u>\$ -</u>	<u>\$ 13,477</u>	<u>\$ -</u>	<u>\$ 11,883</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, 2014

	KINDERGARTEN THREE PLUS	NEXT GENERATION ASSESSMENT	ENMU GRANTS	CITY/ COUNTY GRANTS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ 21,333	\$ 199,396
Due from Other Funds	-	-	-	-	-
Due from Other Governments	18,021	11,972	6,782	-	110,022
Due from External Funds	-	-	-	-	-
Property Taxes Receivable	-	-	-	-	\$ -
Inventory	-	-	-	-	7,517
TOTAL ASSETS	\$ 18,021	\$ -	\$ -	\$ 21,333	\$ 316,935
LIABILITIES					
Due to other Funds	\$ 18,021	\$ 11,972	\$ 6,782	\$ -	\$ 110,022
Accounts Payable	-	-	-	-	-
TOTAL LIABILITIES	18,021	11,972	6,782	-	110,022
DEFERRED INFLOWS OF RESOURCES					
Unearned Revenue	-	-	-	21,333	34,810
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	21,333	34,810
FUND BALANCE					
Non-spendable	-	-	-	-	-
Restricted					
Cafeteria	-	-	-	-	150,299
Athletics	-	-	-	-	21,804
Special Revenue	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCE	-	-	-	-	172,103
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 18,021	\$ 11,972	\$ 6,782	\$ 21,333	\$ 316,935

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 - NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	CAFETERIA	ATHLETICS	ENTITLEMENT	NEW MEXICO AUTISM PROJECT
REVENUE				
Residential/Non-Residential Taxes	\$ -	\$ -	\$ -	\$ -
Fees-Users	15,194	23,402	-	-
Interest Income	11	2	-	-
State Flow Through Grants	-	-	-	-
State Programs	-	-	-	-
Donations	-	1,000	-	-
Local Grants	-	-	-	-
Insurance Recoveries	-	-	-	-
Federal Program	257,184	-	124,145	10,606
TOTAL REVENUES	272,389	24,404	124,145	10,606
EXPENDITURES				
Current				
Instruction	-	19,150	107,348	10,606
Support Services-Students	-	-	16,797	-
Support Services-Instruction	-	-	-	-
Support Services-General Administration	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services-Operations	241,254	-	-	-
Community Services-operations	-	-	-	-
Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	241,254	19,150	124,145	10,606
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	31,135	5,254	-	-
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN/ TRANSFERS OUT	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change In Fund Balance	31,135	5,254	-	-
FUND BALANCE				
June 30, 2013	119,164	16,550	-	-
Restatement	-	-	-	-
FUND BALANCE	119,164	16,550	-	-
June 30, 2014	\$ 150,299	\$ 21,804	\$ -	\$ -

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

PRESCHOOL	RISK POOL	TEACHER/ PRINCIPAL	RURAL EDUCATION ACHIEVEMENT	RURAL VISION	2010 GO BONDS STUDENT LIBRARY	NEW MEXICO READS TO LEAD
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	2,112	39,293
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,455	15,231	26,884	19,161	-	-	-
<u>6,455</u>	<u>15,231</u>	<u>26,884</u>	<u>19,161</u>	<u>-</u>	<u>2,112</u>	<u>39,293</u>
5,521	12,552	26,884	19,161	-	-	39,293
934	2,679	-	-	-	-	-
-	-	-	-	-	2,112	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>6,455</u>	<u>15,231</u>	<u>26,884</u>	<u>19,161</u>	<u>-</u>	<u>2,112</u>	<u>39,293</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 - NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	KINDERGARTEN THREE PLUS	NEXT GENERATION ASSESSMENT	ENMU GRANTS	CITY/ COUNTY GRANTS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
REVENUE					
Residential/Non-Residential Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fees-Users	-	-	-	-	38,596
Interest Income	-	-	-	-	13
State Flow Through Grants	-	-	-	-	-
State Programs	18,021	13,002	41,055	-	113,483
Donations	-	-	-	-	1,000
Local Grants	-	-	-	10,175	10,175
Insurance Recoveries	-	-	-	-	-
Federal Program	-	-	-	-	459,666
TOTAL REVENUES	18,021	13,002	41,055	10,175	622,933
EXPENDITURES					
Current					
Instruction	17,237	-	887	10,175	268,814
Support Services-Students	-	-	40,168	-	60,578
Support Services-Instruction	-	13,002	-	-	15,114
Support Services-General Administration	-	-	-	-	-
Student Transportation	784	-	-	-	784
Other Support Services	-	-	-	-	-
Food Services-Operations	-	-	-	-	241,254
Community Services-operations	-	-	-	-	-
Acquisition & Construction	-	-	-	-	-
TOTAL EXPENDITURES	18,021	13,002	41,055	10,175	586,544
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	36,389
OTHER FINANCING SOURCES (USES)					
TRANSFERS IN/ TRANSFERS OUT	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
Net Change In Fund Balance	-	-	-	-	36,389
FUND BALANCE					
June 30, 2013	-	-	-	-	135,714
Restatement	-	-	-	-	-
FUND BALANCE	-	-	-	-	135,714
June 30, 2014	\$ -	\$ -	\$ -	\$ -	\$ 172,103

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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Fees-Users	\$ 12,005	\$ 12,005	\$ 15,194	\$ 3,189
Interest Income	7	7	11	4
Federal Revenue	250,629	250,629	243,759	(6,870)
TOTAL REVENUE	<u>262,641</u>	<u>262,641</u>	<u>\$ 258,964</u>	<u>\$ (3,677)</u>
Cash Balance Budgeted	<u>103,890</u>	<u>103,890</u>		
TOTAL REVENUE & CASH	<u>\$ 366,531</u>	<u>\$ 366,531</u>		
EXPENDITURES				
Current				
Food Services-Operations	\$ 366,531	\$ 366,531	\$ 232,291	\$ 134,240
TOTAL EXPENDITURES	<u>\$ 366,531</u>	<u>\$ 366,531</u>	<u>\$ 232,291</u>	<u>\$ 134,240</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 258,964
Differences-Budget to GAAP	
Commodities Received	13,425
Total Revenues (GAAP Basis)	<u>\$ 272,389</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 232,291
Differences-budget to GAAP	
Cost of Commodities Used	13,425
Inventory Adjustment	(4,462)
Total Expenditures (GAAP Basis)	<u>\$ 241,254</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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Fees-Users	\$ 12,874	\$ 12,874	\$ 23,402	\$ 10,528
Donations/Gifts	10	10	1,000	990
Interest Income	-	-	2	2
TOTAL REVENUE	<u>12,884</u>	<u>12,884</u>	<u>\$ 24,404</u>	<u>\$ 11,520</u>
Cash Balance Budgeted	<u>16,176</u>	<u>16,176</u>		
TOTAL REVENUE & CASH	<u>\$ 29,060</u>	<u>\$ 29,060</u>		
EXPENDITURES				
Current				
Instruction	\$ 29,060	\$ 29,060	\$ 19,150	\$ 9,910
TOTAL EXPENDITURES	<u>\$ 29,060</u>	<u>\$ 29,060</u>	<u>\$ 19,150</u>	<u>\$ 9,910</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 24,404
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 24,404</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 19,150
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 19,150</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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 111,981	\$ 136,491	\$ 125,488	\$ (11,003)
TOTAL REVENUE	<u>111,981</u>	<u>136,491</u>	<u>125,488</u>	<u>(11,003)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 111,981</u>	<u>\$ 136,491</u>		
EXPENDITURES				
Current				
Instruction	\$ 95,184	\$ 118,598	\$ 107,348	\$ 11,250
Support Services-Students	16,797	17,893	16,797	1,096
Support Services-General Administration				-
TOTAL EXPENDITURES	<u>\$ 111,981</u>	<u>\$ 136,491</u>	<u>\$ 124,145</u>	<u>\$ 12,346</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 125,488
Differences-Budget to GAAP	
Current Year Receivable	36,371
Prior Year Receivable	(37,714)
Total Revenues (GAAP Basis)	<u>\$ 124,145</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 124,145
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 124,145</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--NEW MEXICO AUTISM PROJECT

Year Ended June 30 2014

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 11,384	\$ 5,575	\$ (5,809)
TOTAL REVENUE	<u>-</u>	<u>11,384</u>	<u>5,575</u>	<u>(5,809)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 11,384</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 11,384	\$ 10,606	\$ 778
TOTAL EXPENDITURES	<u>-</u>	<u>11,384</u>	<u>10,606</u>	<u>778</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 5,575
Differences-Budget to GAAP	
Current Year Receivable	5,031
Total Revenues (GAAP Basis)	<u>\$ 10,606</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 10,606
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 10,606</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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 6,226	\$ 7,141	\$ 7,570	\$ 429
TOTAL REVENUE	<u>6,226</u>	<u>7,141</u>	<u>7,570</u>	<u>429</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 6,226</u>	<u>\$ 7,141</u>		
EXPENDITURES				
Current				
Instruction	\$ 5,292	\$ 6,162	\$ 5,521	\$ 641
Support Services-Students	934	979	934	45
Student Transportation	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 6,226</u>	<u>\$ 7,141</u>	<u>\$ 6,455</u>	<u>\$ 686</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 7,570
Differences-Budget to GAAP	
Current Year Receivable	1,218
Prior Year Receivable	(2,333)
Total Revenues (GAAP Basis)	<u>\$ 6,455</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 6,455
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 6,455</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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 15,234	\$ 16,234	\$ 1,000
TOTAL REVENUE	<u>-</u>	<u>15,234</u>	<u>16,234</u>	<u>1,000</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 15,234</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 12,555	\$ 12,552	\$ 3
Support Services-Students	-	2,679	2,679	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 15,234</u>	<u>\$ 15,231</u>	<u>\$ 3</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 16,234
Differences-Budget to GAAP	
Current Year Receivable	14,295
Prior Year Receivable	<u>(15,298)</u>
Total Revenues (GAAP Basis)	<u>\$ 15,231</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 15,231
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 15,231</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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 26,885	\$ 33,147	\$ 27,403	\$ (5,744)
TOTAL REVENUE	<u>26,885</u>	<u>33,147</u>	<u>27,403</u>	<u>(5,744)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 26,885</u>	<u>\$ 33,147</u>		
EXPENDITURES				
Current				
Instruction	\$ 26,885	\$ 33,147	\$ 26,884	\$ 6,263
TOTAL EXPENDITURES	<u>26,885</u>	<u>33,147</u>	<u>26,884</u>	<u>6,263</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 27,403
Differences-Budget to GAAP	
Current Year Receivable	4,449
Prior Year Receivable	(4,968)
Total Revenues (GAAP Basis)	<u>\$ 26,884</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 26,884
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 26,884</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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 15,958	\$ 30,428	\$ 19,161	\$ (11,267)
TOTAL REVENUE	<u>15,958</u>	<u>30,428</u>	<u>19,161</u>	<u>(11,267)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 15,958</u>	<u>\$ 30,428</u>		
EXPENDITURES				
Current				
Instruction	\$ 15,958	\$ 30,428	\$ 19,161	\$ 11,267
TOTAL EXPENDITURES	<u>15,958</u>	<u>30,428</u>	<u>19,161</u>	<u>11,267</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 19,161
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 19,161</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 19,161
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 19,161</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, 2014

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
REVENUE				
Local Grants	\$ 2,000	\$ 2,000	\$ 2,400	\$ 400
TOTAL REVENUE	<u>2,000</u>	<u>2,000</u>	<u>2,400</u>	<u>400</u>
Cash Balance Budgeted	<u>11,077</u>	<u>11,077</u>		
TOTAL REVENUE & CASH	<u>\$ 13,077</u>	<u>\$ 13,077</u>		
EXPENDITURES				
Current				
Acquisition & Construction	\$ 13,077	\$ 13,077	\$ -	\$ 13,077
TOTAL EXPENDITURES	<u>13,077</u>	<u>13,077</u>	<u>-</u>	<u>13,077</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 2,400
Differences-Budget to GAAP	
Current Year Deferral	(13,477)
Prior Year Deferral	11,077

Total Revenues (GAAP Basis) \$ -

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--2010 G.O. BOND LIBRARY FUND

Year Ended June 30, 2014

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Grants	\$ 6,380	\$ 6,380	\$ 2,112	\$ (4,268)
TOTAL REVENUE	<u>6,380</u>	<u>6,380</u>	<u>2,112</u>	<u>(4,268)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 6,380</u>	<u>\$ 6,380</u>		
EXPENDITURES				
Current				
Support Services-Instruction	\$ 6,380	\$ 6,380	\$ 2,112	\$ 4,268
TOTAL EXPENDITURES	<u>6,380</u>	<u>6,380</u>	<u>2,112</u>	<u>4,268</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 2,112
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 2,112</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 2,112
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 2,112</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--NEW MEXICO READS TO LEAD

Year Ended June 30 2014

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ 47,334	\$ 27,410	\$ -
TOTAL REVENUE	<u>-</u>	<u>47,334</u>	<u>27,410</u>	<u>-</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 47,334</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 47,334	\$ 39,293	\$ 8,041
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 47,334</u>	<u>\$ 39,293</u>	<u>\$ 8,041</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 27,410
Differences-Budget to GAAP	
Current Year Receivable	11,883
Total Revenues (GAAP Basis)	<u>\$ 39,293</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 39,293
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 39,293</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--KINDERGARTEN-THREE PLUS

Year Ended June 30, 2014

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ 19,171	\$ -	\$ (19,171)
TOTAL REVENUE	<u>-</u>	<u>19,171</u>	<u>-</u>	<u>(19,171)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 19,171</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 17,400	\$ 17,237	\$ 163
Student Transportation	-	1,771	784	987
TOTAL EXPENDITURES	<u>-</u>	<u>19,171</u>	<u>18,021</u>	<u>1,150</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ -
Differences-Budget to GAAP	
Current Year Receivable	18,021
Total Revenues (GAAP Basis)	<u>\$ 18,021</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 18,021
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 18,021</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--NEXT GENERATION ASSESSMENT

Year Ended June 30, 2014

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ 13,002	\$ 1,030	\$ (11,972)
TOTAL REVENUE	<u>-</u>	<u>13,002</u>	<u>1,030</u>	<u>(11,972)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 13,002</u>		
EXPENDITURES				
Current				
Support Services-Instruction	\$ -	\$ 13,002	\$ 13,002	\$ -
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 13,002</u>	<u>\$ 13,002</u>	<u>\$ -</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 1,030
Differences-Budget to GAAP	
Current Year Receivable	11,972
Total Revenues (GAAP Basis)	<u>\$ 13,002</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 13,002
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 13,002</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, 2014

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ 63,067	\$ 34,273	\$ (28,794)
TOTAL REVENUE	<u>-</u>	<u>63,067</u>	<u>34,273</u>	<u>(28,794)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 63,067</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 10,500	\$ 887	\$ 9,613
Support Services-Students	-	52,567	40,168	12,399
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 63,067</u>	<u>\$ 41,055</u>	<u>\$ 22,012</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 34,273
Differences-Budget to GAAP	
Current Year Receivable	6,782
Total Revenues (GAAP Basis)	<u>\$ 41,055</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 41,055
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 41,055</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, 2014

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	VARIANCE Favorable (Unfavorable)
REVENUE				
City/Local Grants	\$ -	\$ 12,000	\$ 12,800	\$ 800
TOTAL REVENUE	<u>-</u>	<u>12,000</u>	<u>12,800</u>	<u>800</u>
Cash Balance Budgeted	<u>12,750</u>	<u>12,750</u>		
TOTAL REVENUE & CASH	<u>\$ 12,750</u>	<u>\$ 24,750</u>		
EXPENDITURES				
Current				
Instruction	\$ 17,366	\$ 29,366	\$ 10,175	\$ 19,191
TOTAL EXPENDITURES	<u>\$ 17,366</u>	<u>\$ 29,366</u>	<u>\$ 10,175</u>	<u>\$ 19,191</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 12,800
Differences-Budget to GAAP	
Current Year Deferral	(21,333)
Prior Year Deferral	18,708

Total Revenues (GAAP Basis)	<u>\$ 10,175</u>
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Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 10,175
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 10,175</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, 2014

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TOTALS
ASSETS				
Cash on Deposit	\$ 262,162	\$ -	\$ 4,000	266,162
Due From Other Governments	-	-	-	-
Due from Other Funds	215,730	-	-	215,730
Taxes Receivable	488	-	-	488
TOTAL ASSETS	\$ 478,380	\$ -	\$ 4,000	482,380
LIABILITIES				
Due to Other Funds	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Unearned Revenue	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-
FUND BALANCE				
Fund Balance				
Reserved for Text Books	-	-	4,000	4,000
Restricted	-	-	-	-
Unassigned	478,380	-	-	478,380
TOTAL FUND BALANCE	478,380	-	4,000	482,380
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 478,380	\$ -	\$ 4,000	482,380

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, 2014

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TOTALS
REVENUE				
Residential/Non-Residential Taxes	\$ 14,245	\$ -	\$ -	14,245
Interest Income	84	-	-	84
State Equalization	3,714,644	-	-	3,714,644
State Flow Through Grants	-	272,466	-	272,466
State Programs	-	-	28,254	28,254
Donations	2,555	-	-	2,555
Sale of Property/Equipment	-	-	-	-
Access Board	16,678	-	-	16,678
Refunds	2,096	-	9	2,105
Charter School Admin	-	-	-	-
Indirect Cost - (DFG)	29,564	-	-	29,564
Indirect Cost - (Flow Through Grants)	-	-	-	-
Insurance Recoveries	2,052	-	-	2,052
Federal Revenue	774	-	-	774
Forest Reserve	-	-	-	-
TOTAL REVENUES	3,782,692	272,466	28,263	4,083,421
EXPENDITURES				
Instruction	2,322,816	-	36,240	2,359,056
Support Services-Students	220,470	-	-	220,470
Support Services-Instruction	40,212	-	-	40,212
Support Services-General Administration	228,626	-	-	228,626
Support Services-School Administration	310,321	-	-	310,321
Central Services	70,467	-	-	70,467
Operation & Maintenance of Plant	675,598	-	-	675,598
Student Transportation	-	272,466	-	272,466
Other Support Services	8,630	-	-	8,630
TOTAL EXPENDITURES	3,877,140	272,466	36,240	4,185,846
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(94,448)	-	(7,977)	(102,425)
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN/ TRANSFERS OUT	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change In Fund Balance	(94,448)	-	(7,977)	(102,425)
FUND BALANCE				
June 30, 2013	549,976	-	11,977	561,953
Restatement	22,852	-	-	22,852
Restated Fund Balance June 30, 2013	572,828	-	11,977	584,805
FUND BALANCE June 30, 2014	\$ 478,380	\$ -	\$ 4,000	482,380

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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 13,735	\$ 13,735	\$ 14,645	\$ 910
Donations/Gifts	-	-	2,555	2,555
Interest Income	405	405	84	(321)
State Equalization	3,715,834	3,715,253	3,714,644	(609)
Access Board	11,280	11,280	16,678	5,398
Refunds	-	-	2,096	2,096
Indirect Cost - (DFG)	-	29,490	29,564	74
Indirect Cost - (Flow Through Grants)	-	-	-	-
Insurance Recoveries	-	-	2,052	2,052
Forest Reserve	-	774	774	-
TOTAL REVENUE	<u>3,741,254</u>	<u>3,770,937</u>	<u>\$ 3,783,092</u>	<u>\$ 12,155</u>
Cash Balance Budgeted	<u>313,653</u>			
TOTAL REVENUE & CASH	<u>\$ 4,054,907</u>	<u>\$ 3,770,937</u>		
EXPENDITURES				
Current				
Instruction	\$ 2,426,017	\$ 2,461,647	\$ 2,322,816	\$ 138,831
Support Services				
Support Services-Students	275,412	296,312	220,470	75,842
Support Services-Instruction	40,628	42,728	40,212	2,516
Support Services-General Administration	222,331	238,658	228,626	10,032
Support Services-School Administration	308,902	318,591	310,321	8,270
Central services	71,084	71,084	70,467	617
Operation & Maintenance of Plant	696,839	724,960	675,598	49,362
Other Support Services	13,694	13,694	8,630	5,064
TOTAL EXPENDITURES	<u>\$ 4,054,907</u>	<u>\$ 4,167,674</u>	<u>\$ 3,877,140</u>	<u>\$ 290,534</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 3,783,092
Differences-Budget to GAAP	
Property tax Receivable	488
Prior Year Tax Receivables	(888)
Total Revenues (GAAP Basis)	<u>\$ 3,782,692</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 3,877,140
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 3,877,140</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, 2014

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 244,129	\$ 272,466	\$ 272,466	\$ -
TOTAL REVENUE	<u>244,129</u>	<u>272,466</u>	<u>272,466</u>	<u>-</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 244,129</u>	<u>\$ 272,466</u>		
EXPENDITURES				
Current				
Student Transportation	\$ 244,129	\$ 272,466	\$ 272,466	\$ -
TOTAL EXPENDITURES	<u>244,129</u>	<u>272,466</u>	<u>272,466</u>	<u>-</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 272,466
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 272,466</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 272,466
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 272,466</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, 2014

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 23,093	\$ 23,779	\$ 28,254	\$ 4,475
Refunds	-	-	9	9
TOTAL REVENUE	<u>23,093</u>	<u>23,779</u>	<u>\$ 28,263</u>	<u>\$ 4,484</u>
Cash Balance Budgeted	<u>16,193</u>	<u>16,193</u>		
TOTAL REVENUE & CASH	<u>\$ 39,286</u>	<u>\$ 39,972</u>		
EXPENDITURES				
Current				
Instruction	\$ <u>39,286</u>	\$ <u>39,972</u>	\$ <u>36,240</u>	\$ <u>3,732</u>
TOTAL EXPENDITURES	<u>\$ 39,286</u>	<u>\$ 39,972</u>	<u>\$ 36,240</u>	<u>\$ 3,732</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 28,263
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 28,263</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 36,240
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 36,240</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, 2014

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Interest Income	\$ 35	\$ 35	\$ 57	\$ 22
Bond Proceeds	400,000	400,000	-	(400,000)
Bond Premiums	-	-	-	-
TOTAL REVENUE	<u>400,035</u>	<u>400,035</u>	<u>\$ 57</u>	<u>\$ (399,978)</u>
Cash Balance Budgeted	<u>218,516</u>	<u>218,516</u>		
TOTAL REVENUE & CASH	<u>\$ 618,551</u>	<u>\$ 618,551</u>		
 EXPENDITURES				
Current				
Other Support Services	\$ 272	\$ 272	\$ -	\$ 272
Acquisition & Construction	618,279	618,279	45,832	572,447
TOTAL EXPENDITURES	<u>\$ 618,551</u>	<u>\$ 618,551</u>	<u>\$ 45,832</u>	<u>\$ 572,719</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 57
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 57</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 45,832
Differences-budget to GAAP	
Current Year Accounts Payable	3,500
Total Expenditures (GAAP Basis)	<u>\$ 49,332</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, 2014

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 181,836	181,836	\$ 169,442	\$ (12,394)
Interest Income	19	19	9	(10)
TOTAL REVENUE	<u>181,855</u>	<u>181,855</u>	<u>\$ 169,451</u>	<u>\$ (12,404)</u>
Cash Balance Budgeted	<u>180,288</u>	<u>180,288</u>		
TOTAL REVENUE & CASH	<u>\$ 362,143</u>	<u>\$ 362,143</u>		
 EXPENDITURES				
Current				
Support Services-General Administration	\$ 1,719	\$ 1,719	\$ 1,543	\$ 176
Other Support Services	9	9	-	9
Principal	165,000	165,000	165,000	-
Interest and Finance Charges	16,654	16,654	11,910	4,744
Debt Service Reserve	178,761	178,761	-	178,761
TOTAL EXPENDITURES	<u>\$ 362,143</u>	<u>\$ 362,143</u>	<u>\$ 178,453</u>	<u>\$ 183,690</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 169,451
Differences-Budget to GAAP	
Property tax Receivable	5,849
Prior Year Tax Receivables	(11,418)
Total Revenues (GAAP Basis)	<u>\$ 163,882</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 178,453
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 178,453</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, 2014

	Balance 6/30/2013	ADDITIONS	DEDUCTIONS	Balance 6/30/2014
Central Office	\$ 377	\$ 595	\$ 824	\$ 148
High School	56,345	800,679	715,296	141,728
Middle School	2,565	8,521	7,584	3,502
Elementary School	4,294	23,461	20,945	6,810
	<u>\$ 63,581</u>	<u>\$ 833,256</u>	<u>\$ 744,649</u>	<u>\$ 152,188</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, 20114

	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM EXPENDITURES
<u>US DEPARTMENT OF EDUCATION</u>			
Passed through the State Department of Education			
Title I	84.010	24101	\$ 213,697
IDEA-B Preschool	84.173	24109	6,455
IDEA-B Risk Pool	84.027	24120	15,231
Teacher/Principal Training	84.367	24154	26,884
IDEA-B Entitlement	84.027	24106	124,145
Title I Migrant Children	84.011	24103	120,723
New Mexico Autism Project	84.027	24108	10,606
Rural Education	84.358	25233	19,161
ARRA - Education Jobs Fund	93.778	25153	40,902
TOTAL PASS THROUGH GRANTS			<u>\$ 577,804</u>
TOTAL DEPARTMENT OF EDUCATION			<u>\$ 577,804</u>
<u>US DEPARTMENT OF AGRICULTURE</u>			
Passed Through State Department of Education			
National School Lunch Program	<1> 10.555	21000	\$ 243,759
Commodities Received	<1> 10.555	21000	13,425
TOTAL DEPARTMENT OF AGRICULTURE			<u>\$ 257,184</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$ 834,988</u>
Reconciliation to Federal Revenues in Financial Statements:			
Federal Revenues Per Financial Statements			<u>\$ 834,988</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, 2014

	TOTAL DEPOSITS	FDIC INSURANCE	UNINSURED DEPOSITS	COLLATERAL REQUIRED	COLLATERAL PLEDGED	UNINSURED & UNCOLLATERALIZED DEPOSITS	PLEDGED COLLATERAL DEFICIT
JAMES POLK STONE BANK	\$ 1,842,044	\$ 250,000	\$ 1,592,044	\$ 796,022	\$ 942,946	\$ 649,098	\$ -

COLLATERAL		CUSIP #	MATURES
Ruidoso NM Muni SD#3 GO	\$ 575,978	781338HX9	08/01/14
First Bank Puerto Rico CD	240,000	33764JJF3	08/10/15
Clovis NM Muni SD#1 BQ	51,701	189414JF3	08/01/16
Hobbs NM SCH DIST #16 GO	75,268	433866DX5	09/15/14
	<u>\$ 942,946</u>		

COLLATERAL IS HELD AT INDEPENDENT BANKERS BANK DALLAS TEXAS

NEW MEXICO STATE TREASURER	\$ 676	\$ -	\$ 676	\$ -	\$ -	\$ -	\$ -
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SECURITIES HELD BY CHASE BANK, NEW YORK CITY

TOTAL ALL INSTITUTIONS	\$ 1,842,720	\$ 250,000	\$ 1,592,720	\$ 796,022	\$ 942,946	\$ 649,098	\$ -
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STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

BANK SUMMARY

JUNE 30, 2014

Bank	ACCT TYPE	FUND	BANK BALANCE	OUTSTANDING CHECKS	OUTSTANDING DEPOSITS	CASH BALANCE
JAMES POLK STONE BANK	Checking	Operational	* \$ 587,698	\$ 229,178	\$ -	\$ 358,520
	Checking	Capital Improvement	* 192,294	-	-	192,294
	Checking	Cafeteria	* 142,782	-	-	142,782
	Checking	Athletics	* 21,950	150	-	21,800
	Checking	Debt Service	* 172,519	-	-	172,519
	Checking	Building Fund	* 572,469	-	-	572,469
	Checking	Activity Fund	* 152,332	150	-	152,182
Total Wells Fargo Bank			<u>1,842,044</u>	<u>229,478</u>	<u>-</u>	<u>1,612,566</u>
New Mexico State Treas	C.D.	Capital Improvement	* 54	-	-	54
New Mexico State Treas	C.D.	Debt Service	* 9	-	-	9
New Mexico State Treas	C.D.	Athletics	* 4	-	-	4
New Mexico State Treas	C.D.	Activity Fund	* 6	-	-	6
New Mexico State Treas	C.D.	Operational	* 332	-	-	332
New Mexico State Treas	C.D.	Building Fund	* 271	-	-	271
Total New Mexico Treas			<u>676</u>			<u>676</u>
Amount on Deposit			<u>\$ 1,842,720</u>	<u>\$ 229,478</u>	<u>\$ -</u>	<u>\$ 1,613,242</u>

Total Cash

* Interest Bearing

See Independent Auditor's Report

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

BANK RECONCILIATION

June 30, 2014

	OPERATIONAL	TRANSP.	FOOD SERVICES	ATHLETICS	FEDERAL PROJECTS	LOCAL/STATE ACCOUNT
Audited Net Cash						
JUNE 30, 2013	\$ 419,587	\$ -	\$ 116,108	\$ 16,550	\$ 60,855	\$ 29,785
Outstanding Loans	152,351	-	-	-	(146,305)	(6,046)
TOTAL CASH BALANCE						
JUNE 30, 2013	571,938	-	116,108	16,550	(85,450)	23,739
Add: Prior year void checks	-	-	-	-	-	-
2013-2014 Revenue	3,783,092	272,466	258,965	24,404	554,062	86,071
Transfers In	-	-	-	-	-	-
TOTAL AVAILABLE CASH	4,355,030	272,466	375,073	40,954	468,612	109,810
Prior year void checks	-	-	-	-	-	-
2013-2014 Expenditures	3,877,139	272,466	232,291	19,150	577,805	123,658
Loss on Investment Pool	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
	3,877,139	272,466	232,291	19,150	577,805	123,658
NET CASH, JUNE 30, 2014	477,891	-	142,782	21,804	(109,193)	(13,848)
Cash On hand	-	-	-	-	-	-
Paid back to PED	-	-	-	-	-	-
Held Payroll Checks	-	-	-	-	-	-
Loans (Out) In	(215,730)	-	-	-	167,072	48,658
TOTAL CASH, JUNE 30, 2014	<u>\$ 262,161</u>	<u>\$ -</u>	<u>\$ 142,782</u>	<u>\$ 21,804</u>	<u>\$ 57,879</u>	<u>\$ 34,810</u>

See Independent Auditor's Report

SB-9	ACTIVITIES	INSTRUCTIONAL MATERIALS	BOND BUILDING	DEBT SERVICE
\$ 153,326	\$ 63,581	\$ 11,978	\$ 618,516	\$ 181,530
-	-	-	-	-
153,326	63,581	11,978	618,516	181,530
-	-	-	-	-
130,055	833,256	28,263	57	169,451
-	-	-	-	-
283,381	896,837	40,241	618,573	350,981
-	-	-	-	-
91,033	744,649	36,240	45,832	178,453
-	-	-	-	-
-	-	-	-	-
91,033	744,649	36,240	45,832	178,453
192,348	152,188	4,001	572,741	172,528
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 192,348</u>	<u>\$ 152,188</u>	<u>\$ 4,001</u>	<u>\$ 572,741</u>	<u>\$ 172,528</u>

Woodard, Cowen & Co.

Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* (*With Material Weaknesses and Significant Deficiencies Identified; and Reportable Instances of Noncompliance, and Other Matters Identified*)

Independent Auditor's Report

Mr. Hector H. Balderas
New Mexico State Auditor
School Board
Hagerman Municipal Schools

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds of the Hagerman Municipal Schools (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplemental information, and have issued our report thereon dated November 14, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. 2014-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of 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

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

instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2014-001.

The District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Woodard, Cowen & Co." The signature is written in dark ink and is positioned above the typed name of the firm.

Woodard, Cowen, & Company
Portales, New Mexico
November 14, 2014

Woodard, Cowen & Co.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited Hagerman Municipal School's (the District) 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 District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of 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, 2014.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 the District's 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Woodard, Cowen & Co.".

Woodard, Cowen & Company

Portales, New Mexico

November 14, 2014

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2014

PRIOR YEAR AUDIT FINDINGS – Hagerman Municipal Schools

Under Collateralized Funds – 2012-01 – Noncompliance

Statement of Condition:	Funds held by financial institution Hagerman National Bank were under collateralized. The account was under collateralized by \$119,844.
Recommendation:	Review pledged collateral at least monthly and compare to bank balance. Insure that all bank balances are covered by pledged collateral.
Status:	Resolved.

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014

I. SUMMARY OF AUDITORS RESULTS:

Report on Financial Statements	Unmodified
Significant Deficiencies on GAGAS	2014-001
Material Weakness involving Significant Deficiencies	None
Material Noncompliance	2014-001
Questioned Cost	None
Type A & Type B dollar threshold	\$300,000
Entity Risk	Low Risk
Major Federal Program	National School Lunch Program #10.555 School Commodities Program #10.555
Significant Deficiencies on Internal Control over Major Programs	None
Report on Compliance with Major Programs	Unmodified
II. FEDERAL PROGRAM FINDINGS:	None

III. FINANCIAL STATEMENT FINDINGS:

2014-001 – Deficient documentation on activity funds collections – Significant deficiency

Statement of Condition: Upon review of Activity Funds deposits, it was discovered that three activity fund collections from the high school lacked positive documentation of the timing of the collection. Without this documentation, the auditor was unable to determine if the collection of funds was deposited within the required 24 hour deposit requirement. Also noted on these three collections there was no indication that the funds were counted by a second person as required by District policy.

Criteria: 6.20.2.14 C NMAC states that the District should have cash control standards so that cash or funds received and receipted shall be deposited within 24 hours or one banking day.

Cause: District employees failed to fully document receipt, identify the activity involved, and complete the count sheet provided by District management.

Effect: District management either cannot monitor or will have a more difficult time monitoring the collection of activity funds and ensuring the compliance with state statute.

Recommendation: Management should retrain and reinforce the requirements of the District regarding the collections of funds. All activity fund collections should be counted by a second person to ensure accuracy and completeness.

Response: Management concurs and will train/retrain its employees.

STATE OF NEW MEXICO
HAGERMAN MUNICIPAL SCHOOLS

June 30, 2014

OTHER DISCLOSURES

AUDITOR PREPARED FINANCIAL STATEMENTS

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

EXIT CONFERENCE

An exit conference, to discuss the contents of this report, was held on November 14, 2014. In attendance at the 8:00 a.m. meeting were Rickey Williams, Superintendent, James Hollmann, School Board Member, and Cheryl Andrews, Director of Finance. Gayland Cowen, CPA represented our firm at this meeting. Also in attendance was an audit committee members Rosa Barela and Lois Wilson-Stephens.