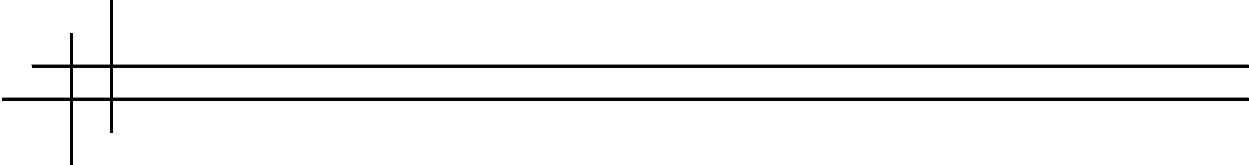




STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT
June 30, 2012

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



STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT
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 For the Year Ended June 30, 2012

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HOUSE MUNICIPAL SCHOOL DISTRICT
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STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT
Official Roster
For the Year Ended June 30, 2012

BOARD OF EDUCATION

Carl Parmer	President
Rachelle Moon	Vice-President
Bill Noland	Secretary
Hilous Hargrove	Member
Dwight Parker	Member

SCHOOL OFFICIALS

Lecil Richards	Superintendent
Marsha Stowe	Business Manager

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

Independent Auditor's Report

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

Mr. Balderas and Members of the Board

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of House Municipal School District, (District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental and the budgetary comparisons for the major capital project funds and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2012, and the respective changes in financial position, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2012, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital project funds and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2012 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

De'Aun Willoughby CPA PC

October 31, 2012

FINANCIAL SECTION

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

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 672,790
Taxes Receivable	256
Due from Grantors	16,303
Inventory	306
Total Current Assets	<u>689,655</u>
Noncurrent Assets	
Capital Assets	4,359,672
Less: Accumulated Depreciation	<u>(2,393,554)</u>
Total Noncurrent Assets	<u>1,966,118</u>
Total Assets	<u>2,655,773</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	7,513
Accrued Interest	815
Current Portion of Long-Term Debt	<u>30,000</u>
Total Current Liabilities	<u>38,328</u>
Noncurrent Liabilities	
Bonds and Notes, Net	<u>393,929</u>
Total Noncurrent Liabilities	<u>393,929</u>
Total Liabilities	<u>432,257</u>
NET ASSETS	
Invested in Capital Assets net of Related Debt	1,542,189
Restricted for Capital Projects	470,083
Restricted for Debt Service	(1,551)
Unrestricted	<u>212,795</u>
Total Net Assets	<u>\$ 2,223,516</u>

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

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

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities					
Instruction	\$ 1,121,101	\$ 0	\$ 94,203	\$ 0	\$ (1,026,898)
Support Services-Students	136,201	0	1,487	0	(134,714)
Support Services-Instruction	10,296	0	0	0	(10,296)
General Administration	118,370	0	0	0	(118,370)
Central Services	58,691	0	0	0	(58,691)
Operation of Plant	218,747	4,050	3,881	0	(210,816)
Other	3,000	0	0	0	(3,000)
Student Transportation	171,362	0	171,362	0	0
Food Services Operations	56,262	9,197	15,776	0	(31,289)
Interest	24,037	0	0	0	(24,037)
Total Governmental Activities	\$ <u>1,918,067</u>	\$ <u>13,247</u>	\$ <u>286,709</u>	\$ <u>0</u>	\$ <u>(1,618,111)</u>
General Revenues					
Taxes					
				\$	13,164
					19,885
					40,401
					1,359,464
					47,513
					2,156
					8,347
					<u>1,490,930</u>
					(127,181)
					<u>2,350,777</u>
					\$ <u><u>2,223,596</u></u>

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

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

	General Fund		
	Operational 11000	Teacherage 12000	Transportation 13000
ASSETS			
Cash and Cash Equivalents	\$ 73,998	\$ 18,383	\$ 0
Receivables			
Property Taxes	28	0	0
Interfund Balances	17,971	0	0
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 91,997</u>	<u>\$ 18,383</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balances	\$ 0	\$ 0	\$ 0
Accounts Payable	2,800	4,590	0
Total Liabilities	<u>2,800</u>	<u>4,590</u>	<u>0</u>
Fund Balances			
Nonspendable-Inventory			
Restricted for, reported in	0	0	0
Special Revenue Funds	0	0	0
Capital Projects			
Debt Service	0	0	0
Assigned-Capital Projects	0	0	0
Unassigned- General Fund	89,197	13,793	0
Total Fund Balances	<u>89,197</u>	<u>13,793</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 91,997</u>	<u>\$ 18,383</u>	<u>\$ 0</u>

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

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

	General Fund		Special Revenue Funds	
	Instructional Materials 14000	Title I 24101	IDEA B Entitlement 24106	
ASSETS				
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0	
Receivables				
Property Taxes	0	0	0	
Interfund Balances	0	0	0	
Due From Grantor	0	4,470	8,673	
Inventory	0	0	0	
Total Assets	<u>\$ 0</u>	<u>\$ 4,470</u>	<u>\$ 8,673</u>	
LIABILITIES AND FUND BALANCE				
Liabilities				
Interfund Balances	\$ 0	\$ 4,470	\$ 8,673	
Accounts Payable	0	0	0	
Total Liabilities	<u>0</u>	<u>4,470</u>	<u>8,673</u>	
Fund Balances				
Nonspendable-Inventory				
Restricted for, reported in	0	0	0	
Special Revenue Funds	0	0	0	
Capital Projects				
Debt Service	0	0	0	
Assigned-Capital Projects	0	0	0	
Unassigned- General Fund	0	0	0	
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	
Total Liabilities and Fund Balances	<u>\$ 0</u>	<u>\$ 4,470</u>	<u>\$ 8,673</u>	

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

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

	<u>Capital Projects Funds</u>		
	<u>Bond Building 31100</u>	<u>SB-9 31700</u>	<u>Other Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 470,083	\$ 103,129	\$ 7,197
Receivables			
Property Taxes	0	111	117
Interfund Balances	0	0	0
Due From Grantor	0	0	3,160
Inventory	0	0	306
Total Assets	<u>\$ 470,083</u>	<u>\$ 103,240</u>	<u>\$ 10,780</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balances	\$ 0	\$ 0	\$ 4,828
Accounts Payable	0	123	0
Total Liabilities	<u>0</u>	<u>123</u>	<u>4,828</u>
Fund Balances			
Nonspendable-Inventory			
Restricted for, reported in	0	0	306
Special Revenue Funds	0	0	7,197
Capital Projects	470,083		0
Debt Service	0	0	(1,551)
Assigned-Capital Projects	0	103,117	0
Unassigned- General Fund	0	0	0
Total Fund Balances	<u>470,083</u>	<u>103,117</u>	<u>5,952</u>
Total Liabilities and Fund Balances	<u>\$ 470,083</u>	<u>\$ 103,240</u>	<u>\$ 10,780</u>

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

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

	<u>Total Governmental Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 672,790
Receivables	
Property Taxes	256
Interfund Balances	17,971
Due From Grantor	16,303
Inventory	<u>306</u>
Total Assets	<u>\$ 707,626</u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Interfund Balances	\$ 17,971
Accounts Payable	<u>7,513</u>
Total Liabilities	<u>25,484</u>
Fund Balances	
Nonspendable-Inventory	
Restricted for, reported in	306
Special Revenue Funds	7,197
Capital Projects	470,083
Debt Service	(1,551)
Assigned-Capital Projects	103,117
Unassigned- General Fund	<u>102,990</u>
Total Fund Balances	<u>682,142</u>
 Total Liabilities and Fund Balances	 <u>\$ 707,626</u>

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

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

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

Total Fund Balance - Governmental Funds	\$ 682,142
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

The cost of capital assets	\$ 4,359,672	
Accumulated depreciation	<u>(2,393,554)</u>	1,966,118

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

Bond payable	(460,000)	
Issue Costs	48,095	
Accumulated Amortization of Issue Costs	(12,024)	
Accrued Interest	<u>(815)</u>	<u>(424,744)</u>

Total net assets - governmental activities	\$ <u><u>2,223,516</u></u>
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The notes to the financial statements are an integral part of this statement.

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

	General Fund		
	Operational 11000	Teacherage 12000	Transportation 13000
Revenues			
Fees	\$ 0	\$ 4,050	\$ 0
Property Taxes	13,164	0	0
Interest Income	0	0	0
Federal Grants	0	0	0
State and Local Grants	1,359,464	0	171,362
Miscellaneous	8,267	0	0
Total Revenues	<u>1,380,895</u>	<u>4,050</u>	<u>171,362</u>
Expenditures			
Current			
Instruction	890,474	0	0
Support Service-Students	136,202	0	0
Support Service-Instruction	8,809	0	0
Support Services-General Administration	115,770	0	0
Central Services	58,691	0	0
Operation & Maintenance of Plant	148,060	4,686	0
Other	3,000	0	0
Transportation	0	0	171,362
Food Services	23,239	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>1,384,245</u>	<u>4,686</u>	<u>171,362</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,350)</u>	<u>(636)</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfers	401	0	0
Total Other Sources (Uses)	<u>401</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(2,949)	(636)	0
Fund Balances at Beginning of Year	<u>92,146</u>	<u>14,429</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 89,197</u>	<u>\$ 13,793</u>	<u>\$ 0</u>

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

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>	
	Instructional Materials 14000	Title I 24101	IDEA B Entitlement 24106
Revenues			
Fees	\$ 0	\$ 0	\$ 0
Property Taxes	0	0	0
Interest Income	0	0	0
Federal Grants	0	13,521	23,074
State and Local Grants	3,881	0	0
Miscellaneous	0	0	0
Total Revenues	<u>3,881</u>	<u>13,521</u>	<u>23,074</u>
Expenditures			
Current			
Instruction	3,890	13,521	23,074
Support Service-Students	0	0	0
Support Service-Instruction	0	0	0
Support Services-General Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	0	0	0
Other	0	0	0
Transportation	0	0	0
Food Services	0	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>3,890</u>	<u>13,521</u>	<u>23,074</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(9)</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfers	0	0	0
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(9)	0	0
Fund Balances at Beginning of Year	<u>9</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

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

	<u>Capital Projects Funds</u>		
	<u>Bond Building 31100</u>	<u>SB-9 31700</u>	<u>Other Governmental Funds</u>
Revenues			
Fees	\$ 0	\$ 0	\$ 9,197
Property Taxes	0	19,885	40,401
Interest Income	2,156	0	0
Federal Grants	0	0	73,384
State and Local Grants	0	47,513	1,487
Miscellaneous	0	0	0
Total Revenues	<u>2,156</u>	<u>67,398</u>	<u>124,469</u>
Expenditures			
Current			
Instruction	0	0	59,121
Support Service-Students	0	0	0
Support Service-Instruction	0	0	1,487
Support Services-General Administration	0	198	907
Central Services	0	0	0
Operation & Maintenance of Plant	0	48,532	0
Other	0	0	0
Transportation	0	0	0
Food Services	0	0	31,911
Capital Outlay	0	35,802	0
Debt Service			
Principal	0	0	30,000
Interest	0	0	21,065
Total Expenditures	<u>0</u>	<u>84,532</u>	<u>144,491</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,156</u>	<u>(17,134)</u>	<u>(20,022)</u>
Other Financing Sources (Uses)			
Transfers	0	0	(400)
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>(400)</u>
Net Change in Fund Balance	2,156	(17,134)	(20,422)
Fund Balances at Beginning of Year	<u>467,927</u>	<u>120,251</u>	<u>26,374</u>
Fund Balance End of Year	<u>\$ 470,083</u>	<u>\$ 103,117</u>	<u>\$ 5,952</u>

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

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

	Total Governmental Funds
Revenues	
Fees	\$ 13,247
Property Taxes	73,450
Interest Income	2,156
Federal Grants	109,979
State and Local Grants	1,583,707
Miscellaneous	8,267
Total Revenues	<u>1,790,806</u>
Expenditures	
Current	
Instruction	990,080
Support Service-Students	136,202
Support Service-Instruction	10,296
Support Services-General Administration	116,875
Central Services	58,691
Operation & Maintenance of Plant	201,278
Other	3,000
Transportation	171,362
Food Services	55,150
Capital Outlay	35,802
Debt Service	
Principal	30,000
Interest	21,065
Total Expenditures	<u>1,829,801</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(38,995)</u>
Other Financing Sources (Uses)	
Transfers	<u>0</u>
Total Other Sources (Uses)	<u>0</u>
Net Change in Fund Balance	(38,994)
Fund Balances at Beginning of Year	<u>721,136</u>
Fund Balance End of Year	<u>\$ 682,142</u>

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

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT

Reconciliation of the Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balance

to the Statement of Activities

For the Year Ended June 30, 2012

Excess (Deficiency) of Revenues Over Expenditures \$ (38,995)

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

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

Depreciation expense	\$ (151,096)	
Capital Outlays	<u>35,802</u>	(115,294)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 30,000

Bond issue costs are amortized in the Statement of Activities but are netted with proceeds of bond issues in the year of issue on the Statement of Revenues, Expenditures and Changes in Fund Balances. This is the amount of the amortized bond issue costs.

Amortization of Issue Costs this Year (3,006)

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

Accrued Interest, June 30, 2011	849	
Accrued Interest, June 30, 2012	<u>(815)</u>	<u>34</u>

Change in Net Assets of Governmental Activities \$ (127,261)

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

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT

GENERAL FUND-OPERATIONAL-11000

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 7,558	\$ 7,558	\$ 13,182	\$ 5,624
State Grants	1,459,689	1,459,689	1,359,464	(100,225)
Miscellaneous	0	0	8,267	8,267
Total Revenues	<u>1,467,247</u>	<u>1,467,247</u>	<u>1,380,913</u>	<u>(86,334)</u>
Expenditures				
Instruction				
Personnel Services	719,733	685,733	681,046	4,687
Employee Benefits	248,630	185,630	182,857	2,773
Professional & Tech Services	7,057	7,057	7,801	(744)
Purchased Services	8,325	8,325	9,600	(1,275)
Supplies	7,268	35,616	9,544	26,072
Total Instruction	<u>991,013</u>	<u>922,361</u>	<u>890,848</u>	<u>31,513</u>
Support Services-Students				
Personnel Services	88,153	86,453	86,409	44
Employee Benefits	44,455	41,055	41,437	(382)
Professional & Tech Services	9,750	8,850	5,774	3,076
Purchased Services	1,000	1,000	930	70
Supplies	3,750	3,750	1,652	2,098
Support Services-Students	<u>147,108</u>	<u>141,108</u>	<u>136,202</u>	<u>4,906</u>
Support Services-Instruction				
Purchased Services	9,000	9,000	8,809	191
Support Services-Instruction	<u>9,000</u>	<u>9,000</u>	<u>8,809</u>	<u>191</u>
Support Services-General Administration				
Personnel Services	87,751	87,751	87,751	0
Employee Benefits	26,814	26,814	16,390	10,424
Professional & Tech Services	8,970	13,970	7,548	6,422
Purchased Services	5,375	5,375	4,082	1,293
Supplies	250	250	0	250
Total Support Services- General Administration	<u>129,160</u>	<u>134,160</u>	<u>115,771</u>	<u>18,389</u>
Central Services				
Personnel Services	48,028	48,028	44,278	3,750
Employee Benefits	14,252	14,252	13,205	1,047
Professional & Tech Services	1,250	1,250	1,208	42
Total Central Services	<u>\$ 63,530</u>	<u>\$ 63,530</u>	<u>\$ 58,691</u>	<u>\$ 4,839</u>

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT

GENERAL FUND-OPERATIONAL-11000

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Operation & Maintenance of Plant				
Personnel Services	\$ 50,853	\$ 43,853	\$ 45,260	\$ (1,407)
Employee Benefits	21,784	16,184	15,428	756
Professional & Tech Services	250	250	0	250
Purchased Property Services	64,750	62,350	48,864	13,486
Purchased Services	30,067	30,067	29,490	577
Supplies	10,200	10,200	8,764	1,436
Total Operation & Maintenance of Plant	<u>177,904</u>	<u>162,904</u>	<u>147,806</u>	<u>15,098</u>
Other Support Services				
Miscellaneous	<u>3,824</u>	<u>3,824</u>	<u>3,000</u>	<u>824</u>
Total Other Support Services	<u>3,824</u>	<u>3,824</u>	<u>3,000</u>	<u>824</u>
Food Service Operations				
Personnel Services	17,332	17,332	15,883	1,449
Employee Benefits	7,399	7,399	6,975	424
Professional & Tech Services	914	914	381	533
Total Food Services Operations	<u>25,645</u>	<u>25,645</u>	<u>23,239</u>	<u>2,406</u>
Total Expenditures	<u>1,547,184</u>	<u>1,462,532</u>	<u>1,384,366</u>	<u>78,166</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(79,937)</u>	<u>4,715</u>	<u>(3,453)</u>	<u>(8,168)</u>
Other Financing Sources (Uses)				
Transfers	<u>0</u>	<u>0</u>	<u>400</u>	<u>400</u>
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>400</u>	<u>400</u>
Net Change in Cash Balance	(79,937)	4,715	(3,053)	(7,768)
Cash Balance Beginning of Year	<u>95,022</u>	<u>95,022</u>	<u>95,022</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 15,085</u>	<u>\$ 99,737</u>	<u>\$ 91,969</u>	<u>\$ (7,768)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (3,053)	
Net Change in Taxes Receivable			(17)	
Net Change in Accounts Payable			121	
Net Change in Fund Balance			<u>\$ (2,949)</u>	

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

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Rentals	\$ 4,854	\$ 4,854	\$ 4,050	\$ (804)
Total Revenues	<u>4,854</u>	<u>4,854</u>	<u>4,050</u>	<u>(804)</u>
Expenditures				
Operation & Maintenance of Plant				
Supplies	19,003	19,003	96	18,907
Total Operation & Maintenance of Plant	<u>19,003</u>	<u>19,003</u>	<u>96</u>	<u>18,907</u>
Total Expenditures	<u>19,003</u>	<u>19,003</u>	<u>96</u>	<u>18,907</u>
Excess (Deficiency) of Revenues Over Expenditures	(14,149)	(14,149)	3,954	18,103
Cash Balance Beginning of Year	<u>14,429</u>	<u>14,429</u>	<u>14,429</u>	<u>0</u>
Cash Balance End of Year	\$ <u>280</u>	\$ <u>280</u>	\$ <u>18,383</u>	\$ <u>18,103</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			3,954	
Net Change in Accounts Payable			<u>(4,590)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(636)</u>	

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

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 159,459	\$ 171,362	\$ 171,362	\$ 0
Total Revenues	<u>159,459</u>	<u>171,362</u>	<u>171,362</u>	<u>0</u>
Expenditures				
Pupil Transportation				
Personnel Services	12,912	20,412	22,087	(1,675)
Employee Benefits	2,519	4,135	4,210	(75)
Purchased Property Services	16,786	16,786	15,524	1,262
Other Purchased Services	123,025	123,025	122,818	207
Supplies	4,217	7,004	6,723	281
Total Pupil Transportation	<u>159,459</u>	<u>171,362</u>	<u>171,362</u>	<u>0</u>
Total Expenditures	<u>159,459</u>	<u>171,362</u>	<u>171,362</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 3,131	\$ 3,881	\$ 3,881	\$ 0
Total Revenues	<u>3,131</u>	<u>3,881</u>	<u>3,881</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	3,131	3,890	3,890	0
Total Instruction	<u>3,131</u>	<u>3,890</u>	<u>3,890</u>	<u>0</u>
Total Expenditures	<u>3,131</u>	<u>3,890</u>	<u>3,890</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(9)	(9)	0
Cash Balance Beginning of Year	<u>9</u>	<u>9</u>	<u>9</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 9</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (9)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (9)</u>	

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

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT

SPECIAL REVENUE FUND-TITLE I-24101

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 13,555	\$ 13,555	\$ 9,051	\$ (4,504)
Total Revenues	<u>13,555</u>	<u>13,555</u>	<u>9,051</u>	<u>(4,504)</u>
Expenditures				
Instruction				
Personnel Services	10,750	10,750	10,750	0
Employee Benefits	2,025	2,025	2,029	(4)
Supplies	780	780	742	38
Total Instruction	<u>13,555</u>	<u>13,555</u>	<u>13,521</u>	<u>34</u>
Total Expenditures	<u>13,555</u>	<u>13,555</u>	<u>13,521</u>	<u>34</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(4,470)	(4,470)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (4,470)</u>	<u>\$ (4,470)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ (4,470)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (4,470)</u>	

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

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT

SPECIAL REVENUE FUND-IDEA B, ENTITLEMENT-24106

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 27,725	\$ 29,920	\$ 21,104	\$ (8,816)
Total Revenues	<u>27,725</u>	<u>29,920</u>	<u>21,104</u>	<u>(8,816)</u>
Expenditures				
Instruction				
Personnel Services	13,501	13,501	13,501	0
Employee Benefits	6,760	6,760	6,617	143
Supplies	760	2,955	2,955	0
Total Instruction	<u>21,021</u>	<u>23,216</u>	<u>23,073</u>	<u>143</u>
Total Expenditures	<u>21,021</u>	<u>23,216</u>	<u>23,073</u>	<u>143</u>
Excess (Deficiency) of Revenues Over Expenditures	6,704	6,704	(1,969)	(8,673)
Cash Balance Beginning of Year	<u>(6,704)</u>	<u>(6,704)</u>	<u>(6,704)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (8,673)</u>	<u>\$ (8,673)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,969)	
Net Change in Due from Grantor			<u>1,969</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT
Statement of Fiduciary Net Assets and Liabilities-Agency Funds
June 30, 2012

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ <u>390,664</u>
Total Assets	\$ <u><u>390,664</u></u>
Liabilities	
Deposits Held for Others	\$ <u>390,664</u>
Total Liabilities	\$ <u><u>390,664</u></u>

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the House Municipal School District No. 50 (District) , has been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued prior to November 30, 1989 that do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

Financial Reporting Entity

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

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

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

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

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

Governmental Funds

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

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

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

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

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

Fiduciary Fund Type

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

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

Major Funds

The District reports the following major governmental funds:

GENERAL FUND (11000)(12000)(13000)(14000)

The General Fund consist of four sub funds. The first is the operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Teacherage Fund is to provide teachers affordable housing to entice them to teach there. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide text books for students in the District.

SPECIAL REVENUE FUND

Title I (24101)

To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the Elementary and Secondary Act of 1965, Chapter I of Title I, as amended, Public Laws 100-297, 20 U.S.C. 2701. The fund was created by the authority of federal grant provisions.

IDEA Part B, Entitlement (24106)

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

CAPITAL PROJECT FUNDS

Bond Building (31100)

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

Senate Bill Nine (31700)

The revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements.

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

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

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

Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues include: 1) charges for food service and athletic events and 2) program-specific operating grants and contributions for instruction, administration, transportation and food service.

Fund Financial Statements (FFS)

Governmental Funds

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

Revenues

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

Revenue Recognition for Grants.

Eligibility requirements for government-mandated and voluntary nonexchange transaction comprise one or more of the following:

1. Required characteristics of recipients. The recipient has the characteristics specified by the provider (are required to be school districts and RECs).
2. Time requirements. Time requirements specified by enabling legislation or the provider have been met (period when the resources are required to be used).
3. Reimbursements. The provider offers resources on a reimbursement ("expenditure-driven") basis and the recipient has incurred allowable costs under the applicable program.

4. Contingencies. The providers offer of resources is contingent upon a specified action of the recipient and that action has occurred (the recipient has raised the matching funds).

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

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

Expenditures

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

Other Financing Sources (Uses)

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

Basis of Budgeting

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

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

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

1. Prior to April 15, (unless a later date is fixed by the Secretary of Education) the local school board submits to the School Budget and Finance Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.

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

4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAU.
5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the SBFAU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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

Investments

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

- (a) bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
- (b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.
- (c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

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

Receivables and Payables

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

Property Taxes

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

Elimination and Reclassifications of Certain Receivables and Payables

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

Inventories and Prepaid Items

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

Capital Assets

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

Capital expenditures made on the school district's building construction projects by the NM Public School Facilities Authority are appropriately included in the school district's capital assets disclosures and financial statements.

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

Buildings & Improvements	20-50 Years
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	3-15 Years

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

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet. There are no outstanding Capital Leases.

Short -Term Debt

Short-term debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans. The District does not have any activity in short-term debt.

Long-Term Liabilities

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

Restricted Net Assets

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

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

Imposed by law through constitutional provisions or enabling legislation.

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

Fund Balances of Fund Financial Statements

Unavailable fund balance indicates that portion of fund equity is not spendable such as inventory.

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

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

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or no routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

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

Deferred Revenue

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

Compensated Absences

The District contracts all employees on an annual basis. A terminated employee is paid through the date of dismissal in accordance with their contract. Due to this practice, there are no compensated absences accrued.

Estimates

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

NOTE B: DEPOSIT AND INVESTMENTS

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

Citizens Bank	Balance Per Bank 6/30/12	Reconciled Balance	Type
Operational	\$ 212,977	\$ 208,679	Non-Interest
Fund Accounts	10,899	10,664	Non-Interest
Payroll Clearing	128,767	4,111	Non-Interest
House Schools	430,000	430,000	CD
House Schools	10,000	10,000	CD
House Schools	20,000	20,000	CD
House Schools	50,000	50,000	CD
House Schools	10,000	10,000	CD
House Schools	300,000	300,000	CD
House Schools	20,000	20,000	CD
TOTAL Deposited	<u>1,192,643</u>	<u>\$ 1,063,454</u>	
Less: FDIC Coverage	<u>(250,000)</u>		
Uninsured Amount	942,643		
50% collateral requirement	471,322		
Pledged securities	500,000		
Over (Under) requirement	<u>\$ 28,679</u>		

The following securities are pledged at Citizens Bank:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FNMA	3136FT5M7	\$ 150,000 *	09/27/19	Frost National Bank at
FNMA	3136FTFV6	350,000 *	11/07/31	San Antonio, TX
		<u>\$ 500,000</u>		

* Only a portion of the securities are pledged to the District. The pledged amounts total \$500,000.

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

Custodial Credit Risk-Deposits

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 250,000
Collateralized:	
Collateral held by the pledging bank in District's name	500,000
Uninsured and uncollateralized	442,643
Total Deposits	<u>\$ 1,192,643</u>

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

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2012 \$442,643 of the District's bank balance of \$1,192,643 was exposed to custodial credit risk.

NOTE C: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

<u>Payable Fund</u>	<u>Receivable Funds</u>			
	Entitlement 24106	Teacher Principal Training 24154	Non-major Funds	Total
General Fund	\$ 4,470	\$ 8,673	\$ 4,828	\$ 17,971
Totals	<u>\$ 4,470</u>	<u>\$ 8,673</u>	<u>\$ 4,828</u>	<u>\$ 17,971</u>

The above interfund balances resulted from reimbursement grants. The shortfalls were covered by the General Fund. All transactions will be repaid within one year.

NOTE D: TAXES RECEIVABLE

Following is a schedule of property taxes receivable as of the fiscal year end:

	<u>Operational</u>	<u>Senate Bill Nine</u>	<u>Non major Funds</u>	<u>Total</u>
Property Taxes Receivable:				
Available	\$ 28	\$ 111	\$ 117	\$ 256
Unavailable	0	0	0	0
TOTAL Property Taxes Receivable	<u>\$ 28</u>	<u>\$ 111</u>	<u>\$ 117</u>	<u>\$ 256</u>

NOTE E: DEFERRED REVENUES

For the fiscal year ended there were no deferred revenues.

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

NOTE F: CAPITAL ASSETS

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

	Balance 6/30/11	Additions	Deletions	Balance 6/30/12
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 7,875	\$ 0	\$ 0	\$ 7,875
Total Capital Assets not being Depreciated	<u>7,875</u>	<u>0</u>	<u>0</u>	<u>7,875</u>
Capital Assets, being Depreciated				
Buildings & Improvements	3,719,986	0	0	3,719,986
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	619,339	35,802	23,330	631,811
Total Capital Assets, being Depreciated	<u>4,339,325</u>	<u>35,802</u>	<u>23,330</u>	<u>4,351,797</u>
Total Capital Assets	<u>4,347,200</u>	<u>35,802</u>	<u>23,330</u>	<u>4,359,672</u>
Less Accumulated Depreciation				
Buildings & Improvements	1,872,105	122,864	0	1,994,969
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	393,683	28,232	23,330	398,585
Total Accumulated Depreciation	<u>2,265,788</u>	<u>151,096</u>	<u>23,330</u>	<u>2,393,554</u>
Capital Assets, net	<u>\$ 2,081,412</u>	<u>\$ (115,294)</u>	<u>\$ 0</u>	<u>\$ 1,966,118</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 131,020
Support Services-General Administration	1,495
Operation & Maintenance of Plant	17,469
Food Services Operations	1,112
Total depreciation expenses	<u>\$ 151,096</u>

NOTE G: LONG TERM DEBT

Long Term Debt

A summary of activity in the long term debt is as follows:

	Beginning Balance 6/30/11	Additions	Reductions	Ending Balance 6/30/12	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 490,000	\$ 0	\$ 30,000	\$ 460,000	\$ 30,000
Total Bonds	<u>\$ 490,000</u>	<u>\$ 0</u>	<u>\$ 30,000</u>	<u>\$ 460,000</u>	<u>\$ 30,000</u>

Payments on the general obligation bonds are made by the Debt Service Funds.

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

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

<u>Series</u>	<u>Date of Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance</u>
2009	5/15/09	\$ 540,000	3.4%-5%	\$ 460,000
				<u>\$ 460,000</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 30,000	19,565	49,565
2014	30,000	18,065	48,065
2015	30,000	16,865	46,865
2016	35,000	15,845	50,845
2017	35,000	14,585	49,585
2018-2022	190,000	51,550	241,550
2023-2025	110,000	9,930	119,930
	<u>\$ 460,000</u>	<u>\$ 146,405</u>	<u>\$ 606,405</u>

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

Note G	\$ 460,000
Issue Costs	(48,095)
Accumulated Amortization	12,024
Statement of Net Assets	<u>\$ 423,929</u>
Long-Term Per Government Wide Financial Statements	\$ 393,929
Current Portion	30,000
Statement of Net Assets	<u>\$ 423,929</u>

NOTE H: COMMITMENTS

The District has various construction commitments including a roofing project for most of the buildings at the District. Funding is provided by the bond issue.

NOTE I: PENSION PLAN

Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at www.nmerb.org.

Effective July 1, 2011 plan members are required by statute to continue 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually are required to contribute 11.15% of their gross salary. The REC is required to contribute 12.4% of gross covered salary for employees earning \$20,000 or less, and 9.15% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and the REC are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2012, 2011, and 2010, were \$205,756, \$204,247 and \$201,647 respectively, which equal the amount of the required contributions for each fiscal year.

NOTE J: RETIREE HEALTH CARE ACT CONTRIBUTIONS

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

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

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

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

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

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

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

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

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
2013	2.000%	1.000%

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

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

The District's contributions to the RHCA for the years ended June 30, 2012, 2011 and 2010 were \$27,884, \$25,141 and \$19,370 respectively, which equal the required contributions for each year.

NOTE K: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

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

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

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

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

Reconciliations are located at the bottom of each budget actual.

NOTE L: INSURANCE COVERAGE

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

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

NOTE M: SURETY BOND

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

NOTE N: JOINT POWERS AGREEMENTS

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

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

The REC passed-through \$22,860, to the District for salaries and fringe benefits. As required by SAO 2.2.2.12 C (3) (d), the REC funds were reported as revenues and expenditures in the following special revenue funds:

24106	IDEA, Part B Entitlement
27200	State Directed

The audit report is available at the REC located at 1500 South Ave K, Station 9, Portales, New Mexico 88130.

NOTE O: BUDGET VIOLATIONS

The district has maintained expenditures at the function level in which actual expenditures exceeded budgetary authority in the following funds:

	Budget		Actual	Over Budget
	Original	Final		
Debt Service -41000				
Support Services-General				
Administration	\$ 510	\$ 510	\$ 907	(397)

NOTE P: NEGATIVE FUND BALANCES

The District has a negative fund balance of \$(1,551) in the debt service fund. Future tax collections will resolve the negative fund balance.

**SUPPLEMENTAL INFORMATION RELATED TO
MAJOR FUNDS**

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT

CAPITAL PROJECTS FUND-BOND BUILDING-31100

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Interest Income	\$ 2,250	\$ 2,250	\$ 2,156	\$ (94)
Total Revenues	<u>2,250</u>	<u>2,250</u>	<u>2,156</u>	<u>(94)</u>
Expenditures				
Capital Outlay				
Construction Services	25,000	25,000	0	25,000
Fixed Assets	445,728	445,728	0	445,728
Total Capital Outlay	<u>470,728</u>	<u>470,728</u>	<u>0</u>	<u>470,728</u>
Total Expenditures	<u>470,728</u>	<u>470,728</u>	<u>0</u>	<u>470,728</u>
Excess (Deficiency) of Revenues Over Expenditures	(468,478)	(468,478)	2,156	470,634
Cash Balance Beginning of Year	<u>467,927</u>	<u>467,927</u>	<u>467,927</u>	<u>0</u>
Cash Balance End of Year	<u><u>\$ (551)</u></u>	<u><u>\$ (551)</u></u>	<u><u>\$ 470,083</u></u>	<u><u>\$ 470,634</u></u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 2,156</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u><u>\$ 2,156</u></u>	

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

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT

CAPITAL PROJECT FUND-SENATE BILL NINE-31700

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 20,812	\$ 20,812	\$ 19,971	\$ (841)
State Grant	69,606	69,606	47,513	(22,093)
Total Revenues	<u>90,418</u>	<u>90,418</u>	<u>67,484</u>	<u>(22,934)</u>
Expenditures				
Support Services-General Administration				
Professional & Tech Services	250	250	199	51
Total Support Services- General Administration	<u>250</u>	<u>250</u>	<u>199</u>	<u>51</u>
Capital Outlay				
Purchased Services	31,914	31,914	10,154	21,760
Supplies	84,606	84,606	30,601	54,005
Fixed Assets	101,467	101,467	43,454	58,013
Total Capital Outlay	<u>217,987</u>	<u>217,987</u>	<u>84,209</u>	<u>133,778</u>
Total Expenditures	<u>218,237</u>	<u>218,237</u>	<u>84,408</u>	<u>133,829</u>
Excess (Deficiency) of Revenues Over Expenditures	(127,819)	(127,819)	(16,924)	110,895
Cash Balance Beginning of Year	<u>120,053</u>	<u>120,053</u>	<u>120,053</u>	<u>0</u>
Cash Balance End of Year	<u>\$ (7,766)</u>	<u>\$ (7,766)</u>	<u>\$ 103,129</u>	<u>\$ 110,895</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (16,924)	
Net change in Taxes Receivables			(86)	
Net Change in Accounts Payable			(124)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (17,134)</u>	

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

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

NONMAJOR FUNDS

Food Services (21000)

To account for revenue and expenditures associated with the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements. Authority for creation of this fund is NMSA 22-13-13.

Athletics (22000)

To account for revenue and expenditures associated with the District's budgeted athletic activities. The authority for creation of this fund is NMAC 6.20.2.

IDEA Preschool, IDEA B Risk Pool, State Directed (24109) (24120) (27200)

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

Teacher Principal Training (24154)

To provide a grant to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. Elementary and Secondary Education Act of 1965, as amended, Title II, Part A (PL 107-110). The fund was created by the authority of federal grant provisions.

IDEA B Entitlement Recovery Act (24206)

To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420 and ARRA. Program regulations are found at 34 CFR part 200. The Education Department General Administrative Regulations (EDGAR) at 34 CFR parts 76, 77, 81, 82, 98, and 99 also apply to this program, as do certain requirements of 34 CFR part 299 (General Provisions). The fund was created by the authority of federal grant provisions.

Rural Education Achievement Program (REAP) (25233)

To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended. The fund was created by the authority of federal grant provisions.

Education Job Fund (25255)

To account for revenues and expenditures received from the federal government for the purpose of job creation. Funding authorized by the American Recovery and Reinvestment Act of 2009. The fund was created by the authority of federal grant provisions.

Dual Credits Instructional Materials (27103)

To provide funding to the District to purchase college books for students attending college classes and obtaining dual credits. The fund was created by grant provisions.

NONMAJOR FUNDS

GO Student Library (27105)

To account for revenues and expenditures from a state grant to provide for public school and juvenile detention libraries. The funding made available to update and expand library collections in order to circulate and provide access of materials to students and teachers. Funding provided by the State of New Mexico.

2010 GO Student Library (27106)

To account for a bond issue to fund a state grant to provide library books for school districts. The fund was created by state grant provisions.

Technology for Education (27117)

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

NONMAJOR DEBT SERVICE FUND

DEBT SERVICE FUND (41000)

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values.

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

	Special Revenue		
	Food Service 21000	Athletics 22000	IDEA Preschool 24109
ASSETS			
Cash and Cash Equivalents	\$ 4,816	\$ 2,381	\$ 0
Receivables			
Property Taxes	0	0	0
Due From Grantor	0	0	1,897
Inventory	306	0	0
Total Assets	<u>\$ 5,122</u>	<u>\$ 2,381</u>	<u>\$ 1,897</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balances	\$ 0	\$ 0	\$ 1,897
Total Liabilities	<u>0</u>	<u>0</u>	<u>1,897</u>
Fund Balance			
Nonspendable-Inventory	306	0	0
Restricted for, reported in			
Special Revenue Funds	4,816	2,381	0
Debt Service	0	0	0
Total Fund Balance	<u>5,122</u>	<u>2,381</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 5,122</u>	<u>\$ 2,381</u>	<u>\$ 1,897</u>

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

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

	Special Revenue		
	IDEA B Risk Pool 24120	Teacher Principal Training 24154	IDEA B Entitlement Recovery Act 24206
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Property Taxes	0	0	0
Due From Grantor	26	0	0
Inventory	0	0	0
Total Assets	<u>\$ 26</u>	<u>\$ 0</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balances	\$ 26	\$ 0	\$ 0
Total Liabilities	<u>26</u>	<u>0</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Debt Service	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 26</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

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

	Special Revenue		
	REAP 25233	Education Job Fund 25255	Duel Credits Instructional Materials 27103
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Property Taxes	0	0	0
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

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

	Special Revenue		
	GO Student Library 27105	2010 GO Student Library 27106	Technology For Education 27117
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Property Taxes	0	0	0
Due From Grantor	0	1,237	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 1,237</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balances	\$ 0	\$ 1,237	\$ 0
Total Liabilities	<u>0</u>	<u>1,237</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Debt Service	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 1,237</u>	<u>\$ 0</u>

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

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

	Special Revenue		
	State		
	Directed Activities	Debt Service	Total
	27200	41000	
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 7,197
Receivables			
Property Taxes	0	117	117
Due From Grantor	0	0	3,160
Inventory	0	0	306
Total Assets	<u>\$ 0</u>	<u>\$ 117</u>	<u>\$ 10,780</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balances	\$ 0	\$ 1,668	\$ 4,828
Total Liabilities	<u>0</u>	<u>1,668</u>	<u>4,828</u>
Fund Balance			
Nonspendable-Inventory	0	0	306
Restricted for, reported in			
Special Revenue Funds		0	7,197
Debt Service	0	(1,551)	(1,551)
Total Fund Balance	<u>0</u>	<u>(1,551)</u>	<u>5,952</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 117</u>	<u>\$ 10,780</u>

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended June 30, 2012

	Special Revenue		
	Food Service 21000	Athletics 22000	IDEA Preschool 24109
Revenues			
Fees	\$ 9,197	\$ 0	\$ 0
Taxes	0	0	0
Federal Grants	15,776	0	4,430
State and Local Grants	0	0	0
Total Revenues	<u>24,973</u>	<u>0</u>	<u>4,430</u>
Expenditures			
Current			
Instruction	0	1,513	4,430
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Food Service	31,911	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>31,911</u>	<u>1,513</u>	<u>4,430</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,938)</u>	<u>(1,513)</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfers	0	0	0
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(6,938)	(1,513)	0
Fund Balances at Beginning of Year	<u>12,060</u>	<u>3,894</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 5,122</u>	<u>\$ 2,381</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended June 30, 2012

	Special Revenue		
	IDEA B Risk Pool 24120	Teacher Principal Training 24154	IDEA B Entitlement Recovery Act 24206
Revenues			
Fees	\$ 0	\$ 0	\$ 0
Taxes	0	0	0
Federal Grants	158	4,539	0
State and Local Grants	0	0	0
Total Revenues	<u>158</u>	<u>4,539</u>	<u>0</u>
Expenditures			
Current			
Instruction	158	4,539	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Food Service	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>158</u>	<u>4,539</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfers	0	0	0
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended June 30, 2012

	Special Revenue		
	REAP 25233	Education Job Fund 25255	Duel Credits Instructional Materials 27103
Revenues			
Fees	\$ 0	\$ 0	\$ 0
Taxes	0	0	0
Federal Grants	25,179	442	0
State and Local Grants	0	0	250
Total Revenues	<u>25,179</u>	<u>442</u>	<u>250</u>
Expenditures			
Current			
Instruction	25,179	442	0
Support Services-Instruction	0	0	250
Support Services-General Administration	0	0	0
Food Service	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>25,179</u>	<u>442</u>	<u>250</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfers	0	0	0
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended June 30, 2012

	Special Revenue		
	GO Student Library 27105	2010 GO Student Library 27106	Technology For Education 27117
Revenues			
Fees	\$ 0	\$ 0	\$ 0
Taxes	0	0	0
Federal Grants	0	0	0
State and Local Grants	0	1,237	0
Total Revenues	<u>0</u>	<u>1,237</u>	<u>0</u>
Expenditures			
Current			
Instruction	0	0	0
Support Services-Instruction	0	1,237	0
Support Services-General Administration	0	0	0
Food Service	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>0</u>	<u>1,237</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfers	0	0	(400)
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>(400)</u>
Net Change in Fund Balance	0	0	(400)
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>400</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Year Ended June 30, 2012

	Special Revenue		
	State		
	Directed	Debt Service	
	Activities	41000	Total
	27200		
Revenues			
Fees	\$ 0	\$ 0	\$ 9,197
Taxes	0	40,401	40,401
Federal Grants	22,860	0	73,384
State and Local Grants	0	0	1,487
Total Revenues	<u>22,860</u>	<u>40,401</u>	<u>124,469</u>
Expenditures			
Current			
Instruction	22,860	0	59,121
Support Services-Instruction	0	0	1,487
Support Services-General Administration	0	907	907
Food Service	0	0	31,911
Debt Service			
Principal	0	30,000	30,000
Interest	0	21,065	21,065
Total Expenditures	<u>22,860</u>	<u>51,972</u>	<u>144,491</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>(11,571)</u>	<u>(20,022)</u>
Other Financing Sources (Uses)			
Transfers	0	0	(400)
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>(400)</u>
Net Change in Fund Balance	0	(11,571)	(20,422)
Fund Balances at Beginning of Year	<u>0</u>	<u>10,020</u>	<u>26,374</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ (1,551)</u>	<u>\$ 5,952</u>

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

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Fees	\$ 12,250	\$ 12,250	\$ 9,197	\$ (3,053)
Federal Grant	13,100	13,100	14,328	1,228
Total Revenues	<u>25,350</u>	<u>25,350</u>	<u>23,525</u>	<u>(1,825)</u>
Expenditures				
Food Service Operations				
Personnel Services	0	0	1,500	(1,500)
Employee Benefits	0	0	268	(268)
Supplies	35,617	35,617	28,291	7,326
Total Food Service Operations	<u>35,617</u>	<u>35,617</u>	<u>30,059</u>	<u>5,558</u>
Total Expenditures	<u>35,617</u>	<u>35,617</u>	<u>30,059</u>	<u>5,558</u>
Excess (Deficiency) of Revenues Over Expenditures	(10,267)	(10,267)	(6,534)	3,733
Cash Balance Beginning of Year	<u>11,350</u>	<u>11,350</u>	<u>11,350</u>	<u>0</u>
Cash Balance End of Year	\$ <u>1,083</u>	\$ <u>1,083</u>	\$ <u>4,816</u>	\$ <u>3,733</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (6,534)	
Net Change in Inventory			(404)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(6,938)</u>	

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

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Fees	\$ 1,000	\$ 1,000	\$ 0	\$ (1,000)
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>(1,000)</u>
Expenditures				
Instruction				
Purchased Services	4,894	4,894	1,513	3,381
Total Instruction	<u>4,894</u>	<u>4,894</u>	<u>1,513</u>	<u>3,381</u>
Total Expenditures	<u>4,894</u>	<u>4,894</u>	<u>1,513</u>	<u>3,381</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,894)	(3,894)	(1,513)	2,381
Cash Balance Beginning of Year	<u>3,894</u>	<u>3,894</u>	<u>3,894</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>2,381</u>	\$ <u>2,381</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>(1,513)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(1,513)</u>	

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

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT

SPECIAL REVENUE FUND-IDEA PRESCHOOL-24109

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 6,858	\$ 7,140	\$ 5,243	\$ (1,897)
Total Revenues	<u>6,858</u>	<u>7,140</u>	<u>5,243</u>	<u>(1,897)</u>
Expenditures				
Instruction				
Supplies	4,148	4,430	4,430	0
Total Instruction	<u>4,148</u>	<u>4,430</u>	<u>4,430</u>	<u>0</u>
Total Expenditures	<u>4,148</u>	<u>4,430</u>	<u>4,430</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	2,710	2,710	813	(1,897)
Cash Balance Beginning of Year	<u>(2,710)</u>	<u>(2,710)</u>	<u>(2,710)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,897)</u>	<u>\$ (1,897)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 813	
Net Change in Due from Grantor			<u>(813)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT

SPECIAL REVENUE FUND-IDEA B, RISK POOL-24120

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 0	\$ 158	\$ 132	\$ (26)
Total Revenues	<u>0</u>	<u>158</u>	<u>132</u>	<u>(26)</u>
Expenditures				
Instruction				
Supplies	0	158	158	0
Total Instruction	<u>0</u>	<u>158</u>	<u>158</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>158</u>	<u>158</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(26)	(26)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (26)</u>	<u>\$ (26)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (26)	
Net Change in Due from Grantor			<u>26</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT

SPECIAL REVENUE FUND-TEACHER/PRINCIPAL TRAINING-24154

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 7,549	\$ 7,549	\$ 9,225	\$ 1,676
Total Revenues	<u>7,549</u>	<u>7,549</u>	<u>9,225</u>	<u>1,676</u>
Expenditures				
Instruction				
Professional & Tech Services	4,000	4,000	2,027	1,973
Supplies	567	567	2,512	(1,945)
Total Instruction	<u>4,567</u>	<u>4,567</u>	<u>4,539</u>	<u>28</u>
Total Expenditures	<u>4,567</u>	<u>4,567</u>	<u>4,539</u>	<u>28</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,982</u>	<u>2,982</u>	<u>4,686</u>	<u>1,704</u>
Other Financing Sources (Uses)				
Transfers	0	0	(1,704)	(1,704)
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>(1,704)</u>	<u>(1,704)</u>
Net Change in Fund Balance	2,982	2,982	2,982	0
Cash Balance Beginning of Year	<u>(2,982)</u>	<u>(2,982)</u>	<u>(2,982)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,982	
Net change in Due from Grantor			<u>(2,982)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT

SPECIAL REVENUE FUND-IDEA B, ENTITLEMENT RECOVERY ACT-24206

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 7,833	\$ 7,833	\$ 7,833	\$ 0
Total Revenues	<u>7,833</u>	<u>7,833</u>	<u>7,833</u>	<u>0</u>
Expenditures				
Instruction				
Personnel Services	0	0	0	0
Employee Benefits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	7,833	7,833	7,833	0
Cash Balance Beginning of Year	<u>(7,833)</u>	<u>(7,833)</u>	<u>(7,833)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 7,833	
Net change in Due from Grantor			<u>(7,833)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT

SPECIAL REVENUE FUND-REAP-25233

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 31,851	\$ 31,851	\$ 25,179	\$ (6,672)
Total Revenues	<u>31,851</u>	<u>31,851</u>	<u>25,179</u>	<u>(6,672)</u>
Expenditures				
Instruction				
Supplies	31,851	31,851	25,179	6,672
Total Instruction	<u>31,851</u>	<u>31,851</u>	<u>25,179</u>	<u>6,672</u>
Total Expenditures	<u>31,851</u>	<u>31,851</u>	<u>25,179</u>	<u>6,672</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT

SPECIAL REVENUE FUND-EDUCATION JOB FUND-25255

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 0	\$ 442	\$ 442	\$ 0
Total Revenues	<u>0</u>	<u>442</u>	<u>442</u>	<u>0</u>
Expenditures				
Instruction				
Employee Benefits	0	442	442	0
Total Instruction	<u>0</u>	<u>442</u>	<u>442</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>442</u>	<u>442</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 0	

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

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT

SPECIAL REVENUE FUND-DUEL CREDITS INSTRUCTIONAL MATERIALS-27103

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 250	\$ 250	\$ 0
Total Revenues	<u>0</u>	<u>250</u>	<u>250</u>	<u>0</u>
Expenditures				
Student Services-Instruction				
Supplies	0	250	250	0
Total Student Services- Instruction	<u>0</u>	<u>250</u>	<u>250</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>250</u>	<u>250</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT

SPECIAL REVENUE FUND-GO STUDENT LIBRARY-27105

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 2,570	\$ 11,705	\$ 2,570	\$ (9,135)
Total Revenues	<u>2,570</u>	<u>11,705</u>	<u>2,570</u>	<u>(9,135)</u>
Expenditures				
Student Services-Instruction				
Supplies	0	9,135	0	9,135
Total Student Services- Instruction	<u>0</u>	<u>9,135</u>	<u>0</u>	<u>9,135</u>
Total Expenditures	<u>0</u>	<u>9,135</u>	<u>0</u>	<u>9,135</u>
Excess (Deficiency) of Revenues Over Expenditures	2,570	2,570	2,570	0
Cash Balance Beginning of Year	<u>(2,570)</u>	<u>(2,570)</u>	<u>(2,570)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,570	
Net change in Due from Grantor			<u>(2,570)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT
SPECIAL REVENUE FUND-2010 GO STUDENT LIBRARY-27106
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 1,237	\$ 1,237	\$ 0	\$ (1,237)
Total Revenues	<u>1,237</u>	<u>1,237</u>	<u>0</u>	<u>(1,237)</u>
Expenditures				
Student Services-Instruction				
Supplies	<u>1,237</u>	<u>1,237</u>	<u>1,237</u>	<u>0</u>
Total Student Services- Instruction	<u>1,237</u>	<u>1,237</u>	<u>1,237</u>	<u>0</u>
Total Expenditures	<u>1,237</u>	<u>1,237</u>	<u>1,237</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(1,237)	(1,237)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,237)</u>	<u>\$ (1,237)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,237)	
Net change in Due from Grantor			<u>1,237</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT

SPECIAL REVENUE FUND-TECHNOLOGY FOR EDUCATION-27117

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	0	0	0	0
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers	0	0	(400)	(400)
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>(400)</u>	<u>(400)</u>
Net Change in Fund Balance	0	0	(400)	(400)
Cash Balance Beginning of Year	<u>400</u>	<u>400</u>	<u>400</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 400</u>	<u>\$ 400</u>	<u>\$ 0</u>	<u>\$ (400)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (400)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (400)</u>	

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

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT

SPECIAL REVENUE FUND-STATE DIRECTED ACTIVITIES-27200

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 22,860	\$ 22,860	\$ 0
Total Revenues	<u>0</u>	<u>22,860</u>	<u>22,860</u>	<u>0</u>
Expenditures				
Instruction				
Personnel Services	0	11,225	11,225	0
Employee Benefits	0	7,172	5,969	1,203
Supplies	0	4,463	5,666	(1,203)
Total Instruction	<u>0</u>	<u>22,860</u>	<u>22,860</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>22,860</u>	<u>22,860</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 0	

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

STATE OF NEW MEXICO

HOUSE MUNICIPAL SCHOOL DISTRICT

DEBT SERVICE-41000

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 51,165	\$ 51,165	\$ 40,735	\$ (10,430)
Total Revenues	<u>51,165</u>	<u>51,165</u>	<u>40,735</u>	<u>(10,430)</u>
Expenditures				
Support Services-General Administration				
Professional & Tech Services	510	510	907	(397)
Total Operation and Maintenance of Plant	<u>510</u>	<u>510</u>	<u>907</u>	<u>(397)</u>
Debt Service				
Principal	30,000	30,000	30,000	0
Interest	<u>21,065</u>	<u>21,065</u>	<u>21,065</u>	<u>0</u>
Total Debt Service	<u>51,065</u>	<u>51,065</u>	<u>51,065</u>	<u>0</u>
Total Expenditures	<u>51,575</u>	<u>51,575</u>	<u>51,972</u>	<u>(397)</u>
Excess (Deficiency) of Revenues Over Expenditures	(410)	(410)	(11,237)	(10,827)
Cash Balance Beginning of Year	<u>9,569</u>	<u>9,569</u>	<u>9,569</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 9,159</u>	<u>\$ 9,159</u>	<u>\$ (1,668)</u>	<u>\$ (10,827)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (11,237)	
Net change in Taxes Receivables			<u>(334)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (11,571)</u>	

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

OTHER SUPPLEMENTAL INFORMATION

Activity Trust Fund

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

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

	Balance 06/30/11	Additions	Deletions	Balance 06/30/12
ASSETS				
General	\$ 91,129	\$ 5,445	\$ 5,108	\$ 91,466
Class of 2012	3,193	143	3,336	0
Class of 2013	1,590	2,414	3,336	668
Class of 2014	1,273	200	0	1,473
Class of 2015	594	263	0	857
Class of 2016	268	228	0	496
Class of 2017	0	228	0	228
Publications	948	3,037	2,548	1,437
FFA	6,454	16,243	15,152	7,545
FHA/HERO	8,106	5,008	9,016	4,098
Business Professionals of America	1,220	3,226	3,738	708
Student Council	555	121	0	676
TLC Book Deposit	5,990	4,807	7,405	3,392
Elementary Athletics	1,201	179	61	1,319
PTO	0	5,127	4,477	650
Athletics	4,839	6,953	4,964	6,828
Accelerated Reader	1,414	266	78	1,602
Honor Society	1,273	0	170	1,103
Passport Tour	822	97	919	0
Technology	25,000	3,466	2,209	26,257
Achievement	20,000	0	0	20,000
Student Travel	65,522	57,525	40,216	82,831
Florida Power & Light	69,043	0	0	69,043
Leadership	25,000	0	0	25,000
Scholarship	44,537	500	2,050	42,987
Total Assets	<u>\$ 379,971</u>	<u>\$ 115,476</u>	<u>\$ 104,783</u>	<u>\$ 390,664</u>
LIABILITIES				
Deposits Held for Others	<u>\$ 379,971</u>	<u>\$ 115,476</u>	<u>\$ 104,783</u>	<u>\$ 390,664</u>
Total Liabilities	<u>\$ 379,971</u>	<u>\$ 115,476</u>	<u>\$ 104,783</u>	<u>\$ 390,664</u>

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

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

		Beginning Cash Balance 6/30/11	Revenue	Expenditures	Transfer/ Loans	Ending Cash Balance 6/30/12
Operational	11000 \$	95,021	\$ 1,381,473	\$ 1,384,366	\$ 0	\$ 92,128
Teacherage	12000	14,429	4,050	96	0	18,383
Transportation	13000	0	171,362	171,362	0	0
Instructional Materials	14000	9	3,881	3,890	0	0
Food Service	21000	11,349	23,526	30,059	0	4,816
Athletics	22000	3,894	0	1,513	0	2,381
Activities	23000	379,972	115,475	104,862	0	390,585
Federal Flowthrough	24000	(20,229)	52,588	45,722	(1,705)	(15,068)
Federal Direct	25000	0	25,621	25,621	0	0
State Flowthrough	27000	(2,170)	25,680	24,347	(400)	(1,237)
Bond Building	31100	467,928	2,156	0	0	470,084
SB9	31700	120,053	67,484	84,409	0	103,128
Debt Service	41000	9,569	40,736	51,972	0	(1,667)
		<u>\$ 1,079,826</u>	<u>\$ 1,914,032</u>	<u>\$ 1,928,219</u>	<u>\$ (2,105)</u>	<u>\$ 1,063,534</u>

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

De'Aun Willoughby CPA, PC

Certified Public Accountant

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

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

Mr. Balderas and Members of the Board

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, the budgetary comparisons for the major capital project funds and the combining individual funds and related budgetary comparison presented as supplemental information of the House Municipal School District (District) as of and for the year ended June 30, 2012, and have issued our report thereon dated October 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies in internal control over financial reporting; 11-2, 11-3, 12-1 and 12-2. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of 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 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; 11-2, 11-3, 12-1 and 12-2.

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

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

De'Ann Willoughby, CPA PC

October 31, 2012

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL DISTRICT
 Schedule of Findings and Responses
 For the Year Ended June 30, 2012

Prior Year Audit Findings

		<u>Status</u>
11-1	Reporting of NMPSIA-Compliance and Internal Control-Significant Deficiency	Resolved
11-2	PED Cash Reports-Compliance and Internal Control-Significant Deficiency	Repeated
11-3	Budget Violations-Compliance and Internal Control-Significant Deficiency	Repeated

Current Year Audit Findings

11-2 PED Cash Reports-Compliance and Internal Control-Significant Deficiency

Condition

The District's PED Cash Report at year end did not properly reflect the June 30, 2012 reconciled cash balances. The amount reported to PED did not include the balance in the payroll clearing account of \$4,111.45.

Criteria

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

Cause

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

Effect

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

Recommendation

The cash balance in the payroll clearing account is part of the ending cash balance and should be included in the operational cash balance.

Response

We will close the payroll clearing account.

11-3 Budget Violations-Compliance and Internal Control-Significant Deficiency

Condition

The district has maintained expenditures at the function level in which actual expenditures exceeded budgetary authority in the following funds:

	Budget		<u>Actual</u>	<u>Over Budget</u>
	<u>Original</u>	<u>Final</u>		
Debt Service -41000				
Support Services-General				
Administration	\$ 510	\$ 510	\$ 907	\$ (397)

Criteria

Sound financial management and state regulation 6.20.2.9 (A), NMAC and state statutes 22-8-5 through 22-8-12.2, NMSA 1978, require that budgets not be exceeded at the legal level of control. For School District's, the expenditure function is the legal level of control.

Cause

The District did not make the appropriate budgetary adjustments requests and transfers to the funds mentioned in the condition, which would alleviate over-expenditure within the functions prior to the year end.

Effect

The users of the financial statements such as legislators, creditors, bondholders, state and federal grantors, etc., do not have timely audit reports and financial statements for their review. Late audit report could have an effect on state and federal funding.

Recommendation

The District must establish a policy of budgetary review at year-end, and make the necessary budget adjustments.

Response

Controls will be implemented to avoid this finding in the future.

12-1 Cash Appropriations in Excess of Available Cash Balances-Compliance and Internal Control-Significant Deficiency

Condition

The District maintained a deficit budget in excess of available cash balance in the Bond Building Funf-31100 of \$(551) and the Senate Bill Nine Fund-31700 of \$(7,766).

Criteria

Section 2.2.210. (P) (1), NMAC, requires all school district funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the PED for approval. Cash balances re-budgeted to make up the deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

Cause

The District does not have a procedure in place to ensure sufficient beginning cash balances exist to absorb budgeted expenditures.

Effect

The District will have to supplement the budget deficit with other funds, which may lead to financial difficulties and deplete the budget in other funds.

Recommendation

Greater attention should be given to the budget monitoring process end of the year cash balance estimates.

Response

The District will review the estimated cash balances and issue a BAR if necessary.

12-2 Semimonthly Pay for Non-certified Employees-Compliance and Internal Control-Significant Deficiency

Condition

The District is paying substitutes and other personnel that is non-certified only once a month.

Criteria

50-4-2 NMSA 1978, An employer in this state shall designate regular pay days, not more than sixteen days apart, as days fixed for the payment of wages to all employees paid in this state. The employer shall pay for services rendered from the first to the fifteenth days, inclusive, of any calendar month by the twenty-fifth day of the month during which services are rendered, and for all services rendered from the sixteenth to the last day of the month, inclusive, of any calendar month by the tenth day of the succeeding month. Where computation of earnings and of amounts due, preparation of payrolls and issuance of paychecks are at a central location outside New Mexico, the employer shall pay for services rendered from the first to the fifteenth days, inclusive, of any calendar month by the last of the month during which services are rendered, and for all services rendered from the sixteenth to the last day of the month, inclusive, of any calendar month by the fifteenth day of the succeeding month.

Cause

The District's understanding is that if an employee is under a contract, the employee may be paid monthly.

Effect

Violations of the law puts the District at risk for monetary liability.

Recommendation

All employees except teachers who are specifically exempt must be paid within sixteen days of the end of the payroll cycle.

Response

We will correct this problem by paying employees twice a month.

Financial Statement Preparation

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

Exit Conference

An exit conference was held on October 31, 2012. Present were Dwight Parker-Member, Hilous Hargrove-Member, Lecil Richards-Superintendent, Marsha Stowe-Business Manager, and De'Aun Willoughby, CPA.