
STATE OF NEW MEXICO
LAKE ARTHUR Municipal School
June 30, 2012

Financial Statements and Supplementary Information
As Of And For The Year Ended June 30, 2012
With Independent Auditor's Report Thereon

Sandra Rush
Certified Public Accountant, PC

1101 E Llano Estacado
Clovis, New Mexico 88101

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

Official Roster
For the year ended June 30, 2012

Board of Education

John Jackson	President
Edward Rubio Jr.	Vice-President
Irma Guillen	Secretary
Brad Durham	Member
Gene Bassett	Member

School Officials

Michael Grossman	Superintendent
Dee Dee Dalton	Business Manager

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

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Financial Section

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Sandra Rush

Certified Public Accountant PC

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Independent Auditor's Report

Mr. Hector H. Balderas
State Auditor of the State of New Mexico
Board Members of the Lake Arthur Municipal School District

Mr. Balderas and Members of the Board

I have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Lake Arthur 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. I also have audited the financial statements of each of the District's nonmajor governmental funds, and the budgetary comparisons for the major capital project funds, debt service fund, and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

I was unable to verify capital assets and the related accumulated depreciation at June 30, 2012 or the depreciation expense for the year then ended. As discussed in Note 19, I was unable to determine these amounts through the use of alternative procedures and, as such, am unable to express an opinion on capital assets as of June 30, 2012 and the depreciation expense for the year then ended. The effect on assets, net assets, and expenses of the governmental activities is not readily determinable.


In my opinion, except for the effects of the lack of evidence verifying the amount of capital assets, accumulated depreciation and current year depreciation expense as described in the preceding paragraph, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2012, and the respective 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 my opinion, the financial statements referred to previously 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, debt service fund, and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Mr. Hector H. Balderas
State Auditor of the State of New Mexico
Board Members of Lake Arthur Municipal School District
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In accordance with *Government Auditing Standards*, I have also issued my report dated November 7, 2012 on my consideration of the District's internal control over financial reporting and on my 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 my 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 my audit.

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

My 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 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


Sandra Rush, CPA PC
November 7, 2012

Basic Financial Statements

Government Wide Financial Statements

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current assets:	
Cash	\$ 742,191
Receivables:	
Taxes - current	47,114
Due from other governments	88,845
Inventories	<u>2,113</u>
Total current assets	<u>880,263</u>
Noncurrent assets:	
Bond issuance costs, net	181,875
Capital assets, net	<u>5,480,761</u>
Total non current assets	<u>5,662,636</u>
Total assets	<u>\$ 6,542,899</u>
 <u>LIABILITIES AND NET ASSETS</u>	
Current liabilities:	
Accounts payable	17,601
Accrued interest	21,304
Current portion of long term debt	<u>105,000</u>
Total current liabilities	<u>143,905</u>
Noncurrent liabilities:	
Compensated absences	17,545
Bonds and notes	<u>2,860,000</u>
Total noncurrent liabilities	<u>2,877,545</u>
Total liabilities	<u>3,021,450</u>
 <u>NET ASSETS</u>	
Invested in capital assets, net of related debt	2,515,761
Restricted for:	
General fund	2,523
Special revenue funds	71,359
Capital project fund	500,688
Debt service fund	386,425
Unrestricted	<u>44,693</u>
Total net assets	<u>3,521,449</u>
Total liabilities and net assets	<u>\$ 6,542,899</u>

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

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

Statement of Activities
For the year ended June 30, 2012

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 1,682,662	\$ -	\$ 168,166	\$ -
Support services:				
Students	276,716	8,504	19,312	-
Instruction	96,072	-	-	-
General administration	174,000	-	-	-
School administration	189,771	-	44,356	-
Central services	100,371	-	-	-
Operation & maintenance of plant	327,497	-	-	-
Student transportation	183,873	-	154,455	-
Other support services	6,267	17,269	-	-
Food services	134,196	7,256	87,783	-
Miscellaneous	36	-	-	-
Capital outlay	222,439	-	7,200	-
Amortization	22,327	-	-	-
Interest on long-term debt	115,451	-	-	-
Total governmental activities	<u>\$ 3,531,678</u>	<u>\$ 33,029</u>	<u>\$ 481,272</u>	<u>\$ -</u>

General revenues:
 Property Tax:
 Levied for debt service
 Levied for capital projects
 Local
 Interest
 State
 Miscellaneous

Total general revenues

Change in net assets

Net assets, beginning
 Prior period adjustments

Net assets, beginning, restated

Net assets, ending

The accompanying notes are an integral part of these financial statements

Net Program
[Expense]
Revenues
<u>Governmental</u>
Activities
<u>Total</u>

\$ (1,514,496)

(248,900)

(96,072)

(174,000)

(145,415)

(100,371)

(327,497)

(29,418)

11,002

(39,157)

(36)

(215,239)

(22,327)

(115,451)

(3,017,377)

216,480

209,113

53,815

1,696

2,295,247

20,673

2,797,024

(220,353)

3,741,913

(111)

3,741,802

\$ 3,521,449

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Fund Financial Statements

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Special Revenue		
		IASA Title I 24101	IDEA - B Risk Pool 24120	State Directed Activities 27200
ASSETS				
Cash and cash equivalents	\$ 2,523	\$ -	\$ -	\$ -
Accounts receivable:				
Taxes	5,429	-	-	-
Due from other governments	-	15,017	20,041	27,494
Interfund receivable	67,324	-	-	-
Inventory	-	-	-	-
Total assets	<u>\$ 75,276</u>	<u>\$ 15,017</u>	<u>\$ 20,041</u>	<u>\$ 27,494</u>
LIABILITIES				
Accounts payable	12,628	\$ -	\$ -	\$ -
Interfund payable	-	15,017	20,041	27,494
Current portion of long-term debt	-	-	-	-
Current portion of bond interest payable	-	-	-	-
Total liabilities	<u>12,628</u>	<u>15,017</u>	<u>20,041</u>	<u>27,494</u>
FUND BALANCE				
Non-spendable	-	-	-	-
Restricted for:				
General fund	2,523	-	-	-
Special revenue funds	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Unassigned:				
General fund	<u>60,125</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>62,648</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 75,276</u>	<u>\$ 15,017</u>	<u>\$ 20,041</u>	<u>\$ 27,494</u>

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

Capital Projects				
Bond Building 31100	Senate Bill - 9 Capital Outlay 31700	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
\$ 392,910	\$ 90,512	\$ 205,988	\$ 50,258	\$ 742,191
-	21,819	19,866	-	47,114
-	-	-	26,293	88,845
-	-	-	20,535	87,859
-	-	-	2,113	2,113
<u>\$ 392,910</u>	<u>\$ 112,331</u>	<u>\$ 225,854</u>	<u>\$ 99,199</u>	<u>\$ 968,122</u>
\$ -	\$ 4,553	\$ -	\$ 420	\$ 17,601
-	-	-	25,307	87,859
-	-	35,000	-	35,000
-	-	6,933	-	6,933
-	4,553	41,933	25,727	147,393
-	-	-	2,113	2,113
-	-	-	-	2,523
-	-	-	71,359	71,359
392,910	107,778	-	-	500,688
-	-	183,921	-	183,921
-	-	-	-	60,125
<u>392,910</u>	<u>107,778</u>	<u>183,921</u>	<u>73,472</u>	<u>820,729</u>
<u>\$ 392,910</u>	<u>\$ 112,331</u>	<u>\$ 225,854</u>	<u>\$ 99,199</u>	<u>\$ 968,122</u>

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STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

Reconciliation of the Balance Sheet
All Governmental Funds to the
Statement of Net Assets
June 30, 2012

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

Fund balance - total governmental funds		\$	820,729
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds financial statement, but are reported in the governmental activities of the statement of net assets			
Capital assets	\$	10,178,710	
Accumulated depreciation		<u>(4,697,949)</u>	5,480,761
Other assets are not available to pay for current - period expenditures and, therefore, are deferred in the funds:			
Bond issue cost		288,666	
Amortization of bond issue cost		<u>(106,791)</u>	181,875
Compensated absences expensed as paid in governmental fund statements, expensed as incurred in entity wide statements reflected as liability on statement of net assets			
			(17,545)
Other liabilities are not due and payable in the current period and, therefore, are not reported in the funds			
Accrued interest payable			(14,371)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds			
			<u>(2,930,000)</u>
Net assets of governmental activities		\$	<u><u>3,521,449</u></u>

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
For the year ended June 30, 2012

	Consolidated General Fund	IASA Title I 24101	IDEA - B Risk Pool 24120	State Directed Activities 27200
Revenues:				
Local sources	\$ 71,084	\$ -	\$ -	\$ -
Interest income	1,567	-	-	-
Refunds and reimbursements	20,673	-	-	-
State sources	2,455,035	-	-	27,497
Federal sources	275	44,356	39,910	-
	<u>2,548,634</u>	<u>44,356</u>	<u>39,910</u>	<u>27,497</u>
Total revenues	<u>2,548,634</u>	<u>44,356</u>	<u>39,910</u>	<u>27,497</u>
Expenditures:				
Current operating:				
Instruction	1,268,002	-	39,910	11,298
Support services				
Students	243,571	-	-	5,127
Instruction	85,000	-	-	11,072
General administration	171,873	-	-	-
School administration	143,141	44,356	-	-
Central services	100,371	-	-	-
Operation & maintenance of plant	312,754	-	-	-
Student transportation	180,870	-	-	-
Other support services	6,267	-	-	-
Operation of non-instructional services				
Food services operations	21,944	-	-	-
Capital outlay	2,490	-	-	-
Debt Service:				
Bond issue costs	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
	<u>2,536,283</u>	<u>44,356</u>	<u>39,910</u>	<u>27,497</u>
Total expenditures	<u>2,536,283</u>	<u>44,356</u>	<u>39,910</u>	<u>27,497</u>
Excess (deficiency) of revenues over expenditures	12,351	-	-	-
Other financing sources (uses):				
Proceeds from bonds	-	-	-	-
Revert back to state	(36)	-	-	-
	<u>(36)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(36)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	12,315	-	-	-
Fund balance, beginning	50,333	-	-	-
Prior period adjustments	-	-	-	-
	<u>50,333</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning, restated	<u>50,333</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 62,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Bond Building 31100	Senate Bill - 9 Capital Outlay 31700	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 209,113	\$ 216,480	\$ 15,760	\$ 512,437
-	-	-	129	1,696
-	-	-	-	20,673
-	-	-	10,333	2,492,865
-	-	-	198,161	282,702
-	209,113	216,480	224,383	3,310,373
-	-	-	93,546	1,412,756
-	-	-	26,706	275,404
-	-	-	-	96,072
-	267	245	230	172,615
-	-	-	2,179	189,676
-	-	-	-	100,371
-	-	-	-	312,754
-	-	-	-	180,870
-	-	-	-	6,267
-	-	-	92,937	114,881
677,627	219,948	-	17,032	917,097
21,764	-	-	-	21,764
-	-	100,000	-	100,000
-	-	111,593	-	111,593
699,391	220,215	211,838	232,630	4,012,120
(699,391)	(11,102)	4,642	(8,247)	(701,747)
450,000	-	-	-	450,000
-	-	-	-	(36)
450,000	-	-	-	449,964
(249,391)	(11,102)	4,642	(8,247)	(251,783)
642,301	118,880	179,279	81,830	1,072,623
-	-	-	(111)	(111)
642,301	118,880	179,279	81,719	1,072,512
\$ 392,910	\$ 107,778	\$ 183,921	\$ 73,472	\$ 820,729

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the year ended June 30, 2012

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

Net change in fund balances - total governmental funds	\$	(251,783)
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Governmental funds report capital outlays as expenditures.
However, in the statement of activities the cost of those assets are
allocated over their estimated useful lives and reported as
depreciation expense

Capital expenditures			
Current year capital expenditures capitalized	\$	694,658	
Depreciation expense		<u>(307,848)</u>	
			386,810

Compensated absences expensed as paid in governmental fund
statements and expensed as incurred in entity wide statements
and reflected as liability on statement of net assets

Compensated absences			
Last year		16,586	
This year		<u>(17,545)</u>	
			(959)

Bond proceeds are treated as revenue in the entity wide statements
and as increases to long-term debt in entity wide statements

Bond proceeds			(450,000)
Bond issue costs			21,764

The issuance of long-term (e.g., bonds, notes, leases) provides current
financial resources in governmental funds, while the repayment of the
principal of long-term debt consumes the current financial resources of
governmental funds. Neither transaction, however, has any effect on
net assets. Also, governmental funds report the effect of issuance
costs, premiums, discounts, and similar items when debt is first issued,
whereas these amounts are deferred and amortized in the statement
of activities

Amortization of bond issuance cost			(22,327)
Accrued interest			(3,858)
Principal payment on bond			<u>100,000</u>

Change in Net Assets of Governmental Activities	\$	<u>(220,353)</u>
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STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Combined General Fund
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 42,240	\$ 42,240	\$ 69,478	\$ 27,238
Interest income	1,500	1,500	1,567	67
Refunds and reimbursements	-	-	20,673	20,673
State sources	2,424,151	2,468,915	2,455,035	(13,880)
Federal sources	273	273	275	2
Total revenues	<u>2,468,164</u>	<u>2,512,928</u>	<u>2,547,028</u>	<u>34,100</u>
Expenditures:				
Current operating:				
Instruction	1,300,965	1,278,154	1,270,241	7,913
Support services:				
Students	261,503	261,503	243,571	17,932
Instruction	87,255	88,986	85,000	3,986
General administration	160,541	178,326	167,834	10,492
School administration	126,485	126,485	143,539	(17,054)
Central services	102,296	102,296	100,769	1,527
Operation & maintenance of plant	319,846	321,846	313,372	8,474
Student transportation	155,060	182,112	180,870	1,242
Other support services	6,274	6,274	6,267	7
Operation of non-instructional services				
Food services operations	22,144	22,144	21,944	200
Capital outlay	-	4,718	2,490	2,228
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>2,542,369</u>	<u>2,572,844</u>	<u>2,535,897</u>	<u>36,947</u>
Excess (deficiency) of revenues over(under) expenditures	(74,205)	(59,916)	11,131	71,047
Other financing sources (uses):				
Interfund receivable	-	-	(8,572)	(8,572)
Interfund payable	-	-	-	-
Revert back to state	-	-	(36)	(36)
Designated cash	74,205	59,916	-	(59,916)
Total other financing sources (uses)	<u>74,205</u>	<u>59,916</u>	<u>(8,608)</u>	<u>(68,524)</u>
Net change in fund balances	-	-	2,523	2,523
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,523</u>	<u>\$ 2,523</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 2,523	
Adjustment to revenues for accruals & other deferrals			11,909	
Adjustment to expenditures for payables, prepaid & other accruals			(2,117)	
Net change in fund balance (GAAP Basis)			<u>\$ 12,315</u>	

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - IASA Title I - 24101
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	46,800	44,356	46,339	1,983
Total revenues	46,800	44,356	46,339	1,983
Expenditures:				
Current operating:				
Instruction	4,549	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	42,251	44,356	44,356	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	46,800	44,356	44,356	-
Excess (deficiency) of revenues over(under) expenditures	-	-	1,983	1,983
Other financing sources (uses):				
Interfund receivable	-	-	(1,983)	(1,983)
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(1,983)	(1,983)
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			(1,983)	
Adjustment to expenditures for payables, prepaids & other accruals			1,983	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - IDEA-B RISK POOL - 24120
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	39,910	39,910	39,556	(354)
Total revenues	39,910	39,910	39,556	(354)
Expenditures:				
Current operating:				
Instruction	39,910	39,910	39,910	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	39,910	39,910	39,910	-
Excess (deficiency) of revenues over(under) expenditures	-	-	(354)	(354)
Other financing sources (uses):				
Interfund receivable	-	-	354	354
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	354	354
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			354	
Adjustment to expenditures for payables, prepaids & other accruals			(354)	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - State Directed Activities - 27200
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	37,783	20,639	(17,144)
Federal sources	-	-	-	-
Total revenues	-	37,783	20,639	(17,144)
Expenditures:				
Current operating:				
Instruction	-	9,982	11,298	(1,316)
Support services:				
Students	-	-	5,127	(5,127)
Instruction	-	13,763	11,072	2,691
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	6,714	-	6,714
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	30,459	27,497	2,962
Excess (deficiency) of revenues over(under) expenditures	-	7,324	(6,858)	(14,182)
Other financing sources (uses):				
Interfund receivable	-	-	6,858	6,858
Interfund payable	-	-	-	-
Designated cash	-	(7,324)	-	7,324
Total other financing sources (uses)	-	(7,324)	6,858	14,182
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			6,858	
Adjustment to expenditures for payables, prepaids & other accruals			(6,858)	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ <u>103,517</u>
Total assets	\$ <u><u>103,517</u></u>
<u>LIABILITIES</u>	
Deposits held for others	\$ <u>103,517</u>
Total liabilities	\$ <u><u>103,517</u></u>

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

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Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The financial statements of Lake Arthur Municipal School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Financial Reporting Entity

The Lake Arthur School Municipal District was established in 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.

All governmental funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

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. Nor are there 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 is 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 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 – The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Fund – The Debt Service Funds are used to account for the resources for, and the payment of, principal, interest and related costs.

Capital Project Funds – The Capital Project Funds are used to account for all resources for the acquisition of capital facilities by the District.

Fiduciary Fund Type

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The District reports the following major governmental funds:

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

The General Fund consists 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 Funds

Title I (24101).

To account for revenues and expenditures for a collaborative consortium of education, health, culture enrichment and social support system in rural communities. The fund was created by grant provisions.

IDEA B Risk Pool (24120).

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.

State Directed Activities

(27200). To account for funds received from the New Mexico Public Education Department for the support and direct services, including technical assistance, preparation and professional development and training. To support capacity building activities and improve the delivery of services by local agencies to improve results for children with disabilities. The fund was created by state provisions.

Capital Projects Funds:

Senate Bill Nine (31700)

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

Bond Building (31100)

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

Debt Service Funds:

Debt Service (41000)

The revenues are generated by a tax levy based upon property values. The expenditures are for the payment of general long-term debt principal and interest.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities displays information the about 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 taxpayer 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 charges to users or applicants who purchase, use or directly benefit from the goods or services provided by the given function.

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 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for un-matured 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 non-exchange 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, therefore are not accrued. Salaries for the twelve month employee's 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 (PED) 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 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 into the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. The District shall make corrections, revisions, and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAU.
5. No school board or officer or employee of the District shall make any expenditure 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. Actual expenditures may not exceed the budget on a line item basis, i.e., cash budgeted expenditures must be within budgeted amounts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a "series" this may be accomplished with only local Board or Education approval. If a transfer between "series" or a budget increase is required, approval must also be obtained from Public School Finance Division.
7. The School Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending balance. New Mexico Administrative Code 6-20-2.9 prohibits a school district from exceeding budgetary control at the function level.
8. The District is required to balance its budget each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenue over expenditures.
9. 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 provision of Chapter 6, Article 10, Paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan association 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:

1. 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
2. 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; or
3. in contracts with bank, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral

required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Interfund activities are reported as loans, services provided reimbursements or transfers. Loans are reports as interfund receivable and payables as appropriate and are subject to elimination upon consolidation. Service provided, deemed to be at market or near market, is treated as revenue and expenditures/expense. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

The District receives monthly income from a tax levy in Chaves County. The funds are collected by the County Treasurer and are remitted to the School District the following month. Under the modified accrual method of accounting, the amounts remitted by the County Treasurer in July and August are considered "measurable and available" and accordingly, is recorded as revenue in the government fund statements during the year ended June 30, 2012.

Certain Special Revenue funds are administered on a reimbursement method of funding; other fund is operated on a cash advance method of funding. The funds incurred the costs and submitted the necessary request for reimbursement or advance, respectively.

Instructional Materials

The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the New Mexico Public Education Department "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. The districts are allowed to carry forward unused allocations from year to year.

Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

Property Taxes

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

Elimination and Reclassifications of Certain Receivables and Payables

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

Inventories and Prepaid Items

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the 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, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5).

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.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

Assets	Years
Buildings and Improvements	20 - 50 Years
Vehicles	2 - 15 Years
Equipment	2 - 15 Years

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet. 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 transaction, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

Deferred Revenue

The District reports deferred revenues on its Statement of Net Assets and Fund Balance Sheet. Deferred revenues arise when the 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 60 days of the fiscal year end.

Compensated Absences

All twelve month employees are granted annual leave at the rate of one day per month. All district employees are entitled to accrue personal/sick leave according to the following schedule:

Twelve month contract	12 days per year
Eleven month contracts	11 days per year
Nine month employees	10 days per year
At will employees	1 day per month

Employees accumulate a maximum of sixty days personal/sick leave. Unused personal/sick leave is not paid upon termination. All employees of the District are allowed two personal days leave per year. Personal leave cannot be accumulated. Unused personal leave can be transferred to sick leave the following year. In the past, the liability for compensated absences was reported in the General Long-Term Debt Account Group. The General fund was used to liquidate the liability.

Estimates

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

State Equalization Guarantee

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

STATE OF NEW MEXICO
 Lake Arthur Municipal School
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A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School finance. The District received \$1,498,291 state equalization guarantee and \$812,000 emergency supplemental distributions during the year ended June 30, 2012.

Note 2. Cash 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.

	Western Bank Artesia, NM	Type
Total amount on deposit on June 30, 2012		
Lake Arthur Municipal Schools	\$ 864,006	Checking
Lake Arthur Municipal Schools	34,494	Checking
Lake Arthur Municipal Schools	22,399	Checking
Lake Arthur Municipal Schools Activities	103,517	Checking
Total deposited	1,024,416	
Less FDIC coverage	(250,000)	
Total uninsured public funds	774,416	
50% collateral requirement		
as per Section 6-10-17, NMSA 1978	387,208	
Pledged securities		
Fed Natl Mtg Assn Pool	(937,020)	
Over (under)	\$ 549,812	

From December 31, 2010 through December 31, 2012, at all FDIC insured institutions, deposits held in noninterest bearing transaction accounts will be fully insured regardless of the amount in the account. For more information see the FDIC's comprehensive guide, *Your Insured Deposits* at <http://.fdic.gov/deposit/deposits/insured/index/html>

The following securities are pledged at Western Bank.

Description	CUSIP #	Market Value	Maturity Date	Location
FHLMC Pool #780468	31342AQV4	42,120	04/01/33	FHLB, Dallas TX
FHLMC Pool #257180	31371NUD5	163,601	04/01/38	FHLB, Dallas TX
FHLMC Pool #257291	31371NXU4	125,076	07/01/18	FHLB, Dallas TX
Questa ISD	748352DC2	606,223	09/01/26	FHLB, Dallas TX
		<u>937,020</u>		

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Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2012, none of the District's bank balance of \$1,024,416 was exposed to custodial credit risk.

Depository Account	Bank Balance
Insured	\$ 250,000
Collateralized:	
Collateral held by the pledging bank not in the Districts name	937,020
Over insured and over collateralized	<u>(162,604)</u>
Total Deposits	<u>\$ 1,024,416</u>

Note 3. Accounts Receivable

	General Fund	Debt Service Fund	SB-9 Fund	Other Governmental Funds	Totals
Property tax receivable					
Ad Valorem Tax	\$ 100	\$ 492	\$ 502	\$ -	\$ 1,094
Oil & Gas tax	5,329	19,374	21,317	-	46,020
Due from grantor					
IASA Title 1	-	-	-	15,017	15,017
Migrant	-	-	-	2,836	2,836
IDEA-B Entitlement	-	-	-	12,648	12,648
IDEA-B Preschool	-	-	-	2,240	2,240
Risk Pool	-	-	-	20,041	20,041
Teacher/Principal Training	-	-	-	1,920	1,920
Carl Perkins	-	-	-	2,295	2,295
Carl Perkins Redistribution	-	-	-	1,813	1,813
Breakfast Elementary	-	-	-	2,541	2,541
State Directed	-	-	-	27,494	27,494
Totals	<u>\$ 5,429</u>	<u>\$ 19,866</u>	<u>\$ 21,819</u>	<u>\$ 88,845</u>	<u>\$ 135,959</u>

The above receivables are deemed 100% collectible.

Note 4. Deferred Revenues

Revenues are deferred in accordance with the modified accrual basis of accounting for the fund financial statements.

Note 5. Interfund Receivables, Payables, and Transfers

The District records temporary transfers to enable funds to operate until grant monies are received. In governmental funds, transfers should be reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance

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 Notes To Financial Statement
 June 30, 2012

various programs accounted for in other funds in accordance with budgetary authorizations. The balances for the year ended June 30, 2012 is as follows:

	Interfund Receivable	Interfund Payable	Total
Operational	\$ 50,159	\$ -	\$ 50,159
Teacherage	17,165	-	17,165
Food Service	20,535	-	20,535
24101 Title 1	-	(15,017)	(15,017)
24103 Migrant	-	(2,836)	(2,836)
24106 IDEA-B Entitlement	-	(12,648)	(12,648)
24109 Pre School	-	(2,240)	(2,240)
24120 IDEA-B Risk Pool	-	(20,041)	(20,041)
24154 Teacher Principal Training	-	(1,920)	(1,920)
24180 Carl Perkins	-	(2,295)	(2,295)
24182 Carl Perkins Redistribution	-	(1,813)	(1,813)
27155 Breakfast for Elementary	-	(1,555)	(1,555)
27200 State Directed	-	(27,494)	(27,494)
Totals	\$ 87,859	\$ (87,859)	\$ -

The above interfund balances resulted from reimbursement grants. The shortfalls were covered by the Operational Fund, Teacherage Fund, and Food Service Fund. All transactions will be repaid within one year.

Note 6. Changes in Capital Assets

A summary of changes in capital assets follows:

	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 14,579	\$ -	\$ -	\$ 14,579
Capital assets being depreciated				
Buildings and Improvements	\$ 8,518,065	694,658	-	\$ 9,212,723
Equipment, Vehicles, Information Technology Equipment, Software, & Library Books	957,108	-	(5,700)	951,408
Total assets being depreciated	9,489,752	694,658	(5,700)	10,178,710
Less accumulated depreciation				
Buildings and improvements	(3,713,007)	(268,835)	-	(3,981,842)
Buildings and Improvements Equipment, Vehicles, Information Technology Equipment, Software, & Library Books	(682,794)	(39,013)	5,700	(716,107)
Total accumulated depreciation	(4,395,801)	(307,848)	5,700	(4,697,949)
Governmental activity capital assets, net	\$ 5,093,951	\$ 386,810	\$ -	\$ 5,480,761

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 Lake Arthur Municipal School
 Notes To Financial Statement
 June 30, 2012

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 267,995
Support Services	1,312
General Administration	1,385
School Administration	95
Operation maintenance of plant	14,743
Food Service	19,315
Transportation	3,003
	<u>307,848</u>
	<u>\$ 307,848</u>

Bond issue cost was amortized as follows:

Bond issue cost, beginning	\$ 288,666
Accumulated amortization	<u>(106,791)</u>
Net bond issue cost	<u>\$ 181,875</u>

Note 7. Long-Term Debt

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

Series	Date of Issue	Original Amount	Interest Rate	Balance	Due in One Year
2005	06/15/05	400,000	4.1% - 4.25%	330,000	\$ 35,000
2006	04/16/06	240,000	3.875% - 4.0%	160,000	40,000
2007	04/01/07	400,000	4%	360,000	20,000
2009	08/15/08	470,000	4% - 5.6%	470,000	-
2010	03/15/10	455,000	2% - 4.35%	445,000	10,000
2011	05/15/11	750,000	3.3% - 4.3%	750,000	-
2012	01/15/12	450,000	2.80% - 3.70%	450,000	-
				<u>\$ 2,965,000</u>	<u>\$ 105,000</u>

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

General Obligations Bonds.

The 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.

The annual requirements to amortize the general obligation bonds as of June 30, 2012, including interest payments are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	\$ 105,000	\$ 123,326	\$ 228,326
2014	140,000	119,108	259,108
2015	155,000	113,883	268,883
2016	180,000	107,758	287,758
2017	145,000	101,698	246,698
2018-2022	1,020,000	397,888	1,417,888
2023-2027	1,220,000	154,558	1,374,558
	<u>\$ 2,965,000</u>	<u>\$ 1,118,219</u>	<u>\$ 4,083,219</u>

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Governmental activities					
Compensated absences	\$ 16,586	\$ 9,854	\$ (8,895)	\$ 17,545	\$ -

Note 8. Pension Plan – Educational Retirement Board

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

Funding Policy. Plan members earning \$20,000 or less annually are required by statute to contribute 7.9% of their gross salary. Plan members earning over \$20,000 annually were required to contribute 11.15% of their gross salary in fiscal year 2012 and will be required to contribute 9.40% of their gross salary in fiscal year 2013. The District has been and is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, in fiscal years 2012 and 2013. In fiscal year 2012 the District contributed 9.15% of the gross covered salary of employees earning more than \$20,000 annually. In fiscal year 2013 the District will contribute 10.9% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District’s contributions to ERB for the fiscal years ending June 30, 2012, 2011, and 2010, were \$229,840, \$314,079, and \$314,482, respectively, which equal the amount of the required contributions for each fiscal year.

Note 9. Post-Employment Benefits – State Retiree Health Care Plan

Plan Description. 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 event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

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

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

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:

(1) 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 January 1, 1998, are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

The District's contributions to the RHCA for the years ended June 30, 2012, 2011 and 2010 were \$43,230, \$38,644 and \$30,209, respectively, which equal the required contributions for each year.

Note 10. Contingent Liabilities

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

Note 11. Non-Cash Assistance

The District receives USDA Commodities for use in sponsoring National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2012 was \$8,368.

Note 12. Risk Management

The District is a member of the New Mexico Public School Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance. The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible to each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include a \$750 deductible. In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2012, there have been no claims that have exceeded insurance coverage.

Note 13. Surety Bond

A surety bond as required by Section 12-6-7 NMSA 1978 Compilation and the New Mexico State Auditor Rule NMAC 2.2.2 covers the officials and certain employees of the District.

Note 14. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

A. Deficit fund balance

Safe & Drug Free Schools had a deficit fund balance of \$111.

STATE OF NEW MEXICO
Lake Arthur Municipal School
Notes To Financial Statement
June 30, 2012

B. Excess expenditures over budget.

Operational	\$	24,248
State Directed	\$	6,443
Carl Perkins	\$	230
Carl Perkins Redistribution	\$	362

C. Budget exceeded available resources.

Operational	\$	42,963
Teachergage	\$	13,985
Transportation	\$	73
Instructional Materials	\$	2,895
Bond Buildings	\$	28,751
School Based Health Clinic	\$	7,201

Note 15. Memorandum of Understanding

REC

Purpose: 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 USDE under the Education of the Handicapped Act, Part B, PL 94-142 among others.

Participants: Regional Education Cooperative and Lake Arthur Municipal School District

Responsible Party for Operation and Audit: Regional Education Cooperative

Beginning and Ending Date of Agreement: July 1, 1995 until the end of any fiscal year during which the school give notice of intent to terminate.

Total Estimated Amount of Project and Actual Amount Contributed: The REC paid expenditures on behalf of the District.

Note 16. Subsequent Accounting Standard Pronouncements

The GASB issued Statement No. 65, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position* which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The District is reviewing the effects of the implementation of this statement.

The GASB issued Statement No. 66, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this statement is to amend Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. As a result, government would base their decisions about governmental fund type usage for risk financing activities on the definitions in State No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and that principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee. These changes would eliminate any uncertainty regarding the application of Statement No. 13, *Accounting for Operating Leases with Schedule Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales of Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. The District is reviewing the effects of the implementation of this statement.

NOTE 17. Subsequent Events Review

The District has evaluated subsequent events through November 7, 2012, which is the date the financial statements were dated.

NOTE 18. Prior Period Adjustment

Prior period adjustments were made to correct the fund balances of the following funds. In the prior year receivables were reported for both funds, but the revenue was not received.

Safe and Drug Free Schools and Community	\$111
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NOTE 19. Capital Asset Records

For the year ended June 30, 2012, the District had not maintained a capital asset listing that was reconciled to the general ledger and in compliance with the GASB 34. For several years the capital asset listing has been maintained by the prior auditor. The District requested the capital asset records from the auditor. But the records provided were not in a usable form, the prior auditor e mailed the District a PDF file. The District was unable to make additions or deletions or compute depreciation expense without recreating the listing. The records provided by the prior auditor lacked asset identification and location and appeared to have obsolete equipment and equipment the District no longer owns. As a result, the financial statements of the District may be materially misstated due to the balances of capital assets and accumulated depreciation being materially misstated.

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Supplementary Information Related to
Non-Major Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

The Special Revenue Funds are used to account for Federal, State, and Local funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational tasks. Grants accounted for in the Special Revenue Funds include:

Food Service

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

To account for revenue and expenditures associated with the District's budgeted athletic activities. NMAC 6.20.2.

Migrant

To account for a program funded by a federal grant whose purpose is to implement school wide bilingual education programs of special alternative instruction programs to improve, reform and upgrade relevant programs and operations within an entire local educational agency, that serve a significant number of children and youth of limited English proficiency in local educational agencies with significant concentrations of such children and youth. The fund was created by the authority of federal grant provisions. (Title VII, Section 7115 of the ESEA (20USC 7425)).

IDEA-B Entitlement

The purpose of this program is to account for revenue used to help maximize the resources in meeting the objective of handicapped children. The federal revenues in this fund are received from and administered by the New Mexico Department of Education. Authority for the creation of this fund is Part B of the Handicapped Act, Public Law 105-17.

IDEA-B Preschool

The objective of the Assistance to State for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17

Teacher Principal Training and Recruiting

The purpose of this fund is to improve the skills of teachers and the quality of instruction in mathematics and science and also to increase the accessibility of such instruction to all students. Authority for creation of this fund is Title II of the Elementary and Secondary Education Act of 1965 as amended, Public Law 103-382.

Safe & Drug Free Schools and Community

To offer a disciplined environment conducive to learning, by preventing violence in and around schools and strengthen programs that prevent the illegal use of alcohol, tobacco, and drugs, involve parents, and coordinated with related Federal, State, and community efforts and resources. Elementary and Secondary Education Act , Title IV, Part A, Subpart 1, as amended. 20 USC 7111-7118.

Carl Perkins

To account for funds distributed by the U. S. Department of Education through the State Department of Education to provide services which impact school district vocational programs, educators, and students. This fund was created by the authority of the Carl D. Perkins Vocational. and Applied Technology Education Amendments of 1998, Title I, Part B and C and Sections 115 and 116, and Workforce Investment Act, Section 503.

NONMAJOR GOVERNMENTAL FUNDS

Title I Recovery Act

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

Medicaid

To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. The fund was created by the authority of federal grant provisions. (Title XIX Social Security Act).

Rural Education Achievement Program

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

Education Jobs Fund

The Education Jobs Fund (Ed Jobs) program is a new Federal program that provides \$10 billion in assistance to States to save or create education jobs for the 2010-2011 school year. Jobs funded under this program include those that provide educational and related services for early childhood, elementary, and secondary education.

Dual Credit Instructional Materials

The objective is to account for the monies received from NMHU for the purpose of dual credit college enrollment for qualified high school seniors.

Technology for Education

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).

Incentives for School Improvement

To account for revenues and expenditures from a state grant as part of the Incentives for School Improvement Act: awarded based on the improvement in CTBS 5/Terra Nova or New Mexico High School Competency Examination scores. The fund was created by state grant provisions. (NMSA 22-13 A-1).

Beginning Teacher Mentoring

To account for revenues and expenditures from a state grant provided for tutoring and student enhancement activities in reading, math, and study skills for grades six through eight. The fund was created by state grant provisions.

Breakfast for Elementary

To account for revenues and expenditures from a state grant for the purpose of providing a free breakfast to elementary students. The fund was created by state grant provisions.

2008 Library Books

The purpose of this program is to acquire library books, equipment, and library resources for public schools libraries and juvenile detention libraries. The source of funding for this grant is General Obligation Bonds issued through the Public Education Department. The authority for creating this grant is NMSA Chapter 117, Section 10C(3).

School Based Health Clinic

To account for resources administered by New Mexico Department of Health. Funded by a contract with New Mexico Department of Health.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

All Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2012

	Food Service 21000	Athletics 22000	Migrant 24103	IDEA - B Entitlement 24106
ASSETS				
Cash and cash equivalents	\$ 29,610	\$ 269	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Interfund receivable	20,535	-	-	-
Due from other governments	-	-	2,836	12,648
Inventory	2,113	-	-	-
Total assets	<u>\$ 52,258</u>	<u>\$ 269</u>	<u>\$ 2,836</u>	<u>\$ 12,648</u>
LIABILITIES				
Accounts payable	\$ 420	\$ -	\$ -	\$ -
Interfund payable	-	-	2,836	12,648
Total liabilities	<u>420</u>	<u>-</u>	<u>2,836</u>	<u>12,648</u>
=				
Non-spendable	2,113	-	-	-
Restricted for:				
General fund	-	-	-	-
Special revenue funds	49,725	269	-	-
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
Total fund balance	<u>51,838</u>	<u>269</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 52,258</u>	<u>\$ 269</u>	<u>\$ 2,836</u>	<u>\$ 12,648</u>

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

IDEA Preschool 24109	Teacher / Principal Training & Recruiting 24154	Safe and Drug Free Schools and Community 24157	Carl Perkins 24180	Carl Perkins Redistribution 24182	Title I Recovery Act 24201
\$ -	\$ -	\$ (111)	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
2,240	1,920	-	2,295	1,813	-
-	-	-	-	-	-
<u>\$ 2,240</u>	<u>\$ 1,920</u>	<u>\$ (111)</u>	<u>\$ 2,295</u>	<u>\$ 1,813</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,240	1,920	-	2,295	1,813	-
-	-	-	-	-	-
2,240	1,920	-	2,295	1,813	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(111)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(111)	-	-	-
<u>\$ 2,240</u>	<u>\$ 1,920</u>	<u>\$ (111)</u>	<u>\$ 2,295</u>	<u>\$ 1,813</u>	<u>\$ -</u>

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

All Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2012

	Medicaid 25153	Rural Education Achievement Program 25233	Education Job Fund 25255	Dual Credit Instructional Materials 27103
ASSETS				
Cash and cash equivalents	\$ 8,204	\$ 96	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other funds	-	-	-	-
Interfund receivable	-	-	-	-
Inventory	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 8,204</u>	<u>\$ 96</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	-	-	-	-
Interfund payable	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Non-spendable	-	-	-	-
Restricted for:				
General fund	-	-	-	-
Special revenue funds	8,204	96	-	-
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>8,204</u>	<u>96</u>	<u>-</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 8,204</u>	<u>\$ 96</u>	<u>\$ -</u>	<u>\$ -</u>

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

Technology for Education 27117	Incentives for School Improvement 27138	Beginning Teacher Mentoring 27154	Breakfast for Elementary 27155	2008 Library Books 27549	School Based Health Clinic 29130
\$ 1,057	\$ 1	\$ 8,976	\$ -	\$ 489	\$ 1,667
-	-	-	-	-	-
-	-	-	2,541	-	-
-	-	-	-	-	-
<u>\$ 1,057</u>	<u>\$ 1</u>	<u>\$ 8,976</u>	<u>\$ 2,541</u>	<u>\$ 489</u>	<u>\$ 1,667</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	1,555	-	-
-	-	-	1,555	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,057	1	8,976	986	489	1,667
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,057</u>	<u>1</u>	<u>8,976</u>	<u>986</u>	<u>489</u>	<u>1,667</u>
<u>\$ 1,057</u>	<u>\$ 1</u>	<u>\$ 8,976</u>	<u>\$ 2,541</u>	<u>\$ 489</u>	<u>\$ 1,667</u>

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STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

All Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2012

	Total Non-major Governmental Funds
<u>ASSETS</u>	
Cash and cash equivalents	\$ 50,258
Accounts receivable	
Taxes	-
Interfund receivable	20,535
Due from other governments	26,293
Inventory	<u>2,113</u>
Total assets	<u>\$ 99,199</u>
 <u>LIABILITIES</u>	
Accounts payable	\$ 420
Interfund payable	<u>25,307</u>
Total liabilities	<u>25,727</u>
 <u>FUND BALANCE</u>	
Non-spendable	2,113
Restricted for:	
General fund	-
Special revenue funds	71,359
Capital projects funds	-
Debt service funds	-
Total fund balance	<u>73,472</u>
Total liabilities and fund balance	<u>\$ 99,199</u>

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

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

All Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2012

	Food Service 21000	Athletics 22000	Migrant 24103	IDEA - B Entitlement 24106
Revenues:				
Local sources	\$ 7,256	\$ 8,504	\$ -	\$ -
Interest income	129	-	-	-
State sources	-	-	-	-
Federal sources	85,242	-	3,000	37,483
Total revenues	<u>92,627</u>	<u>8,504</u>	<u>3,000</u>	<u>37,483</u>
Expenditures:				
Current operating:				
Instruction	-	8,260	3,000	31,299
Support services				
Students	-	-	-	6,184
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	90,396	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>90,396</u>	<u>8,260</u>	<u>3,000</u>	<u>37,483</u>
Excess (deficiency) revenues over expenditures	2,231	244	-	-
Other financing sources (uses):				
Interfund payable	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	2,231	244	-	-
Fund balance, beginning	49,607	25	-	-
Prior period adjustment	-	-	-	-
Fund balance, beginning, restated	<u>49,607</u>	<u>25</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ 51,838</u>	<u>\$ 269</u>	<u>\$ -</u>	<u>\$ -</u>

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

IDEA Preschool 24109	Teacher / Principal Training & Recruiting 24154	Safe and Drug Free Schools and Community 24157	Carl Perkins 24180	Carl Perkins Redistribution 24182	Title I Recovery Act 24201
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
2,705	17,170	-	16,713	5,528	13
2,705	17,170	-	16,713	5,528	13
2,376	17,170	-	15,454	4,208	13
329	-	-	170	-	-
-	-	-	-	-	-
-	-	-	230	-	-
-	-	-	859	1,320	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,705	17,170	-	16,713	5,528	13
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(111)	-	-	-
-	-	(111)	-	-	-
\$ -	\$ -	\$ (111)	\$ -	\$ -	\$ -

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

All Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2012

	Medicaid 25153	Rural Education Achievement Program 25233	Education Job Fund 25255	Dual Credit Instructional Materials 27103
Revenues:				
Local and county sources	\$ -	\$ -	\$ -	-
Interest income	-	-	-	-
State sources	-	-	-	592
Federal sources	19,037	10,639	631	-
Total revenues	<u>19,037</u>	<u>10,639</u>	<u>631</u>	<u>592</u>
Expenditures:				
Current operating:				
Instruction	-	10,543	631	592
Support services				
Students	20,023	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>20,023</u>	<u>10,543</u>	<u>631</u>	<u>592</u>
Excess (deficiency) revenues over expenditures	(986)	96	-	-
Other financing sources (uses):				
Interfund payable	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(986)	96	-	-
Fund balance, beginning	9,190	-	-	-
Prior period adjustment	-	-	-	-
Fund balance, beginning, restated	<u>9,190</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ 8,204</u>	<u>\$ 96</u>	<u>\$ -</u>	<u>\$ -</u>

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

Technology for Education 27117	Incentives for School Improvement 27138	Beginning Teacher Mentoring 27154	Breakfast for Elementary 27155	2008 Library Books 27549	School Based Health Clinic 29130
-	-	-	-	\$ -	\$ -
-	-	-	-	-	-
-	-	-	2,541	-	7,200
-	-	-	-	-	-
-	-	-	2,541	-	7,200
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,541	-	-
-	-	-	-	-	17,032
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,541	-	17,032
-	-	-	-	-	-
-	-	-	-	-	(9,832)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(9,832)
1,057	1	8,976	986	489	11,499
-	-	-	-	-	-
1,057	1	8,976	986	489	11,499
\$ 1,057	\$ 1	\$ 8,976	\$ 986	\$ 489	\$ 1,667

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

All Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2012

	Total Non-major Governmental Funds
Revenues:	
Local and county sources	\$ 15,760
Interest income	129
State sources	10,333
Federal sources	198,161
	<hr/>
Total revenues	224,383
	<hr/>
Expenditures:	
Current operating:	
Instruction	93,546
Support services	
Students	26,706
Instruction	-
General administration	230
School administration	2,179
Central services	-
Operation & maintenance of plant	-
Student transportation	-
Other support services	-
Operation of non-instructional services	
Food services operations	92,937
Capital outlay	17,032
Debt service:	
Principal	-
Interest	-
	<hr/>
Total expenditures	232,630
	<hr/>
Excess (deficiency) revenues over expenditures	(8,247)
Other financing sources (uses):	
Interfund payable	-
	<hr/>
Total other financing sources (uses)	-
	<hr/>
Net change in fund balances	(8,247)
Fund balance, beginning	81,830
Prior period adjustment	(111)
	<hr/>
Fund balance, beginning, restated	81,719
	<hr/>
Fund balance, ending	\$ 73,472
	<hr/> <hr/>

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Food Service - 21000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 8,221	\$ 8,221	\$ 7,256	\$ (965)
Interest income	75	75	129	54
State sources	-	-	-	-
Federal sources	84,801	84,801	85,242	441
Total revenues	<u>93,097</u>	<u>93,097</u>	<u>92,627</u>	<u>(470)</u>
Expenditures:				
Current operating:				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	135,611	141,038	90,423	50,615
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>135,611</u>	<u>141,038</u>	<u>90,423</u>	<u>50,615</u>
Excess (deficiency) of revenues over(under) expenditures	(42,514)	(47,941)	2,204	50,145
Other financing sources (uses):				
Interfund receivable	-	-	(20,535)	(20,535)
Interfund payable	-	-	-	-
Designated cash	42,514	47,941	-	(47,941)
Total other financing sources (uses)	<u>42,514</u>	<u>47,941</u>	<u>(20,535)</u>	<u>(68,476)</u>
Net change in fund balances	-	-	(18,331)	(18,331)
Cash balance, beginning of year	-	-	47,941	47,941
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,610</u>	<u>\$ 29,610</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (18,331)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			<u>20,562</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 2,231</u>	

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Athletics - 22000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 9,186	\$ 9,186	\$ 8,504	\$ (682)
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>9,186</u>	<u>9,186</u>	<u>8,504</u>	<u>(682)</u>
Expenditures:				
Current operating:				
Instruction	9,186	9,211	8,260	951
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>9,186</u>	<u>9,211</u>	<u>8,260</u>	<u>951</u>
Excess (deficiency) of revenues over(under) expenditures	-	(25)	244	269
Other financing sources (uses):				
Interfund receivable	-	-	-	-
Interfund payable	-	-	-	-
Designated cash	-	25	-	(25)
Total other financing sources (uses)	-	25	-	(25)
Net change in fund balances	-	-	244	244
Cash balance, beginning of year	-	-	25	25
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 269</u>	<u>\$ 269</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 244	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ 244</u>	

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Migrant - 24103
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	3,000	3,000	164	(2,836)
Total revenues	3,000	3,000	164	(2,836)
Expenditures:				
Current operating:				
Instruction	3,000	3,000	3,000	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	3,000	3,000	3,000	-
Excess (deficiency) of revenues over(under) expenditures	-	-	(2,836)	(2,836)
Other financing sources (uses):				
Interfund receivable	-	-	-	-
Interfund payable	-	-	2,836	2,836
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	2,836	2,836
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			2,836	
Adjustment to expenditures for payables, prepaids & other accruals			(2,836)	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - IDEA-B Entitlement - 24106
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	37,341	43,306	41,830	(1,476)
Total revenues	<u>37,341</u>	<u>43,306</u>	<u>41,830</u>	<u>(1,476)</u>
Expenditures:				
Current operating:				
Instruction	31,739	37,104	31,299	5,805
Support services:				
Students	5,602	6,202	6,184	18
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>37,341</u>	<u>43,306</u>	<u>37,483</u>	<u>5,823</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	4,347	4,347
Other financing sources (uses):				
Interfund receivable	-	-	(4,347)	(4,347)
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(4,347)</u>	<u>(4,347)</u>
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			(4,347)	
Adjustment to expenditures for payables, prepaids & other accruals			4,347	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - IDEA Preschool - 24109
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 2,774	\$ 2,794	\$ -	\$ (2,794)
State sources	-	-	-	-
Federal sources	-	-	683	683
Total revenues	<u>2,774</u>	<u>2,794</u>	<u>683</u>	<u>(2,111)</u>
Expenditures:				
Current operating:				
Instruction	2,357	2,377	2,376	1
Support services:				
Students	417	417	329	88
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>2,774</u>	<u>2,794</u>	<u>2,705</u>	<u>89</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	(2,022)	(2,022)
Other financing sources (uses):				
Interfund receivable	-	-	2,022	2,022
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,022</u>	<u>2,022</u>
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			2,022	
Adjustment to expenditures for payables, prepaids & other accruals			(2,022)	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Teacher/Principal Training and Recruiting - 24154
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	17,242	17,170	17,556	386
Total revenues	17,242	17,170	17,556	386
Expenditures:				
Current operating:				
Instruction	17,242	17,170	17,170	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	17,242	17,170	17,170	-
Excess (deficiency) of revenues over(under) expenditures	-	-	386	386
Other financing sources (uses):				
Interfund receivable	-	-	(386)	(386)
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(386)	(386)
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			(386)	
Adjustment to expenditures for payables, prepaids & other accruals			386	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Carl Perkins - 24180
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	15,445	21,728	15,886	(5,842)
Total revenues	15,445	21,728	15,886	(5,842)
Expenditures:				
Current operating:				
Instruction	15,445	17,845	15,454	2,391
Support services:				
Students	-	1,807	170	1,637
Instruction	-	-	-	-
General administration	-	-	230	(230)
School administration	-	2,076	859	1,217
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	15,445	21,728	16,713	5,015
Excess (deficiency) of revenues over(under) expenditures	-	-	(827)	(827)
Other financing sources (uses):				
Interfund receivable	-	-	827	827
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	827	827
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			827	
Adjustment to expenditures for payables, prepaids & other accruals			(827)	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Carl Perkins Redistribution - 24182
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	3,724	8,157	3,715	(4,442)
Total revenues	<u>3,724</u>	<u>8,157</u>	<u>3,715</u>	<u>(4,442)</u>
Expenditures:				
Current operating:				
Instruction	3,724	6,241	4,208	2,033
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	958	-	958
School administration	-	958	1,320	(362)
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>3,724</u>	<u>8,157</u>	<u>5,528</u>	<u>2,629</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	(1,813)	(1,813)
Other financing sources (uses):				
Interfund receivable	-	-	1,813	1,813
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	1,813	1,813
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			1,813	
Adjustment to expenditures for payables, prepaids & other accruals			(1,813)	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Title I - Recovery Act - 24201
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	13	13	-
Total revenues	-	13	13	-
Expenditures:				
Current operating:				
Instruction	-	13	13	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	13	13	-
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Interfund receivable	-	-	-	-
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Medicaid - 25153
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	15,000	18,163	19,037	874
Total revenues	15,000	18,163	19,037	874
Expenditures:				
Current operating:				
Instruction	-	-	-	-
Support services:				
Students	17,849	27,323	20,023	7,300
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	17,849	27,323	20,023	7,300
Excess (deficiency) of revenues over(under) expenditures	(2,849)	(9,160)	(986)	8,174
Other financing sources (uses):				
Interfund receivable	-	-	-	-
Interfund payable	-	-	-	-
Designated cash	2,849	9,160	-	(9,160)
Total other financing sources (uses)	2,849	9,160	-	(9,160)
Net change in fund balances	-	-	(986)	(986)
Cash balance, beginning of year	-	-	9,190	9,190
Cash balance, end of year	\$ -	\$ -	\$ 8,204	\$ 8,204
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (986)	
Adjustment to revenues for accruals & other deferrals			-	
- Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ (986)	

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Rural Education Achievement Program - 25233
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	16,518	22,566	6,048
Total revenues	-	16,518	22,566	6,048
Expenditures:				
Current operating:				
Instruction	-	16,518	10,543	5,975
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	16,518	10,543	5,975
Excess (deficiency) of revenues over(under) expenditures	-	-	12,023	12,023
Other financing sources (uses):				
Interfund receivable	-	-	(11,927)	(11,927)
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(11,927)	(11,927)
Net change in fund balances	-	-	96	96
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ 96	\$ 96
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 96	
Adjustment to revenues for accruals & other deferrals			(11,927)	
Adjustment to expenditures for payables, prepaids & other accruals			11,927	
Net change in fund balance (GAAP Basis)			\$ 96	

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Education Job Fund - 25255
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	632	631	(1)
Total revenues	-	632	631	(1)
Expenditures:				
Current operating:				
Instruction	-	632	631	1
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	632	631	1
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Interfund receivable	-	-	-	-
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Dual Credit Instructional Materials - 27103
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	592	592	-
Federal sources	-	-	-	-
Total revenues	-	592	592	-
Expenditures:				
Current operating:				
Instruction	-	592	592	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	592	592	-
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Interfund receivable	-	-	-	-
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Library 2010 GO Bonds - 27106
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	6,119	6,119	-	(6,119)
Federal sources	-	-	-	-
Total revenues	<u>6,119</u>	<u>6,119</u>	<u>-</u>	<u>(6,119)</u>
Expenditures:				
Current operating:				
Instruction	6,119	6,119	-	6,119
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>6,119</u>	<u>6,119</u>	<u>-</u>	<u>6,119</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Interfund receivable	-	-	-	-
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Breakfast for Elementary - 27155
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	2,959	-	(2,959)
Federal sources	-	-	-	-
Total revenues	-	2,959	-	(2,959)
Expenditures:				
Current operating:				
Instruction				-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	2,959	2,541	418
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	2,959	2,541	418
Excess (deficiency) of revenues over(under) expenditures	-	-	(2,541)	(2,541)
Other financing sources (uses):				
Interfund receivable	-	-	1,555	1,555
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	1,555	1,555
Net change in fund balances	-	-	(986)	(986)
Cash balance, beginning of year	-	-	986	986
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (986)	
Adjustment to revenues for accruals & other deferrals			2,541	
Adjustment to expenditures for payables, prepaids & other accruals			(1,555)	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - School Based Health Clinic - 29130
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	7,200	7,200
Federal sources	-	-	-	-
Total revenues	-	-	7,200	7,200
Expenditures:				
Current operating:				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	18,700	17,032	1,668
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	18,700	17,032	1,668
Excess (deficiency) of revenues over(under) expenditures	-	(18,700)	(9,832)	8,868
Other financing sources (uses):				
Interfund receivable	-	-	-	-
Interfund payable	-	-	-	-
Designated cash	-	11,499	-	(11,499)
Total other financing sources (uses)	-	11,499	-	(11,499)
Net change in fund balances	-	(7,201)	(9,832)	(2,631)
Cash balance, beginning of year	-	-	11,499	11,499
Cash balance, end of year	\$ -	\$ (7,201)	\$ 1,667	\$ 8,868
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (9,832)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ (9,832)	

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

Supplementary Information Related to
Major Governmental Funds

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

General Fund
Combining Balance Sheet
June 30, 2012

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 2,523
Accounts receivable:				
Taxes	5,429	-	-	-
Interfund receivable	50,159	17,165	-	-
Inventory	-	-	-	-
Total assets	<u>\$ 55,588</u>	<u>\$ 17,165</u>	<u>\$ -</u>	<u>\$ 2,523</u>
LIABILITIES				
Accounts payable	12,425	203	-	-
Interfund payable	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>12,425</u>	<u>203</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Non-spendable		-	-	-
Restricted for:				
General fund	-	-	-	2,523
Special revenue funds	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Unassigned:				
General fund	43,163	16,962	-	-
Total fund balance	<u>43,163</u>	<u>16,962</u>	<u>-</u>	<u>2,523</u>
Total liabilities and fund balances	<u>\$ 55,588</u>	<u>\$ 17,165</u>	<u>\$ -</u>	<u>\$ 2,523</u>

Total
General Fund

\$ 2,523

5,429

67,324

-

\$ 75,276

12,628

-

-

12,628

-

2,523

-

-

-

60,125

62,648

\$ 75,276

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - General Fund
For the year ended June 30, 2012

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
Revenues:				
Local sources	\$ 53,815	\$ 17,269	\$ -	\$ -
Interest income	1,567	-	-	-
Refunds and reimbursements	20,673	-	-	-
State sources	2,295,247	-	154,455	5,333
Federal sources	275	-	-	-
Total revenues	2,371,577	17,269	154,455	5,333
Expenditures:				
Current operating:				
Instruction	1,263,461	-	-	4,541
Support services				
Students	243,571	-	-	-
Instruction	85,000	-	-	-
General administration	171,873	-	-	-
School administration	143,141	-	-	-
Central services	100,371	-	-	-
Operation & maintenance of plant	300,952	11,802	-	-
Student transportation	26,378	-	154,492	-
Other support services	6,267	-	-	-
Operation of non-instructional services				
Food services operations	21,944	-	-	-
Capital outlay	-	2,490	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	2,362,958	14,292	154,492	4,541
Excess (deficiency) of revenues over expenditures	8,619	2,977	(37)	792
Other financing sources (uses):				
Interfund receivable	-	-	-	-
Interfund payable	-	-	-	-
Revert back to state	-	-	(36)	-
Total other financing sources (uses)	-	-	(36)	-
Net change in fund balances	8,619	2,977	(73)	792
Fund balance, beginning of year	34,544	13,985	73	1,731
Fund balance, end of year	<u>\$ 43,163</u>	<u>\$ 16,962</u>	<u>\$ -</u>	<u>\$ 2,523</u>

Total
General Fund

\$ 71,084
1,567
20,673
2,455,035
275

2,548,634

1,268,002

243,571
85,000
171,873
143,141
100,371
312,754
180,870
6,267

21,944
2,490

-
-

2,536,283

12,351

-
-

(36)

(36)

12,315

50,333

\$ 62,648

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 General Fund - Operational - 11000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 24,240	\$ 24,240	\$ 52,209	\$ 27,969
Interest income	1,500	1,500	1,567	67
Refunds and reimbursements	-	-	20,673	20,673
State sources	2,292,506	2,310,291	2,295,247	(15,044)
Federal sources	273	273	275	2
Total revenues	2,318,519	2,336,304	2,369,971	33,667
Expenditures:				
Current operating:				
Instruction	1,296,796	1,272,821	1,265,700	7,121
Support services:				
Students	261,503	261,503	243,571	17,932
Instruction	87,255	87,255	85,000	2,255
General administration	160,541	178,326	167,834	10,492
School administration	126,485	126,485	143,539	(17,054)
Central services	102,296	102,296	100,769	1,527
Operation & maintenance of plant	294,579	294,579	301,773	(7,194)
Student transportation	27,584	27,584	26,378	1,206
Other support services	6,274	6,274	6,267	7
Operation of non-instructional services				
Food services operations	22,144	22,144	21,944	200
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	2,385,457	2,379,267	2,362,775	16,492
Excess (deficiency) of revenues over(under) expenditures	(66,938)	(42,963)	7,196	50,159
Other financing sources (uses):				
Interfund receivable	-	-	(7,196)	(7,196)
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(7,196)	(7,196)
Net change in fund balances	(66,938)	(42,963)	-	42,963
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ (66,938)	\$ (42,963)	\$ -	\$ 42,963
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			8,802	
Adjustment to expenditures for payables, prepaids & other accruals			(183)	
Net change in fund balance (GAAP Basis)			\$ 8,619	

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 General Fund - Teacherage - 12000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 18,000	\$ 18,000	\$ 17,269	\$ (731)
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>18,000</u>	<u>18,000</u>	<u>17,269</u>	<u>(731)</u>
Expenditures:				
Current operating:				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	25,267	27,267	11,599	15,668
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	4,718	2,490	2,228
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>25,267</u>	<u>31,985</u>	<u>14,089</u>	<u>17,896</u>
Excess (deficiency) of revenues over(under) expenditures	(7,267)	(13,985)	3,180	17,165
Other financing sources (uses):				
Interfund receivable	-	-	(3,180)	(3,180)
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(3,180)</u>	<u>(3,180)</u>
Net change in fund balances	(7,267)	(13,985)	-	13,985
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, end of year	<u>\$ (7,267)</u>	<u>\$ (13,985)</u>	<u>\$ -</u>	<u>\$ 13,985</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			3,180	
Adjustment to expenditures for payables, prepaids & other accruals			(203)	
Net change in fund balance (GAAP Basis)			<u>\$ 2,977</u>	

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 General Fund - Transportation - 13000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	127,476	154,455	154,455	-
Federal sources	-	-	-	-
Total revenues	127,476	154,455	154,455	-
Expenditures:				
Current operating:				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	127,476	154,528	154,492	36
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	127,476	154,528	154,492	36
Excess (deficiency) of revenues over(under) expenditures	0	(73)	(37)	36
Other financing sources (uses):				
Interfund receivable	-	-	73	73
Interfund payable	-	-	-	-
Reverts back to state	-	-	(36)	(36)
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	37	37
Net change in fund balances	-	(73)	-	73
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ (73)	\$ -	\$ 73
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			(73)	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ (73)	

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 General Fund - Instructional Materials - 14000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	4,169	4,169	5,333	1,164
Federal sources	-	-	-	-
Total revenues	<u>4,169</u>	<u>4,169</u>	<u>5,333</u>	<u>1,164</u>
Expenditures:				
Current operating:				
Instruction	4,169	5,333	4,541	792
Support services:				
Students	-	-	-	-
Instruction	-	1,731	-	1,731
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>4,169</u>	<u>7,064</u>	<u>4,541</u>	<u>2,523</u>
Excess (deficiency) of revenues over(under) expenditures	-	(2,895)	792	3,687
Other financing sources (uses):				
Interfund receivable	-	-	1,731	1,731
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,731</u>	<u>1,731</u>
Net change in fund balances	-	(2,895)	2,523	5,418
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ (2,895)</u>	<u>\$ 2,523</u>	<u>\$ 5,418</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 2,523	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			<u>(1,731)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 792</u>	

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Capital Project Fund - Bond Building - 31100
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current operating:				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	1,099,288	1,099,288	677,627	421,661
Debt service:				
Bond issue costs	-	21,764	21,764	-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,099,288	1,121,052	699,391	421,661
Excess (deficiency) of revenues over(under) expenditures	(1,099,288)	(1,121,052)	(699,391)	421,661
Other financing sources (uses):				
Proceeds from bonds	450,000	450,000	450,000	-
Interfund receivable	-	-	-	-
Interfund payable	-	-	-	-
Designated cash	-	642,301	-	(642,301)
Total other financing sources (uses)	450,000	1,092,301	450,000	(642,301)
Net change in fund balances	(649,288)	(28,751)	(249,391)	(220,640)
Cash balance, beginning of year	-	-	642,301	642,301
Cash balance, end of year	\$ (649,288)	\$ (28,751)	\$ 392,910	\$ 421,661
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (249,391)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ (249,391)	

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Capital Project Fund - Senate Bill Nine - 31700
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 98,042	\$ 160,163	\$ 205,785	\$ 45,622
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>98,042</u>	<u>160,163</u>	<u>205,785</u>	<u>45,622</u>
Expenditures:				
Current operating:				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	500	500	267	233
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	131,026	260,052	215,395	44,657
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>131,526</u>	<u>260,552</u>	<u>215,662</u>	<u>44,890</u>
Excess (deficiency) of revenues over(under) expenditures	(33,484)	(100,389)	(9,877)	90,512
Other financing sources (uses):				
Interfund receivable	-	-	31,596	31,596
Interfund payable	-	-	-	-
Designated cash	33,484	100,389	-	(100,389)
Total other financing sources (uses)	<u>33,484</u>	<u>100,389</u>	<u>31,596</u>	<u>(68,793)</u>
Net change in fund balances	-	-	21,719	21,719
Cash balance, beginning of year	-	-	68,793	68,793
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,512</u>	<u>\$ 90,512</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 21,719	
Adjustment to revenues for accruals & other deferrals			(28,268)	
Adjustment to expenditures for payables, prepaids & other accruals			(4,553)	
Net change in fund balance (GAAP Basis)			<u>\$ (11,102)</u>	

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Debt Service Fund - Debt Service - 41000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 178,605	\$ 178,605	\$ 211,943	\$ 33,338
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>178,605</u>	<u>178,605</u>	<u>211,943</u>	<u>33,338</u>
Expenditures:				
Current operating:				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	540	540	245	295
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	100,000	100,000	100,000	-
Interest	112,339	112,339	112,339	-
Total expenditures	<u>212,879</u>	<u>212,879</u>	<u>212,584</u>	<u>295</u>
Excess (deficiency) of revenues over(under) expenditures	(34,274)	(34,274)	(641)	33,633
Other financing sources (uses):				
Interfund receivable	-	-	-	-
Interfund payable	-	-	-	-
Designated cash	34,274	34,274	-	(34,274)
Total other financing sources (uses)	<u>34,274</u>	<u>34,274</u>	<u>-</u>	<u>(34,274)</u>
Net change in fund balances	-	-	(641)	(641)
Cash balance, beginning of year	-	-	206,629	206,629
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,988</u>	<u>\$ 205,988</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (641)	
Adjustment to revenues for accruals & other deferrals			4,537	
Adjustment to expenditures for payables, prepaids & other accruals			746	
Net change in fund balance (GAAP Basis)			<u>\$ 4,642</u>	

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

AGENCY FUNDS

Activity Trust Fund

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

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

Agency Funds
Statement of Changes in Assets and Liabilities
June 30, 2012

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>ASSETS</u>				
Student activity groups	\$ 90,858	\$ 398,713	\$ 386,054	\$ 103,517
Total assets	<u>\$ 90,858</u>	<u>\$ 398,713</u>	<u>\$ 386,054</u>	<u>\$ 103,517</u>
<u>LIABILITIES</u>				
Funds handled on behalf of:				
Student activity groups	\$ 90,858	\$ 398,713	\$ 386,054	\$ 103,517
Total liabilities	<u>\$ 90,858</u>	<u>\$ 398,713</u>	<u>\$ 386,054</u>	<u>\$ 103,517</u>

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

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Agency Funds - Activity
 Statement of Changes in Assets and Liabilities
 June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
ASSETS				
General	\$ 202	\$ 2,741	\$ 1,992	\$ 951
In/out	673	150	406	417
Gift	393	1,333	475	1,251
Class of 2019	463	107	170	400
Library	1,443	1,033	2,383	93
Carnival	474	19	-	493
Student Council	527	542	825	244
Superintendent	8	-	-	8
FHA	141	-	-	141
Principals	94	-	-	94
First grade	280	38	-	318
Honor society	177	160	330	7
Cheerleaders	71	1,290	1,304	57
Industrial arts	957	-	-	957
Class of 2018	732	85	-	817
Class of 2020	155	1,341	858	638
Class of 2007	126	-	-	126
Class of 2008	72	-	-	72
Class of 2009	1,322	-	-	1,322
Resource room	137	-	-	137
Class of 2016	105	149	-	254
Yearbook	1,803	1,340	1,170	1,973
Arts and crafts	252	-	-	252
Kindergarten	51	184	-	235
Class of 2015	1,033	33	-	1,066
Class of 2014	210	99	187	122
Class of 2013	432	2,932	2,068	1,296
Class of 2012	738	1,081	1,354	465
Class of 2011	324	-	-	324
Class of 2010	26	-	-	26
PTO	16	-	-	16
School museum	63	-	-	63
Accelerated reader	468	-	10	458
Athletic boosters	1,339	20,523	21,028	834
TNT	4,298	12,400	8,052	8,646
Panther outpost	979	-	-	979
Student health	319	-	-	319
Technology	626	-	-	626
MENSA	1	179	-	180
NMPSA insurance	54,793	315,624	315,740	54,677
SADD	159	-	-	159
Pre-school	125	62	31	156
PNM science grant	46	-	-	46
FFA / AG	1,164	11,785	10,192	2,757
LA's best	993	10	-	1,003
PBS award	750	-	-	750
Elk lodge grant	1,800	-	-	1,800
Summer school	2,101	-	-	2,101
Sub-total	\$ 83,461	\$ 375,240	\$ 368,575	\$ 90,126

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Agency Funds - Activity
 Statement of Changes in Assets and Liabilities
 June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<u>ASSETS</u>				
NM 6 man football	\$ 1,140	\$ 3,806	\$ 3,906	\$ 1,040
Project celebration	909	333	333	909
District 8-A	698	2,547	1,946	1,299
State rings/shirts	340	10,943	8,264	3,019
Panther invitational	644	-	-	644
Legislative trip	185	2,934	1,198	1,921
Fees and fines	480	296	-	776
Class of 2021	250	53	40	263
Regional school board	65	-	-	65
Dig pink - volleyball	683	318	-	1,001
State game	1,909	-	-	1,909
Class of 2024	94	62	35	121
Class of 2025 Pre-school	-	78	31	47
District 8-A	-	2,103	1,726	377
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 90,858</u>	<u>\$ 398,713</u>	<u>\$ 386,054</u>	<u>\$ 103,517</u>
 <u>LIABILITIES</u>				
Due to student groups	<u>\$ 90,858</u>	<u>\$ 398,713</u>	<u>\$ 386,054</u>	<u>\$ 103,517</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 90,858</u>	<u>\$ 398,713</u>	<u>\$ 386,054</u>	<u>\$ 103,517</u>

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

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Other Supplemental Information

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

Cash Reconciliation - All Funds
For the year ended June 30, 2012

	<u>Beginning Cash</u>	<u>Receipts</u>	<u>Distributions</u>	<u>Other</u>
Lake Arthur Municipal School				
Operational	\$ -	\$ 2,369,971	\$ (2,362,775)	\$ (7,196)
Teacherage	-	17,269	(14,089)	(3,180)
Transportation	-	154,455	(154,492)	37
Instructional Materials	-	5,333	(4,541)	1,731
Food Services	47,941	92,627	(90,423)	(20,535)
Athletics	25	8,504	(8,260)	-
Federal Flow through	-	165,742	(166,878)	1,025
Federal Direct	9,190	42,234	(31,197)	(11,927)
State Flow through	11,509	21,231	(30,630)	8,413
Combined Local / State	11,499	7,200	(17,032)	
Bond Building	642,301	-	(699,391)	450,000
Capital Improvement SB-9	68,793	205,785	(215,662)	31,596
Debt Service	206,629	211,943	(212,584)	-
	<u>997,887</u>	<u>3,302,294</u>	<u>(4,007,954)</u>	<u>449,964</u>
Total Governmental Funds				
Student Activities	<u>90,858</u>	<u>398,713</u>	<u>(386,054)</u>	<u>-</u>
Total Lake Arthur Municipal School	<u>\$ 1,088,745</u>	<u>\$ 3,701,007</u>	<u>\$ (4,394,008)</u>	<u>\$ 449,964</u>

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>
Lake Arthur Municipal School			
Operational	Checking	Western Bank	\$ 89,575
Teacherage	Checking	Western Bank	-
Transportation	Checking	Western Bank	-
Instructional Materials	Checking	Western Bank	2,523
Food Services	Checking	Western Bank	34,428
Athletics	Checking	Western Bank	3,079
Federal Flow through	Checking	Western Bank	58,810
Federal Direct	Checking	Western Bank	8,300
State Flow through	Checking	Western Bank	29,049
Combined Local / State	Checking	Western Bank	1,667
Bond Building	Checking	Western Bank	396,968
Capital Improvement SB-9	Checking	Western Bank	90,512
Debt Service	Checking	Western Bank	205,988
			<u>920,899</u>
Total governmental funds			
Student Activities	Checking	Western Bank	<u>103,517</u>
Total Lake Arthur Municipal School			<u>\$ 1,024,416</u>
Total bank balances			\$ 1,024,416
Reconciling items - outstanding deposits			-
Reconciling items - outstanding checks			<u>(178,708)</u>
Report balance			<u>\$ 845,708</u>

<u>Net Cash End of Period</u>	<u>Adjustments to the Report</u>	<u>Total Cash on Report</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
2,523	-	2,523
29,610	-	29,610
269	-	269
(111)	-	(111)
8,300	-	8,300
10,523	-	10,523
1,667	-	1,667
392,910	-	392,910
90,512	-	90,512
205,988	-	205,988
<hr/>		
742,191	-	742,191
103,517	-	103,517
<hr/>		
\$ 845,708	\$ -	\$ 845,708
<hr/>	<hr/>	<hr/>

Compliance Section

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 H. Balderas
State Auditor of the State of New Mexico
Board Members of the Lake Arthur Municipal School District

Mr. Balderas and Members of the Board

I 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, and the combining and individual funds and related budgetary comparisons presented as supplemental information of Lake Arthur Municipal School District (District) as of and for the year ended June 30, 2012, and have issued my report thereon dated November 7, 2012. I conducted my 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 District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered the District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions 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, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, I identified certain deficiencies in internal control over financial reporting that I consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. 2012-1, 2012-2, 2012-3, 2010-1, 2011-1, 2011-2, 2011-4, and 2011.5.

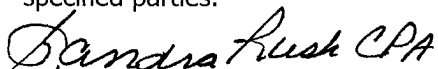
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 as items 2012-1, 2012-2, 2012-3, 2010-1, 2011-1, 2011-2, 2011-4, and 2011.5.

I also noted certain other matters that are required to be reported pursuant to *Government Auditing Standards* paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and responses as finding 2012-2.

The District's responses to the findings identified in my audit are described in the accompanying schedule of findings and responses. I did not audit the District's responses and, accordingly, I express no opinion on them.

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



Sandra Rush CPA PC
November 7, 2012

STATE OF NEW MEXICO
Lake Arthur Municipal School

Schedule of Findings and Responses
June 30, 2012

Prior Year Audit Findings:		<u>Status</u>
10-1	ERB Reporting on percentage	Repeated
10-3	Reporting of insurance premiums	Resolved
11-1	Budget	Repeated
11-2	Payroll procedures	Repeated
11-3	Expenditure issue	Resolved
11-4	PED Cash report	Repeated
11-5	Cash appropriation in excess of available cash	Repeated
11-6	Personnel files	Resolved

Current Year Audit Findings

2012-1 Disposition of Capital Assets - Compliance and Internal Control – Material Weakness

Condition

During the current year, the District sold one (1) old vehicle without the proper notification to the State Auditor.

Criteria

Notification prior to disposal is required by New Mexico State Audit Rule Section 2.2.2.10-V-2 , Section 13-6-1, and 13-6-2 NMSA 1978.

Cause of condition

The District was unaware of the requirement.

Effect

The District appears to be in violation of the state statute governing the disposition of obsolete, worn-out or unusable tangible personal property cited above.

Recommendation

I recommend that the District implement a policy for disposal of assets that is in compliance with New Mexico State Audit Rule 2.2.2.10-V-2, Section 13-6-1 and 13-6-2 NMSA 1978.

Client response

The District will implement a policy for disposal to ensure that the State Auditor is properly notified prior to disposition of any assets.

Schedule of Findings and Responses
June 30, 2012

2012-2 Capital Asset Listing – Compliance and Internal Control – Material Weakness

Condition

For the year ended June 30, 2012, the District had not maintained a capital asset listing that was reconciled to the general ledger and in compliance with the GASB 34. For several years the capital asset listing has been maintained by the predecessor auditor. The District requested the capital asset records from the auditor, but the records provided were not in a usable form, the predecessor auditor e mailed the District a PDF file. The District was unable to make additions or deletions or compute depreciation expense without recreating the listing. The records provided by the predecessor auditor lacked asset identification and location and appeared to have obsolete equipment and equipment the District no longer owns. As a result, the financial statements of the District may be materially misstated due to the balances of capital assets and accumulated depreciation being materially misstated. Also, the District did not perform an annual physical inventory of movable chattels and equipment on the capital asset inventory list at the end of each fiscal year.

Criteria

The State Audit Act, 12-6-10 NMSA 1978 requires that the District prepare and maintain an accurate listing of capital assets. The District must have a capital assets management policy to provide accountability for the safeguarding of assets in accordance with GASB 34 and Section 12-2-10 NMSA 1978.

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

Cause

There are no procedures in place to ensure that all capital assets are accounted for in a capital asset inventory listing. Further, the District did not have a system in place to track capital asset additions and deletions and to calculate and account for depreciation and accumulated depreciation. The District's auditor maintained the capital asset records.

Effect

Lack of sufficient records results in assets that are not properly safeguarded. Asset identification and location are essential in the prevention of theft and loss of assets due to fraudulent activity. Capital assets cannot be depreciated due to lack of information that is being maintained. As a result, the financial statements of the District may be materially misstated due to the balances of capital assets and accumulated depreciation being materially misstated.

Recommendation

The District should develop procedures to ensure that all capital assets are accounted for in a capital asset inventory listing. The District should establish controls over its capital assets in order to safeguard them and establish accountability for their custody and use. (Capital Asset Controls 2.20.1.15, NMAC) Such controls should apply to authorization to acquire fixed assets, receiving purchases, tagging the assets, assigned location, individuals responsible for tracking use and location, and fund and organizational unit fund and organizational unit

The District should conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year, certify the correctness of the inventory after the physical inventory, and provide the certification the District's auditors.

Agency response
None provided.

STATE OF NEW MEXICO
Lake Arthur Municipal School

Schedule of Findings and Responses
June 30, 2012

2012-3 Audit Report Filed Late – Compliance and Internal Control – Material Weakness

Condition

The June 30, 2012 audit report was submitted to the State Auditor's office November 30, 2012 which was not timely.

Criteria

According to State Auditor Rule NMAC 2.2.2.9.A, the audited financial statements are due by November 15 of the fiscal year audited.

Cause

The audit was not submitted to the New Mexico State Auditor on or before November 15, 2012.

Effect

The District is not in compliance with State Auditor Rule 2.2.2.9.A for the fiscal year ended June 30, 2012.

Recommendation

The audit needs to be submitted timely.

Agency response

The District agrees.

2010-1 ERB Reporting on percentages - Internal Control & Compliance Control – Material Weakness

Condition

Field work revealed that three (3) of the twelve months ERB reports were calculated incorrectly on the form. The district has other pays to employees besides the original contract coded as either over or under \$20,000 gross wages. These are coded incorrect based on the true over or under \$20,000. This error caused the district to underpay ERB for the year by an estimate of \$55,611.

Criteria

82.9.8(C)(1), NMAC provides that all "reports and contributions shall be postmarked no later than the fifteenth (15th) of the month following the end of the month covered by the report. When the fifteenth (15th) of the month is on a Saturday, reports and contributions are due the previous day. If the fifteenth (15th) of the month falls on a Sunday or holiday, report and contributions are due on the next workday."

Cause

Employees received stipends after their initial wage amount was entered. The Visions software was not updated for the change.

Effect

Failure to submit the proper percentages by the District could incur penalties.

Recommendation

Each time an employee's wages change updates in the software must be made and reviewed.

Response

The District updated the wages in Visions after the 2011 audit. Procedures were also put into place to update coding when wages change. All errors found occurred early in the year, prior to the 2011 audit.

STATE OF NEW MEXICO
Lake Arthur Municipal School

Schedule of Findings and Responses
June 30, 2012

2011-1 Budget - Internal Control & Compliance - Material Weakness

Condition

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

Operational	\$	24,248
State Directed	\$	6,443
Carl Perkins	\$	230
Carl Perkins Redistribution	\$	362

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

Unknown

Effect

As a result, the district is in non compliance with New Mexico law, and the control established by the use of budgets has been compromised. Continued over-expenditure of budgeted balances may result in unnecessary usage of operating funds.

Recommendation

The District must establish a policy of budgetary review when purchases are authorized and make necessary budget adjustments.

Response

The District will be watching budgets closely in the future and monitoring for these occurrences in order to make budget adjustments in a timely manner.

2011-2 Payroll procedures - Internal Control & Compliance - Material Weakness

Condition

The audit revealed that employees are being paid three weeks in advance of each month for that month's earnings. Also revealed are that employees are receiving payroll advances. As a result, employees are paid for services they have not rendered.

Criteria

The New Mexico Criminal Code makes it a fourth-degree felony for a public official to pay public money for services that have not been rendered. "Paying or receiving public money for services not rendered consists of knowingly making or receiving payment or causing payment to be made from public funds where such payment purports to be for wages, salary or remuneration for personal services which have not in fact been rendered." 30-23-2 NMSA 1978.

Cause

Payroll has been handled in this manner for many years and the District has no record of how or when the first payroll was made with this method. This method has been continued as it would be a hardship on employees to adjust the payment date. Employee advances have been made for several years and employees expect the advances to continue.

Effect

Paying wages before earned is a violation of 30-23-2 NMSA 1978. If an employee terminates, the District may not recover the unearned wages the employee has received and the employee will have received payment for services they have not rendered.

Recommendation

Although this auditor agrees that it would be a hardship to correct the paydays to match the pay periods, statute requires such adjustment to be made. It is a very serious issue to continue in this manner and it could potentially subject District personnel to criminal charges. The School Board should take up this issue immediately and pass an appropriate resolution to correct the pay periods for all District employees. I would also recommend contacting legal counsel to allow the District to fully evaluate the potential exposure to the District and its personnel. It may be possible to delay the implementation of such policy until the summer or the expiration of a majority of employee contracts for the current year, but such action should be carefully discussed with legal counsel.

Response

District changed pay dates to match actual service provided effective 7/1/2012.

2011-4 PED Cash Reports - Internal Control & Compliance - Material Weakness

Condition

The District's PED Cash Report at year end does not agree with the audited cash balances.

Criteria

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

Cause

The predecessor auditor made adjustments to the general ledger and did not provide the adjustments to the District.

Effect

The school is not in compliance with NMAC 6.20.2.11 (b) (6) and Regulation SBE-6.

Recommendation

The auditor should provide the District with all proposed adjustments. If the District approves the adjustments, the adjustments should be recorded in the general ledger. The general ledger should be reconciled with the cash report prior to submission of the cash report.

Response

The District plans to reconcile bank accounts in the future prior to submitting cash reports to PED.

STATE OF NEW MEXICO
Lake Arthur Municipal School

Schedule of Findings and Responses
June 30, 2012

2011-5 Cash Appropriations in Excess of Available Cash Balances - Internal Control & Compliance - Material Deficiency

Condition

The District maintained a deficit budget in excess of available resources in the following funds

Operational	\$	42,963
Teacherage	\$	13,985
Transportation	\$	73
Instructional Materials	\$	2,895
Bond Buildings	\$	28,751
School Based Health Clinic	\$	7,201

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 rebudgeted 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 budget deficits.

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 and end of the year cash balance.

Response

BARS will be issued to adjust beginning cash to actual and reduce expenditures as necessary.

Financial Statement Preparation

The financial statements were prepared by District personnel with assistance from Sandra Rush, CPA. The financial statements remain the responsibility of the District's management.

Exit Conference

The contents of this report were discussed with, Michael Groosman, Superintendent, John Jackson, board member, Dee Dee Dalton, Business Manager, and Sandra Rush, CPA, in an exit conference on November 7, 2012.