

Lordsburg Municipal School District No. 1

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT THEREON**

For The Fiscal Year Ended June 30, 2011

Lordsburg Municipal School District #1
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Lordsburg Municipal Schools
DIRECTORY OF OFFICIALS
June 30, 2011

BOARD OF EDUCATION

Manuel D.V. Saucedo

President

John Mora

Vice-President

Maria Sanchez

Secretary

Ali Salinas

Member

Ruben Gomez

Member

SCHOOL OFFICIALS

Jim Barentine

Superintendent

Irene Baisa

Business Manager

MIKE STONE, C.P.A.
LINDA STONE McGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
KELLEY WYATT, C.P.A.

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INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas, State Auditor
and
Board of Education
Lordsburg Municipal School District No. 1
Lordsburg, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and the major special revenue funds of the Lordsburg Municipal School District No. 1 (District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the District's non-major governmental funds, and the budgetary comparisons for the components of the general fund, the non-major special revenue funds, the Debt Service Fund, and the capital projects funds presented as other supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, each major fund, and the aggregate remaining fund information of Lordsburg Municipal School District No. 1 as of June 30, 2011, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the General Fund and the Title I, Entitlement, and Entitlement Stimulus special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of Lordsburg Municipal School District No. 1 as of June 30, 2011, and the respective changes in financial position, where applicable, thereof and the

respective budgetary comparisons for the components of the general fund, the non-major special revenue funds, the Debt Service Fund, and the capital projects funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2011, on our consideration of Lordsburg Municipal School District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Lordsburg Municipal School District No. 1 has not presented management's discussion and analysis that is required by accounting principles generally accepted in the United States of America to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements and on the combining, individual fund and budgetary comparisons statements presented as other supplementary information. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements of the District. In addition, the accompanying financial information listed as other supplemental data in the table of contents is also presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Expenditures of Federal Awards and the other supplemental data have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Stone, McGee & Co CPAs

October 20, 2011

Stone, McGee & Co.
Certified Public Accountants

Lordsburg Municipal School District #1
STATEMENT OF NET ASSETS
June 30, 2011

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 2,915,552
Property taxes receivable	41,771
Due from other governments	395,629
Inventory	23,882
Bond issue costs	128,871
Capital assets:	
Land	341,566
Buildings	24,605,202
Furniture and fixtures and equipment	4,061,116
Construction in progress	2,577,411
Less accumulated depreciation	(16,093,759)
Total capital assets, net of depreciation	\$ 15,491,536
Total assets	\$ 18,997,241
Liabilities	
Cash overdraft	\$ 116,917
Accounts payable	74,609
Bond premiums	3,786
Deferred revenue	
Long-term liabilities:	
Portion due or payable within one year:	
Bonds payable	600,000
Accrued interest payable	35,222
Portion due or payable after one year:	
Bonds payable	3,865,000
Compensated absences	62,547
Total liabilities	\$ 4,758,081
Net Assets	
Invested in capital assets, net of related debt	\$ 11,762,552
Restricted for:	
Debt service	758,668
Capital projects	337,900
Other purposes	326,802
Unrestricted	1,053,238
Total net assets	\$ 14,239,160

The accompanying notes are an integral part of these financial statements

Lordsburg Municipal School District #1
STATEMENT OF ACTIVITIES
 For the Fiscal Year Ended June 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental activities:					
Instruction	\$ 4,341,021	\$ 102,219	\$ 1,220,033	\$ 67,321	\$ (2,951,448)
Support services - Students	643,255		164,544		(478,711)
Support services - Instruction	647,392		520,046		(127,346)
General administration	207,188				(207,188)
School administration	1,079,570		199,638		(879,932)
Central services	265,238				(265,238)
Operation of plant	1,162,150			409,123	(753,027)
Food services	366,136	30,969	253,276		(81,891)
Transportation	304,734		306,633		1,899
Other support services	2,715				(2,715)
Interest on long-term debt	141,630				(141,630)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total governmental activities	<u>\$ 9,161,029</u>	<u>\$ 133,188</u>	<u>\$ 2,664,170</u>	<u>\$ 476,444</u>	<u>\$ (5,887,227)</u>

General revenues:	
Property taxes:	
Levied for general purposes	\$ 53,146
Levied for debt service	764,889
Levied for capital improvements	211,766
State aid - formula grants	5,767,102
Recoveries and refunds	205,680
Unrestricted investment earnings	<u>5,675</u>
 Total general revenues and special items	 <u>\$ 7,008,258</u>
 Change in net assets	 \$ 1,121,031
Net assets - beginning	<u>13,118,129</u>
Net assets - ending	<u><u>\$ 14,239,160</u></u>

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

Lordsburg Municipal School District #1
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2011

	General Fund	Title I	Entitlement
Assets			
Cash and investments	\$ 730,530	\$ -	\$ -
Taxes receivable	3,023		
Inventory	17,441		
Due from other governments		128,682	68,449
Interfund receivable	278,508		
Total assets	\$ 1,029,502	\$ 128,682	\$ 68,449
 Liabilities and Fund Balance			
Cash overdraft	\$ -	\$ 116,620	\$ -
Accounts payable	38,802		
Interfund payable		12,062	68,449
Deferred revenue	2,458		
Total liabilities	\$ 41,260	\$ 128,682	\$ 68,449
 Fund balance:			
Nonspendable			
Inventories	\$ 17,441	\$ -	\$ -
Restricted for:			
Education			
Food service			
Capital projects			
Debt service			
Assigned	34,934		
Unassigned	935,867		
Total fund balance	\$ 988,242	\$ -	\$ -
Total liabilities and fund balance	\$ 1,029,502	\$ 128,682	\$ 68,449

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

<u>Entitlement Stimulus</u>	<u>Bond Building</u>	<u>Debt Service</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 1,108,792	\$ 765,566 28,324	\$ 310,664 10,424 6,441	\$ 2,915,552 41,771 23,882
87,178			111,320	395,629
<u>87,178</u>	<u>1,108,792</u>	<u>793,890</u>	<u>438,849</u>	<u>3,655,342</u>
\$ -	\$ - 34,876	\$ -	\$ 297 931	\$ 116,917 74,609
87,178		20,182	110,819 8,164	278,508 30,804
<u>87,178</u>	<u>34,876</u>	<u>20,182</u>	<u>120,211</u>	<u>500,838</u>
\$ -	\$ - 1,073,916	\$ - 773,708	\$ 6,441 271,994 40,203	\$ 23,882 271,994 40,203 1,073,916 773,708 34,934 935,867
<u>-</u>	<u>1,073,916</u>	<u>773,708</u>	<u>318,638</u>	<u>3,154,504</u>
<u>87,178</u>	<u>1,108,792</u>	<u>793,890</u>	<u>438,849</u>	<u>3,655,342</u>

Lordsburg Municipal School District #1
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
 TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**
 June 30, 2011

Total governmental fund balances	\$	3,154,504
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		15,491,536
Bond issue costs are capitalized and amortized over the life of the bonds		128,871
Bond premiums are deferred and amortized over the life of the bonds		(3,786)
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds: Property taxes not collected within the 60 day availability period		30,804
Long-term liabilities, including bonds payable, compensated absences and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable		(4,465,000)
Accrued interest payable		(35,222)
Accrued compensated absences		(62,547)
		14,239,160
<i>Net Assets of Governmental Activities</i>	\$	14,239,160

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

Lordsburg Municipal School District #1
**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**
For The Fiscal Year Ended June 30, 2011

	General Fund	Title I	Entitlement	Entitlement Stimulus
Revenues:				
Property taxes	\$ 53,273	\$ -	\$ -	\$ -
Fees and charges	69,343			
State aid	6,264,609			
Federal aid	110,854	336,805	215,872	133,162
Earnings on investments	2,435			
Miscellaneous	56,051			
	\$ 6,556,565	\$ 336,805	\$ 215,872	\$ 133,162
Expenditures:				
Current:				
Instruction	\$ 3,010,976	\$ 285,160	\$ 134,528	\$ 120,978
Support services - Students	443,717		48,346	3,743
Support services - Instruction	160,995			
General administration	188,719			
School administration	827,306	51,645	32,998	8,441
Central services	252,115			
Operation of plant	1,079,062			
Food service	52,727			
Transportation	282,753			
Other support services	2,715			
Debt service:				
Principal				
Interest				
Bond issue costs				
Capital outlay	18,717			
	\$ 6,319,802	\$ 336,805	\$ 215,872	\$ 133,162
Revenues over (under) expenditures	\$ 236,763	\$ -	\$ -	\$ -
Other financing sources:				
Bond proceeds				
Bond premiums				
Operating transfers in (out)	(7,437)			
	\$ 229,326	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	\$ 758,916			
Fund balance, June 30, 2011	\$ 988,242	\$ -	\$ -	\$ -

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

<u>Bond Building</u>	<u>Debt Service</u>	<u>Other Funds</u>	<u>Governmental Funds Total</u>
\$ -	\$ 763,314	\$ 213,124	\$ 1,029,711
		63,845	133,188
		411,137	6,675,746
		1,435,277	2,231,970
1,319	898	512	5,164
<u>147,435</u>		<u>2,194</u>	<u>205,680</u>
<u>\$ 148,754</u>	<u>\$ 764,212</u>	<u>\$ 2,126,089</u>	<u>\$ 10,281,459</u>
\$ -	\$ -	\$ 564,895	\$ 4,116,537
		112,455	608,261
		477,648	638,643
	7,683	2,146	198,548
		111,063	1,031,453
			252,115
		17,466	1,096,528
		295,912	348,639
			282,753
			2,715
	650,000		650,000
	115,608		115,608
29,485			29,485
<u>463,041</u>		<u>546,453</u>	<u>1,028,211</u>
<u>\$ 492,526</u>	<u>\$ 773,291</u>	<u>\$ 2,128,038</u>	<u>\$ 10,399,496</u>
\$ (343,772)	\$ (9,079)	\$ (1,949)	\$ (118,037)
1,000,000			1,000,000
		7,437	-
<u>\$ 656,228</u>	<u>\$ (9,079)</u>	<u>\$ 5,488</u>	<u>\$ 881,963</u>
<u>\$ 417,688</u>	<u>\$ 782,787</u>	<u>\$ 313,150</u>	<u>\$ 2,272,541</u>
<u><u>\$ 1,073,916</u></u>	<u><u>\$ 773,708</u></u>	<u><u>\$ 318,638</u></u>	<u><u>\$ 3,154,504</u></u>

Lordsburg Municipal School District #1
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

June 30, 2011

Net change in fund balances-total governmental funds	\$	881,963
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense.

Capital outlay		1,028,211
Depreciation expense		(441,813)

Bond proceeds are reported as financing sources in the funds. In the Statement of Activities, however, issuing debt increases long-term liabilities.		(1,000,000)
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Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net change during the year:

Property taxes not collected within the 60 day availability period		90
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Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets		650,000
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Bond issue costs are expenditures in the funds but are capitalized and amortized in the Statement of Activities.

Bond issue costs		29,485
Amortization		(22,081)

Bond premiums are revenues in the funds but are deferred and amortized in the Statement of Activities.

Bond premiums		-
Amortization		511

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

(3,941)

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the net change during the year.

(1,394)

<i>Change in Net Assets of Governmental Activities</i>	\$	1,121,031
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The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 41,408	\$ 41,408	\$ 37,312	\$ (4,096)
State sources	6,372,250	6,194,203	6,166,373	(27,830)
Local sources	148,567	148,567	274,434	125,867
Interest income	30,000	30,000	1,675	(28,325)
Total revenues	\$ 6,592,225	\$ 6,414,178	\$ 6,479,794	\$ 65,616
Expenditures:				
Current:				
Instruction	\$ 3,320,136	\$ 3,175,826	\$ 2,979,054	\$ 196,772
Support services - Students	521,956	516,950	443,717	73,233
Support services - Instruction	189,719	192,968	160,995	31,973
General administration	205,256	207,350	187,594	19,756
School administration	881,387	892,360	824,882	67,478
Central services	277,498	294,006	252,419	41,587
Operation of plant	1,233,360	1,237,096	987,851	249,245
Transportation	369,582	359,899	331,495	28,404
Other support services	82,195	82,195	2,715	79,480
Food services	103,436	103,436	52,727	50,709
Capital outlay	116,000	60,392	5,887	54,505
Non-operating	-	-	-	-
Total expenditures	\$ 7,300,525	\$ 7,122,478	\$ 6,229,336	\$ 893,142
Revenues over (under) expenditure:	\$ (708,300)	\$ (708,300)	\$ 250,458	\$ 958,758
Other financing sources (uses)				
Transfers out	-	-	(7,437)	(7,437)
Net change in fund balance	\$ (708,300)	\$ (708,300)	\$ 243,021	\$ 951,321
Fund balance, July 1, 2010	708,300	708,300	738,079	29,779
Fund balance, June 30, 2011	\$ -	\$ -	\$ 981,100	\$ 981,100
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 229,326	
Revenue accruals (net)			(76,771)	
Expenditure accruals (net)			90,466	
Other financing uses (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 243,021	

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - TITLE I
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 360,608	\$ 368,117	\$ 278,407	\$ (89,710)
Expenditures:				
Current:				
Instruction	\$ 308,961	\$ 316,470	\$ 285,348	\$ 31,122
Support services - Students				-
School administration	51,647	51,647	51,645	2
Total expenditures	<u>\$ 360,608</u>	<u>\$ 368,117</u>	<u>\$ 336,993</u>	<u>\$ 31,124</u>
Net change in fund balance	\$ -	\$ -	\$ (58,586)	\$ (58,586)
Fund balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>(70,096)</u>	<u>(70,096)</u>
Fund balance, June 30, 2011	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (128,682)</u></u>	<u><u>\$ (128,682)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(58,398)	
Expenditure accruals (net)			<u>(188)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (58,586)</u></u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - ENTITLEMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 215,358	\$ 245,005	\$ 170,649	\$ (74,356)
Expenditures:				
Current:				
Instruction	\$ 133,817	\$ 154,046	\$ 134,528	\$ 19,518
Support services - Students	47,798	51,798	48,346	3,452
School administration	33,743	39,161	32,998	6,163
Total expenditures	<u>\$ 215,358</u>	<u>\$ 245,005</u>	<u>\$ 215,872</u>	<u>\$ 29,133</u>
Net change in fund balance	\$ -	\$ -	\$ (45,223)	\$ (45,223)
Fund balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>(23,226)</u>	<u>(23,226)</u>
Fund balance, June 30, 2011	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (68,449)</u></u>	<u><u>\$ (68,449)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(45,223)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (45,223)</u></u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - ENTITLEMENT STIMULUS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 94,958	\$ 133,165	\$ 45,984	\$ (87,181)
Expenditures:				
Current:				
Instruction	\$ 83,125	\$ 120,980	\$ 120,978	\$ 2
Support services - Students	3,000	3,744	3,743	1
School administration	8,833	8,441	8,441	-
Total expenditures	\$ 94,958	\$ 133,165	\$ 133,162	\$ 3
Net change in fund balance	\$ -	\$ -	\$ (87,178)	\$ (87,178)
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	\$ -	\$ -	\$ (87,178)	\$ (87,178)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(87,178)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (87,178)	

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

Lordsburg Municipal School District #1
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
June 30, 2011

	Private Purpose Trust Funds	Agency
Assets		
Cash and investments	\$ 53,458	\$ 121,474
Interest receivable	-	-
	-	-
Total assets	\$ 53,458	\$ 121,474
 Liabilities and Fund Equity		
Deposits held for others	\$ -	\$ 121,474
Total liabilities	\$ -	\$ 121,474
 Net Assets:		
Reserved for scholarship	\$ 458	
Reserved for endowment	53,000	
Total net assets	\$ 53,458	

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

Lordsburg Municipal School District #1
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2011

	<u>Private Purpose Trust Funds</u>
Additions	
Gifts and contributions	\$ -
Interest earned	103
	<hr/>
Total additions	\$ 103
 Deductions	
Scholarships awarded	1,499
	<hr/>
Change in net assets	\$ (1,396)
Net assets, July 1, 2010	54,854
	<hr/>
Net assets, June 30, 2011	<u>\$ 53,458</u>

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

Lordsburg Municipal Schools
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2011

Note 1 Summary of Significant Accounting Policies

Lordsburg Municipal Schools organized under the laws of the State of New Mexico, operates under the school board-superintendent form of government. The System provides public education opportunities for children from first through twelfth grade, including but not limited to classroom and vocational studies; as well as school oriented social and athletic activities.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below:

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements -and Management's Discussion and Analysis for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:
 - √ A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.
 - √ Financial statements prepared using full accrual accounting for all of the District's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

The District implemented GASB 34 effective July 1, 2002. As a part of GASB's Statement No. 34, there is a new reporting requirement regarding the local government's infrastructure (roads, bridges, etc). The District does not own any infrastructure assets and therefore is unaffected by this provision.

A. REPORTING ENTITY

These financial statements present the District (the primary government). As defined by GASBS No. 14, component units are legally separate entities that are included in the District's reporting entity because of the significance of their operating no financial relationships with the District. Based on the criterion in GASBS No. 14, the District had no component units.

B. BASIS OF PRESENTATION

Government-wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditure/expenses. Funds are organized into two major categories: governmental, and fiduciary. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the District and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. Included in this fund are State sources provided for Student Transportation, (Transportation, Sub-Fund), Books (Instructional Material Sub-Fund), and Student Activities (Non-Instructional Support Sub-Fund). The operational sub-fund is the District's main operating fund.

Special Revenue Funds

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

Capital Project Fund

The Capital Project Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principle on the general long-term debt of the District.

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

Agency Funds account for assets held in a purely custodial capacity. Since agency funds are custodial in nature (i.e.) assets equal liabilities, they do not involve the measurements of results of operations.

The emphasis in fund financial statements is on the major funds in the governmental category. Non-major funds are summarized into a single column.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Major-Fund Descriptions

General – See above description

Title I – to account for the federal assistance provided to the District for the improvement of educational opportunities to deprived children, and is a Special Revenue Fund. (Authority, P.L. 103-382).

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

Debt Service – See above description.

Bond Building – accounts for bond proceeds along with other funding to be utilized for construction of facilities, and is a Capital Project Fund.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined in item “b” below.

In the fund financial statements, the “current financial resources” measurement focus is used.

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The government-wide financial statements and Agency Funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual

The government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both

measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Substantially all governmental fund revenues are accrued. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met and reported as advances by the provider and deferred revenue by the recipient.

Property tax receivables are recognized net of estimated refunds and uncollectible amounts in the period for which the taxes are levied, even if they are not available. Property taxes not collected within 60 days of year end are reported as deferred revenue.

In the government-wide Statement of Net Assets, the governmental activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources when an expense is incurred and for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Charges for services include revenue based on exchange or exchange-like transactions. These revenues arise from charges to customers or applicants who purchase use or directly benefit from the goods, services or privileges provided. Revenues in this category include fees charged for specific service, such as attendance at athletic events, food service, copies and auxiliary services. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

D. BUDGETS

Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are prepared by management and approved by the local school board and the Public Finance School Division of the Department of Education. The District has Capital projects Funds where vendors are paid directly by the State of New Mexico. No budget statements are presented for these funds.

These budgets are prepared on the **NON-GAAP** cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

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

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

E. CASH AND INVESTMENTS

Cash includes amounts in demand deposits as well as short-term investments with a maturity of six months from the date acquired by the government. State statutes authorize the government to invest in obligations of the U.S. Treasury, interest-bearing accounts with local financial institutions and the State Treasurer Pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owners of such monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the District. The pledged securities remain in the name of the financial institution. Repurchase agreements are required to be collateralized 102%.

F. INVENTORIES

Except for U.S.D.A. commodities, which are shown at estimated value, inventories are valued at cost (first-in, first-out). Inventory in the Cafeteria Fund consists mainly of food items. Inventories, in other governmental fund types, consist primarily of supply-type assets.

G. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$5,000.00 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value s of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are

capitalized. Other costs incurred for repair and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Software and library resources	3-5 years
Machinery and equipment	5-10 years
Improvements	10-20 years

The accounting treatment over property, plant and equipment depends on whether they are reported in the government-wide financial statements of fund financial statements. In the government-wide financial statements, capital assets are accounted for as capital assets. In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

H. LONG-TERM DEBT

The accounting treatment of long-term debt depends on whether the assets are reported in the government-wide or fund financial statements.

All long-term debt is to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, accrued compensated absences, and lease purchases.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures.

I. COMPENSATED ABSENCES

The District's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. These liabilities have typically been liquidated from general fund resources.

J. EQUITY CLASSIFICATION

Government-wide Statements

Equity is classified as net assets and displayed in three components.

- a. Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other

borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

During the year ended June 30, 2011, the Center implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- § Non-spendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to remain intact.
- § Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- § Committed fund balance – amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change its constraints.
- § Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the government body delegates the authority.
- § Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Education establishes (and modifies or rescinds) fund balance commitments by adoption of a resolution or a vote of the Board. This is typically done through the adoption and amendment of the budget. Assigned fund balance is established by the Board of Education through adoption or amendment of the budget as intended for a specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

K. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semiannual installments by November 10 and April 10 of the subsequent year and become delinquent 30 days later. Taxes are collected on behalf of the District by

the County Treasurer, and are remitted to the District in the month following collection. Because the Treasurer of the County in which the District is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable county to the District.

The District is permitted to levy taxes for general operating purposes up to \$.50 per \$1,000 of taxable value for both residential and nonresidential property, taxable value being defined as one third of the fully assessed value. In addition, the District is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the District, as well as a Two Mill levy for District improvements. The District's total tax rate to finance generally government services for the year ended June 30, 2011 was \$.50 per \$1,000 for non-residential property and \$.50 for residential property. The District's tax rate for debt service was \$6.98 per \$1,000 for both residential and nonresidential property. The District's tax rate for District improvements was \$1.99 per \$1,000 for residential and \$1.99 for nonresidential property.

L. INTER-FUND ACTIVITY

Inter-fund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as inter-fund receivables and payable as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Inter-fund activity between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

M. USE OF ESTIMATES

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

Note 2 Custodial Credit Risk

Custodial credit risk is the risk in the event of a bank failure the government's deposits may not be returned to it. The government does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2011 \$1,375,117 of the governments bank balance of \$3,819,663 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized

\$ 1,375,117

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits by custodial risk category:		
Insured	\$ 250,000	\$ 250,000
Collateral held by the pledging bank's agent in the District's name	2,194,546	2,194,546
Uninsured and uncollateralized	<u>1,375,117</u>	<u>529,021</u>
	<u>\$ 3,819,663</u>	<u>\$ 2,973,567</u>

Note 3 Capital Assets

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

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Capital assets not being depreciated:				
Land	\$ 341,566	\$ -0-	\$ -0-	\$ 341,566
Construction in progress	<u>1,845,925</u>	<u>731,486</u>	<u>-0-</u>	<u>2,577,411</u>
Total assets not being depreciated	<u>\$ 2,187,491</u>	<u>\$ 731,486</u>	<u>\$ -0-</u>	<u>\$ 2,918,977</u>
Other capital assets:				
Building and improvements	\$ 24,384,787	\$ 220,415	\$ -0-	\$ 24,605,202
Furniture and equipment	<u>3,984,806</u>	<u>76,310</u>	<u>-0-</u>	<u>4,061,116</u>
Total other capital assets at historical cost	<u>\$ 28,369,593</u>	<u>\$ 296,725</u>	<u>\$ -0-</u>	<u>\$ 28,666,318</u>
Less accumulated depreciation:				
Buildings and improvements	\$ 12,151,351	\$ 311,592	\$ -0-	\$ 12,462,943
Furniture and equipment	<u>3,500,595</u>	<u>130,221</u>	<u>-0-</u>	<u>3,630,816</u>
Total accumulated depreciation	<u>\$ 15,651,946</u>	<u>\$ 441,813</u>	<u>\$ -0-</u>	<u>\$ 16,093,759</u>
Other capital assets, net	<u>\$ 12,717,647</u>	<u>\$ (145,088)</u>	<u>\$ -0-</u>	<u>\$ 12,572,559</u>
Total capital assets, net	<u>\$ 14,905,138</u>	<u>\$ 586,398</u>	<u>\$ -0-</u>	<u>\$ 15,491,536</u>

Depreciation expense was charged to the governmental activities as follows:

Instruction	\$ 223,090
Support Services - Students	34,994
Support Services – Instruction	8,749
General Administration	8,640
School Administration	48,117
Central services	13,123
Operation of plant	65,622
Food Services	17,497
Transportation	<u>21,981</u>
	<u>\$ 441,813</u>

Note 4 Long-Term Debt

Changes in long-term debt were as follows during the year end June 30, 2011:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due In</u> <u>One Year</u>
Compensated absences payable	\$ 61,153	\$ 47,980	\$ 46,586	\$ 62,547	\$ -0-
G.O. Bonds, series 2005	1,075,000		150,000	925,000	150,000
G.O. Bonds, series 2007	700,000		100,000	600,000	225,000
G.O. Bonds, series 2008	840,000		100,000	740,000	75,000
G.O. Bonds, series 2010	1,500,000		300,000	1,200,000	110,000
G.O. Bonds, series 2011	<u>-0-</u>	<u>1,000,000</u>	<u>-0-</u>	<u>1,000,000</u>	<u>40,000</u>
	<u>\$ 4,176,153</u>	<u>\$1,047,980</u>	<u>\$ 696,586</u>	<u>\$4,527,547</u>	<u>\$ 600,000</u>

Annual debt service for bonds payable requirements are as follows:

Due in fiscal year ending June 30:

	<u>Principal</u>	<u>Interest</u>
2012	\$ 600,000	\$ 121,808
2013	515,000	103,644
2014	500,000	90,870
2015	425,000	78,939
2016	400,000	66,698
2017-2021	1,490,000	178,256
2022-2026	<u>535,000</u>	<u>11,073</u>
	<u>\$4,465,000</u>	<u>\$ 651,288</u>

No compensated absences are considered due and payable in the next fiscal year.

The bonds and bond interest are paid from property tax levies enacted specifically for the debt retirement. The revenues pledged totaled \$5,116,288 at June 30, 2011, and equal 100% of the tax levies enacted to repay the bonded indebtedness. The bonds were sold to erect and furnish facilities for the District. Interest rates range from 1.63% to 4% for individually scheduled retirements, and maturity dates range from 2012 through 2026. The property tax levies expire when the related bond indebtedness is repaid.

During the year ended June 30, 2011, the District recognized \$763,314 in property taxes pledged to retire the bonded indebtedness, and retired \$765,608 in bond principal and interest.

Note 5 Retirement Plan

Plan Description

Substantially all of the Lordsburg Municipal Schools 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, New Mexico 87502. The report is also available on ERB's website at www.nmerb.org.

Funding Policy

Effective July 1, 2009 through June 30, 2011, plan members were required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. The Lordsburg Municipal Schools was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 10.9% of the gross covered salary of employees earning more than \$20,000 annually. Effective July 1, 2011 plan members are required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually are required to contribute 11.15% of their gross salary. The Lordsburg Municipal Schools is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 9.15% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and the Lordsburg Municipal Schools are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Lordsburg Municipal School's contributions to ERB for the fiscal years ending June 30, 2011, 2010, and 2009, were \$473,811, \$530,698, and \$539,274, respectively, which equal the amount of the required contributions for each fiscal year.

Note 6 Retiree Health Care Act Contributions

Plan Description

Lordsburg Municipal Schools 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, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute .8333% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contribution rates for employees and employers will rise as follows:

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

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY2012	1.834%	.917%
FY2013	2.000%	1.000%

Also, employers joining the program after 1/01/1998 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 Lordsburg Municipal School's contributions to the RHCA for the years ended June 30, 2011, 2010 and 2009 were \$70,186, \$60,989 and \$61,651, respectively, which equal the required contributions for each year.

Note 7 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Because the District was unable to obtain general liability insurance at a cost it considered to be economically justifiable, it joined together with other school districts in the State and obtained insurance coverage with New Mexico Public Schools Insurance Authority, a public entity risk pool currently operating as a common risk management and insurance program for member school districts. The District pays an annual premium to New Mexico Public Schools Insurance Authority for its general insurance coverage, and all risk of loss is transferred.

The New Mexico Public Schools Insurance Authority is self-insured for property and liability losses below \$250,000 and purchases excess insurance above the self-insured retention. The self-insured retention aggregate for property is set at \$2,000,000 with a \$1,000,000 stop loss. The self-insured retention aggregate for liability is \$3,000,000 with a \$1,000,000 stop loss.

Note 8 Contingent Liabilities

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

Note 9 Budgetary Reconciliations

The Statements of Revenues, Expenditures and Changes in Changes in Net Assets Budget (NON-GAAP Budgetary Basis) and Actual, General and Major Special Revenue Funds present comparisons of legally adopted budgets with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary

basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of changes in net assets by General and Major Special Revenue Funds for the year ended June 30, 2011 is as follows:

	<u>General</u>	<u>Title I</u>	<u>Entitlement</u>	<u>Entitlement Stimulus</u>
Changes in net assets GAAP basis	\$ 229,326	\$ -0-	\$ -0-	\$ -0-
Increases (decreases):				
Revenue accruals (net)	(76,771)	(58,398)	(45,223)	(87,178)
Expenditure accruals (net)	90,466	(188)	-0-	-0-
Transfers (net)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Changes in net assets: Non-GAAP basis	<u>\$ 243,021</u>	<u>\$ (58,586)</u>	<u>\$ (45,223)</u>	<u>\$ (87,178)</u>

Note 10 Inter-fund Activity

Inter-fund balances at June 30, 2011, consisted of the following:

	<u>Inter-Fund Payable</u>				
	<u>Title I</u>	<u>Entitlement</u>	<u>Entitlement Stimulus</u>	<u>All Others</u>	<u>Total</u>
<u>Inter-fund Receivable</u>					
General	<u>\$ 12,062</u>	<u>\$ 68,449</u>	<u>\$ 87,178</u>	<u>\$ 110,819</u>	<u>\$ 278,508</u>

All amounts are expected to be repaid within one year. The purpose of the loan was to provide cash for operation purposes.

Note 11 Restricted Net Assets

At June 30, 2011, net assets restricted for other purposes included the following balances in special revenue funds:

Cafeteria	\$ 46,644
SB-9	274,050
Others	<u>6,108</u>
	<u>\$ 326,802</u>

The government-wide statement of net assets reports \$1,423,370 of restricted net assets, of which \$1,423,370 is restricted by enabling legislation.

Note 12 Endowment

The District received an endowment from the Rolfe Estate. This endowment is to be used for investment purposes only with the proceeds from such investments restricted to use for scholarships. The corpus of \$53,000 is to remain intact indefinitely. This is in accordance with State law.

Net appreciation of \$458 is available for expenditure by the governing board, and are reported in net assets as “reserved for scholarships.”

Note 13 Jointly Governed Organization

The District participates in the Southwest Regional Education Center No. 10. This regional cooperative center was formed to consolidate the application for and the processing of supplementary federal and state funds. Representatives of the independent school districts, which are members, govern the Center.

The Center obtains grants and allocates them to the member districts. The District has no ongoing financial interest or responsibility in the Center.

Separately issued financial statements of the Center are available from the Center at P.O. Box 952, Truth or Consequences, New Mexico 87901.

Note 14 Budgetary Authority

The District exceeded budgetary authority in the following functional categories:

Medicaid:	
Support services – students	\$ 14,430
Education Tech Stimulus:	
School administration	197

The District has revisited its budget adjustment policy, and believes controls are now in place to alleviate these problems.

GENERAL FUNDS

General Fund - to account for resources traditionally associated with governments which are not required to be accounted for in another fund. Revenues and expenditures of the operational, transportation, and auxiliary student activity accounts are accounted for in this fund.

SPECIAL REVENUE FUNDS

Cafeteria – to account for revenues generated by the District as well as the federal assistance received and the related expenditures necessary to provide food services for the District. (Authority, NMSA 22-13-13).

Athletics – to account for the revenues received, and the related expenditures incurred, by the District related to athletic functions (PSAB, Supplement 3).

Title I/Stimulus – to account for the federal assistance provided to the District for the improvement of educational opportunities to deprived children. (Authority, P.L. 103-382).

Education of Homeless/Stimulus – fund used to account for federal resources administered by the New Mexico State Department of Education to provide comprehensive services to homeless children and youth and their families, and expedited evaluations of homeless children's needs to help facilitate enrollment, attendance, and success in school (Stewart B. McKinney Homeless Assistance Act of 1987).

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

IDEA B Pre-School/Kindergarten/Stimulus – P.L. 94-142, Individuals with Disabilities Education Act – to account for a federal grant restricted to the operation and maintenance of meeting the special education need of children with disabilities. Authority for the creation of this fund is Individuals with Disabilities Act, Part B, Sec 611, as amended, Public Law 105-17.

Rural Schools – created 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).

Enhancing Education Through Technology – created by specific authority to support a system for the acquisition and use of technology and technology enhanced curricular for elementary and secondary schools. (Section 2411 et. Seq. of P.L. 107-110, 115 Statute 1673).

Title XIX Medicaid – to account for federal resources administered by the New Mexico Department of Health and Human Services for the improvement of primary health care and to increase health education. (P.L. 105-33).

Technology for Education/Stimulus – to account for revenues received from the State for the purpose of expanding and improving the technology program. (Authority, NMSA 22-15A-1).

Library Bonds/2008 Library Bonds – funds are to be used for the upgrade of library, books, and equipment. (Authority, NMPED, Laws of 2004).

Beginning Teacher Mentoring Program – to account for revenues received to enhance and improve skills for beginning teachers. (Authority, State Grant Provision and Hatch Valley Board of Education).

Breakfast in the Classroom – to account for funds received to provide breakfast for elementary students (Authority, PED).

SB-9 Capital Improvements – to account for the receipt of local proceeds from a mill levy on ad valorem/property taxes and state matching funds. These are to be expended for capital outlay projects and maintenance.

Value Options – to account for funds received to provide additional educational services to students of the District (Authority grant provision).

Teacher/Principal Training – to improve teacher and principal quality to ensure that all teachers are highly qualified. Created by P.L. 07-110.

School Based Health Center – to account for counselor for health and sexuality education and for high risk students who do not qualify for special education services and standardized school based health assessments.

Education Job Fund – used to account for federal funds given to states to assist local education agencies in saving or creating education jobs (P.L. 111-126).

Safe and Drug Free Schools – fund used to account for federal resources administered by the New Mexico State Department of Education to provide an integrated approach in the school curriculum to aid in drug abuse education and prevention. Required by the New Mexico Department of Education *Manual of Procedures* for New Mexico School Districts to be accounted for as a separate fund within the Special Revenue Funds. (P.L. 103-382).

Literacy through School Libraries – fund used to account for federal resources to provide students with increased access to up-to-date school library materials, a well-equipped, technologically advanced school library media center, and well-trained, professionally certified school library media specialist to improve literacy skills and achievement of students.

State Equalization Stimulus – to support and restore funding for the District programs and services in states and local education agencies.

Library Book Fund – to account for state grant received to purchase library books. Authority, State Grant PED.

Dual Credit Instructional Materials – to account for State grant received to provide college credits to high school students. Authority, State Grant PED.

CAPITAL PROJECTS FUNDS

Bond Building – to account for bond proceeds any interest earned thereon. Proceeds are restricted for the purpose of making additions to and furnishing of school building, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.

Lordsburg Municipal School District #1
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2011

	Special Revenue Funds				
	Cafeteria	Athletics	Idea B Risk Pool	Preschool	Education of Homeless
Assets					
Cash and investments	\$ 40,203	\$ 6,108	\$ -	\$ -	\$ -
Taxes receivable					
Inventory	6,441				
Interfund receivable					
Due from other governments			1,087	11,566	1,534
Total assets	\$ 46,644	\$ 6,108	\$ 1,087	\$ 11,566	\$ 1,534
Liabilities and Fund Balances					
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable					
Interfund payable			1,087	11,566	1,534
Deferred revenue					
Total liabilities	\$ -	\$ -	\$ 1,087	\$ 11,566	\$ 1,534
Fund balances:					
Nonspendable:					
Inventories	\$ 6,441	\$ -	\$ -	\$ -	\$ -
Restricted for:					
Education		6,108			
Food service	40,203				
Total fund balances	\$ 46,644	\$ 6,108	\$ -	\$ -	\$ -
Total liabilities and fund balances	\$ 46,644	\$ 6,108	\$ 1,087	\$ 11,566	\$ 1,534

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

Special Revenue Funds

<u>Teacher/Principle Training</u>	<u>Education Technology</u>	<u>Title I Stimulus</u>	<u>Education Job Fund</u>	<u>Rural Schools</u>
\$ -	\$ -	\$ -	\$ -	\$ -
<u>8,652</u>	<u>9,196</u>	<u>9,526</u>	<u>35,323</u>	<u>240</u>
<u>\$ 8,652</u>	<u>\$ 9,196</u>	<u>\$ 9,526</u>	<u>\$ 35,323</u>	<u>\$ 240</u>
\$ -	\$ -	\$ -	\$ -	\$ -
<u>8,652</u>	<u>9,196</u>	<u>9,526</u>	<u>35,323</u>	<u>240</u>
<u>\$ 8,652</u>	<u>\$ 9,196</u>	<u>\$ 9,526</u>	<u>\$ 35,323</u>	<u>\$ 240</u>
\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 8,652</u>	<u>\$ 9,196</u>	<u>\$ 9,526</u>	<u>\$ 35,323</u>	<u>\$ 240</u>

Lordsburg Municipal School District #1
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (concluded)
June 30, 2011

	Special Revenue Funds			
	<u>Safe and Drug Free Schools</u>	<u>Preschool Stimulus</u>	<u>Literacy Through School Libraries</u>	<u>Educaiton Tech Stimulus</u>
Assets				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Taxes receivable				
Inventory				
Interfund receivable				
Due from other governments	<u>4,963</u>	<u>371</u>	<u>501</u>	<u>15,992</u>
Total assets	<u>\$ 4,963</u>	<u>\$ 371</u>	<u>\$ 501</u>	<u>\$ 15,992</u>
Liabilities and Fund Balances				
Cash overdraft	\$ -	\$ -	\$ 297	\$ -
Accounts payable			204	
Interfund payable	4,963	371		15,992
Deferred revenue				
Total liabilities	<u>\$ 4,963</u>	<u>\$ 371</u>	<u>\$ 501</u>	<u>\$ 15,992</u>
Fund balances:				
Nonspendable:				
Inventories	\$ -	\$ -	\$ -	\$ -
Restricted for:				
Education				
Food service				
Total fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and fund balances	<u>\$ 4,963</u>	<u>\$ 371</u>	<u>\$ 501</u>	<u>\$ 15,992</u>

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

Special Revenue Funds

State Equalization Stimulus	GO Bond	SB - 9	Total
\$ -	\$ -	\$ 264,353	\$ 310,664
		10,424	10,424
			6,441
			-
<u>11,931</u>	<u>438</u>		<u>111,320</u>
<u>\$ 11,931</u>	<u>\$ 438</u>	<u>\$ 274,777</u>	<u>\$ 438,849</u>
\$ -	\$ -	\$ -	\$ 297
		727	931
11,931	438		110,819
		8,164	8,164
<u>\$ 11,931</u>	<u>\$ 438</u>	<u>\$ 8,891</u>	<u>\$ 120,211</u>
\$ -	\$ -	\$ -	\$ 6,441
		265,886	271,994
			40,203
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 265,886</u>	<u>\$ 318,638</u>
<u>\$ 11,931</u>	<u>\$ 438</u>	<u>\$ 274,777</u>	<u>\$ 438,849</u>

Lordsburg Municipal School District #1
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Fiscal Year Ended June 30, 2011

	Special Revenue Funds			
	Cafeteria	Athletics	Idea B Risk Pool	Preschool
Revenues:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges	30,969	32,876		
State aid				
Federal aid	251,307		1,437	29,880
Earnings on investments	90	34		
Miscellaneous		2,194		
Total revenues	\$ 282,366	\$ 35,104	\$ 1,437	\$ 29,880
Expenditures:				
Current:				
Instruction	\$ -	\$ 52,540	\$ 1,437	\$ 29,880
Support services - Students				
Support services - Instruction				
General administration				
School administration				
Operation of plant				
Food services	293,943			
Capital outlay				
Total expenditures	\$ 293,943	\$ 52,540	\$ 1,437	\$ 29,880
Revenues over (under) expenditures	\$ (11,577)	\$ (17,436)	\$ -	\$ -
Other financing sources (uses):				
Transfer in				
Net change in fund balance	\$ (11,577)	\$ (17,436)	\$ -	\$ -
Fund balance, July 1, 2010	58,221	23,544		
Fund balance, June 30, 2011	<u>\$ 46,644</u>	<u>\$ 6,108</u>	<u>\$ -</u>	<u>\$ -</u>

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

Special Revenue Funds					
Education of Homeless	Teacher/Principle Training	Education Technology	Title I Stimulus	Education Job Fund	Rural Schools
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8,680	76,425	9,196	125,830	157,992	7,863
<u>\$ 8,680</u>	<u>\$ 76,425</u>	<u>\$ 9,196</u>	<u>\$ 125,830</u>	<u>\$ 157,992</u>	<u>\$ 7,863</u>
\$ - 8,680	\$ 2,996	\$ 9,196	\$ 106,681	\$ 157,992	\$ 15,300
	73,429		19,149		
<u>\$ 8,680</u>	<u>\$ 76,425</u>	<u>\$ 9,196</u>	<u>\$ 125,830</u>	<u>\$ 157,992</u>	<u>\$ 15,300</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,437)
					<u>\$ 7,437</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Lordsburg Municipal School District #1
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
For The Fiscal Year Ended June 30, 2011

	Special Revenue Funds			
	Medicare	Safe and Drug Free Schools	Preschool Stimulus	Literacy Through School Libraries
Revenues:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges				
State aid				
Federal aid	40,948	4,963	5,852	519,608
Earnings on investments				
Miscellaneous				
Total revenues	<u>\$ 40,948</u>	<u>\$ 4,963</u>	<u>\$ 5,852</u>	<u>\$ 519,608</u>
Expenditures:				
Current:				
Instruction	\$ -	\$ 4,963	\$ 5,852	\$ -
Support services - Students	40,948			
Support services - Instruction				476,788
General administration				
School administration				
Operation of plant				
Food services				
Capital outlay				42,820
Total expenditures	<u>\$ 40,948</u>	<u>\$ 4,963</u>	<u>\$ 5,852</u>	<u>\$ 519,608</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer in				
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010				
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Special Revenue funds					
Education Tech Stimulus	Homeless Stimulus	State Equalization Stimulus	2008 Library Bond	Dual Credit Instruction	GO Bond
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
126,620	7,332	61,344		1,250	438
<u>\$ 126,620</u>	<u>\$ 7,332</u>	<u>\$ 61,344</u>	<u>\$ -</u>	<u>\$ 1,250</u>	<u>\$ 438</u>
\$ 122,214	\$ - 7,332	\$ 51,279 495	\$ -	\$ 1,250	\$ -
4,406		9,570	422		438
<u>\$ 126,620</u>	<u>\$ 7,332</u>	<u>\$ 61,344</u>	<u>\$ 422</u>	<u>\$ 1,250</u>	<u>\$ 438</u>
\$ -	\$ -	\$ -	\$ (422)	\$ -	\$ -
\$ -	\$ -	\$ -	\$ (422)	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>422</u>	<u>\$ -</u>	<u>\$ -</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Lordsburg Municipal School District #1
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (concluded)
For The Fiscal Year Ended June 30, 2011

	Special Revenue Funds			
	Technology For Eduaction	Teacher Mentoring	Elementary Breakfast	School Based Health
Revenues:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges				
State aid			1,969	55,000
Federal aid				
Earnings on investments				
Miscellaneous				
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,969</u>	<u>\$ 55,000</u>
Expenditures:				
Current:				
Instruction	\$ -	\$ 2,752	\$ -	\$ -
Support services - Students				55,000
Support services - Instruction				
General administration				
School administration	4,509			
Operation of plant				
Food services			1,969	
Capital outlay				
Total expenditures	<u>\$ 4,509</u>	<u>\$ 2,752</u>	<u>\$ 1,969</u>	<u>\$ 55,000</u>
Revenues over (under) expenditures	\$ (4,509)	\$ (2,752)	\$ -	\$ -
Other financing sources (uses):				
Transfer in				
Net change in fund balance	\$ (4,509)	\$ (2,752)	\$ -	\$ -
Fund balance, July 1, 2010	<u>4,509</u>	<u>2,752</u>		
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

<u>Special Revenue Funds</u>		
<u>Value</u>		
<u>Options</u>	<u>SB-9</u>	<u>Total</u>
\$ -	\$ 213,124	\$ 213,124
		63,845
	352,480	411,137
		1,435,277
	388	512
		2,194
<u>\$ -</u>	<u>\$ 565,992</u>	<u>\$ 2,126,089</u>
\$ 563	\$ -	\$ 564,895
		112,455
		477,648
	2,146	2,146
		111,063
	17,466	17,466
		295,912
	503,633	546,453
<u>\$ 563</u>	<u>\$ 523,245</u>	<u>\$ 2,128,038</u>
\$ (563)	\$ 42,747	\$ (1,949)
		7,437
<u>\$ (563)</u>	<u>\$ 42,747</u>	<u>\$ 5,488</u>
563	223,139	313,150
<u>\$ -</u>	<u>\$ 265,886</u>	<u>\$ 318,638</u>

Lordsburg Municipal School District #1
GENERAL FUND
COMBINING BALANCE SHEET
June 30, 2011

	Operational	Transportation	Instructional Materials
Assets			
Cash and investments	\$ 684,607	\$ 8,715	\$ 9,270
Taxes receivable	3,023		
Inventory	17,441		
Interfund receivable	278,508		
Total assets	\$ 983,579	\$ 8,715	\$ 9,270
 Liabilities and Fund Balances			
Accounts payable	\$ 38,802	\$ -	\$ -
Interfund payable			
Deferred revenue	2,458		
Total liabilities	\$ 41,260	\$ -	\$ -
Fund balance:			
Nonspendable:			
Inventory	\$ 17,441	\$ -	\$ -
Unassigned	924,878	8,715	9,270
Total fund balances	\$ 942,319	\$ 8,715	\$ 9,270
Total liabilities and fund balances	\$ 983,579	\$ 8,715	\$ 9,270

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

<u>Activity Funds</u>	<u>Total</u>
\$ 27,938	\$ 730,530 3,023 17,441 <u>278,508</u>
<u>\$ 27,938</u>	<u>\$ 1,029,502</u>
\$ -	\$ 38,802 - <u>2,458</u>
<u>\$ -</u>	<u>\$ 41,260</u>
\$ - 27,938	\$ 17,441 <u>970,801</u>
<u>\$ 27,938</u>	<u>\$ 988,242</u>
<u>\$ 27,938</u>	<u>\$ 1,029,502</u>

Lordsburg Municipal School District #1
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Fiscal Year Ended June 30, 2011

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>
Revenues:			
Property taxes	\$ 53,273	\$ -	\$ -
Fees and charges	48,843		
State aid	5,932,659	306,633	25,317
Federal aid	110,854		
Earnings on investments	2,435		
Miscellaneous	55,253		798
	<hr/>	<hr/>	<hr/>
Total revenues	\$ 6,203,317	\$ 306,633	\$ 26,115
Expenditures:			
Current:			
Instruction	\$ 2,944,601	\$ -	\$ 35,286
Support services - Students	443,717		
Support services - Instruction	160,995		
General administration	188,719		
School administration	827,306		
Central services	252,115		
Operation of plant	1,053,533	25,529	
Transportation		282,753	
Food services	52,727		
Other support services	2,715		
Capital outlay	5,887	12,830	
	<hr/>	<hr/>	<hr/>
Total expenditures	\$ 5,932,315	\$ 321,112	\$ 35,286
Revenues over (under) expenditures	\$ 271,002	\$ (14,479)	\$ (9,171)
Other financing sources:			
Loan proceeds			
Operating transfers in (out)	(7,437)		
	<hr/>	<hr/>	<hr/>
Net change in fund balance	\$ 263,565	\$ (14,479)	\$ (9,171)
Fund balance, July 1, 2010	678,754	23,194	18,441
	<hr/>	<hr/>	<hr/>
Fund balance, June 30, 2011	\$ 942,319	\$ 8,715	\$ 9,270
	<hr/>	<hr/>	<hr/>

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

<u>Activity Funds</u>	<u>Total</u>
\$ -	\$ 53,273
20,500	69,343
	6,264,609
	110,854
	2,435
	<u>56,051</u>
<u>\$ 20,500</u>	<u>\$ 6,556,565</u>
\$ 31,089	\$ 3,010,976
	443,717
	160,995
	188,719
	827,306
	252,115
	1,079,062
	282,753
	52,727
	2,715
	<u>18,717</u>
<u>\$ 31,089</u>	<u>\$ 6,319,802</u>
\$ (10,589)	\$ 236,763
	-
	<u>(7,437)</u>
<u>\$ (10,589)</u>	<u>\$ 229,326</u>
<u>38,527</u>	<u>758,916</u>
<u>\$ 27,938</u>	<u>\$ 988,242</u>

Lordsburg Municipal School District #1
GENERAL FUND/OPERATIONAL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 41,408	\$ 41,408	\$ 37,312	\$ (4,096)
State sources	5,999,229	5,840,571	5,834,423	(6,148)
Local sources	148,567	148,567	273,636	125,069
Interest income	30,000	30,000	1,675	(28,325)
Total revenues	\$ 6,219,204	\$ 6,060,546	\$ 6,147,046	\$ 86,500
Expenditures:				
Current:				
Instruction	\$ 3,281,895	\$ 3,140,540	\$ 2,943,768	\$ 196,772
Support services - Students	521,956	516,950	443,717	73,233
Support services - Instruction	186,285	186,285	160,995	25,290
General administration	205,256	207,350	187,594	19,756
School administration	881,387	892,360	824,882	67,478
Central services	277,498	294,006	252,419	41,587
Operation of plant	1,233,360	1,237,096	987,851	249,245
Transportation	20,072	30,072	10,383	19,689
Other support services	82,195	82,195	2,715	79,480
Food services	103,436	103,436	52,727	50,709
Capital outlay	116,000	60,392	5,887	54,505
Non-operating	-	-	-	-
Total expenditures	\$ 6,909,340	\$ 6,750,682	\$ 5,872,938	\$ 877,744
Revenues over (under) expenditure	\$ (690,136)	\$ (690,136)	\$ 274,108	\$ 964,244
Other financing sources (uses)				
Transfers out	-	-	(7,437)	(7,437)
Net change in fund balance	\$ (690,136)	\$ (690,136)	\$ 266,671	\$ 956,807
Fund balance, July 1, 2010	690,136	690,136	696,444	6,308
Fund balance, June 30, 2011	\$ -	\$ -	\$ 963,115	\$ 963,115
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 263,565	
Revenue accruals (net)			(56,271)	
Expenditure accruals (net)			59,377	
Other financing uses (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 266,671	

The accompanying notes are an integral part of these financial statements

Lordsburg Municipal School District #1
GENERAL FUND/TRANSPORTATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 349,510	\$ 329,827	\$ 306,633	\$ (23,194)
Expenditures:				
Current:				
Pupil transportation	\$ 349,510	\$ 329,827	\$ 321,112	\$ 8,715
Capital outlay				-
Total expenditures	<u>\$ 349,510</u>	<u>\$ 329,827</u>	<u>\$ 321,112</u>	<u>\$ 8,715</u>
Net change in fund balance	\$ -	\$ -	\$ (14,479)	\$ (14,479)
Fund balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>23,194</u>	<u>23,194</u>
Fund balance, June 30, 2011	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,715</u></u>	<u><u>\$ 8,715</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (14,479)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (14,479)</u></u>	

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

Lordsburg Municipal School District #1
GENERAL FUND/INSTRUCTIONAL MATERIALS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	23,511	23,805	25,317	1,512
Local sources			798	798
Total revenues	<u>\$ 23,511</u>	<u>\$ 23,805</u>	<u>\$ 26,115</u>	<u>\$ 2,310</u>
Expenditures:				
Current:				
Instruction	\$ 38,241	\$ 35,286	\$ 35,286	\$ -
Support service - Instruction	<u>3,434</u>	<u>6,683</u>	<u>6,683</u>	<u>6,683</u>
Total expenditures	<u>\$ 41,675</u>	<u>\$ 41,969</u>	<u>\$ 35,286</u>	<u>\$ 6,683</u>
Net change in fund balance	\$ (18,164)	\$ (18,164)	\$ (9,171)	\$ 8,993
Fund balance, July 1, 2010	<u>18,164</u>	<u>18,164</u>	<u>18,441</u>	<u>277</u>
Fund balance, June 30, 2011	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,270</u></u>	<u><u>\$ 9,270</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (9,171)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (9,171)</u></u>	

The accompanying notes are an integral part of these financial statements

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - CAFETERIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 224,523	\$ 266,796	\$ 251,307	\$ (15,489)
Local sources	29,652	29,652	30,969	1,317
Earnings on investments	230	230	90	(140)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	\$ 254,405	\$ 296,678	\$ 282,366	\$ (14,312)
Expenditures:				
Current:				
Food services	283,470	325,743	295,939	29,804
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	\$ (29,065)	\$ (29,065)	\$ (13,573)	\$ 15,492
Fund balance, July 1, 2010	29,065	29,065	53,776	24,711
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,203</u>	<u>\$ 40,203</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (11,577)	
Revenue accruals (net)				
Expenditure accruals (net)			<u>(1,996)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (13,573)</u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - ATHLETICS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ 29,408	\$ 26,608	\$ 35,070	\$ 8,462
Earnings on investments	138	138	34	(104)
Total revenues	<u>\$ 29,546</u>	<u>\$ 26,746</u>	<u>\$ 35,104</u>	<u>\$ 8,358</u>
Expenditures:				
Current:				
Instruction	<u>55,994</u>	<u>53,194</u>	<u>52,644</u>	<u>550</u>
Net change in fund balance	\$ (26,448)	\$ (26,448)	\$ (17,540)	\$ 8,908
Fund balance, July 1, 2010	<u>26,448</u>	<u>26,448</u>	<u>23,648</u>	<u>(2,800)</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,108</u>	<u>\$ 6,108</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (17,436)	
Revenue accruals (net)				
Expenditure accruals (net)			<u>(104)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (17,540)</u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - TITLE I STIMULUS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 110,682	\$ 125,832	\$ 117,563	\$ (8,269)
Expenditures:				
Current:				
Instruction	\$ 110,682	\$ 106,683	\$ 106,681	\$ 2
General administration				-
School administration	-	19,149	19,149	-
Total expenditures	<u>\$ 110,682</u>	<u>\$ 125,832</u>	<u>\$ 125,830</u>	<u>\$ 2</u>
Net change in fund balance	\$ -	\$ -	\$ (8,267)	\$ (8,267)
Fund balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>(1,259)</u>	<u>(1,259)</u>
Fund balance, June 30, 2011	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (9,526)</u></u>	<u><u>\$ (9,526)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(8,267)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (8,267)</u></u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - IDEA B RISK POOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 1,437	\$ 350	\$ (1,087)
Expenditures:				
Current:				
Instruction	\$ -	\$ 1,437	\$ 1,437	\$ -
Support services - Students				-
School administration				-
Total expenditures	<u>\$ -</u>	<u>\$ 1,437</u>	<u>\$ 1,437</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ (1,087)	\$ (1,087)
Fund balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2011	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (1,087)</u></u>	<u><u>\$ (1,087)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(1,087)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (1,087)</u></u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - EDUCATION OF HOMELESS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 10,000	\$ 10,162	\$ 8,278	\$ (1,884)
Expenditures:				
Current:				
Support services - Students	10,000	10,162	8,680	1,482
Net change in fund balance	\$ -	\$ -	\$ (402)	\$ (402)
Fund balance, July 1, 2010	-	-	(1,132)	(1,132)
Fund balance, June 30, 2011	\$ -	\$ -	\$ (1,534)	\$ (1,534)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(402)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (402)	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - PRESCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 28,084	\$ 32,741	\$ 19,697	\$ (13,044)
Expenditures:				
Current:				
Instruction	<u>28,084</u>	<u>32,741</u>	<u>29,880</u>	<u>2,861</u>
Net change in fund balance	\$ -	\$ -	\$ (10,183)	\$ (10,183)
Fund balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>(1,383)</u>	<u>(1,383)</u>
Fund balance, June 30, 2011	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (11,566)</u></u>	<u><u>\$ (11,566)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(10,183)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (10,183)</u></u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - SENATE BILL 9
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ 199,565	\$ 199,565
Local sources	210,822	208,992	214,625	5,633
Earnings on investments	874	874	388	(486)
	<u>\$ 211,696</u>	<u>\$ 209,866</u>	<u>\$ 414,578</u>	<u>\$ 204,712</u>
Total revenues				
Expenditures:				
Current:				
Administration	\$ 2,500	\$ 2,500	\$ 2,146	\$ 354
Operation of plant	185,044	195,044	165,895	29,149
Capital outlay	263,000	251,170	219,202	31,968
	<u>\$ 450,544</u>	<u>\$ 448,714</u>	<u>\$ 387,243</u>	<u>\$ 61,471</u>
Total expenditures				
Net change in fund balance	\$ (238,848)	\$ (238,848)	\$ 27,335	\$ 266,183
Fund balance, July 1, 2010	<u>238,848</u>	<u>238,848</u>	<u>237,018</u>	<u>(1,830)</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,353</u>	<u>\$ 264,353</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 42,747	
Revenue accruals (net)			(151,414)	
Expenditure accruals (net)			<u>136,002</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 27,335</u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - TECHNOLOGY FOR EDUCATION PED
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 4,509	\$ -	\$ (4,509)
Expenditures:				
Current:				
School administration	-	4,509	4,509	-
Net change in fund balance	\$ -	\$ -	\$ (4,509)	\$ (4,509)
Fund balance, July 1, 2010	-	-	4,509	4,509
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (4,509)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (4,509)	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - MEDICAID
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 26,518	\$ 26,518	\$ 40,948	\$ 14,430
Expenditures:				
Current:				
Support services - Students	<u>26,518</u>	<u>26,518</u>	<u>40,948</u>	<u>(14,430)</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2011	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - VALUE OPTIONS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 563	\$ 563	\$ -	\$ (563)
Expenditures:				
Current:				
Instruction	\$ 563	\$ 563	\$ 563	\$ -
Support services - Students				-
Total expenditures	<u>\$ 563</u>	<u>\$ 563</u>	<u>\$ 563</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ (563)	\$ (563)
Fund balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>563</u>	<u>563</u>
Fund balance, June 30, 2011	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (563)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (563)</u></u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - TEACHER/PRINCIPLE TRAINING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 71,262	\$ 80,681	\$ 73,180	\$ (7,501)
Expenditures:				
Current:				
Instruction	\$ 5,209	\$ 6,556	\$ 2,996	\$ 3,560
Support services - Students				-
School administration	<u>66,053</u>	<u>74,125</u>	<u>73,429</u>	<u>696</u>
Total expenditures	<u>\$ 71,262</u>	<u>\$ 80,681</u>	<u>\$ 76,425</u>	<u>\$ 4,256</u>
Net change in fund balance	\$ -	\$ -	\$ (3,245)	\$ (3,245)
Fund balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>(5,407)</u>	<u>(5,407)</u>
Fund balance, June 30, 2011	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (8,652)</u></u>	<u><u>\$ (8,652)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(3,245)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (3,245)</u></u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - BREAKFAST FOR ELEMENTARY STUDENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 1,970	\$ 1,969	\$ (1)
Expenditures:				
Current:				
Food services	-	1,970	1,969	1
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - SB 301 GO BONDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ 765	\$ 765
Expenditures:				
Current:				
Support services - Instruction	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ 765	\$ 765
Fund balance, July 1, 2010	-	-	(765)	(765)
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			765	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 765</u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - SCHOOL BASED HEALTH CENTER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 55,000	\$ 55,000	\$ -
Expenditures:				
Current:				
Support services - Students	-	55,000	55,000	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ -</u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - DUAL CREDIT INSTRUCTIONAL MATERIALS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 1,250	\$ 1,250	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ 1,250	\$ 1,250	\$ -
School administration	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ 1,250</u>	<u>\$ 1,250</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2011	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - RURAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 15,300	\$ 32,135	\$ 16,835
Expenditures:				
Current:				
Instruction	\$ -	\$ 15,300	\$ 15,300	\$ -
School administration				-
Total expenditures	<u>\$ -</u>	<u>\$ 15,300</u>	<u>\$ 15,300</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ 16,835	\$ 16,835
Other financing sources (uses)				
Transfers in	-		7,437	7,437
Net change in fund balance	\$ -	\$ -	\$ 24,272	\$ 24,272
Fund balance, July1, 2010			<u>(24,512)</u>	<u>(24,512)</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (240)</u>	<u>\$ (240)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			24,272	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 24,272</u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - HOMELESS EDUCATION STIMULUS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 7,332	\$ 7,332	\$ 7,782	\$ 450
Expenditures:				
Current:				
Support services - Students	7,332	7,332	7,332	-
Net change in fund balance	\$ -	\$ -	\$ 450	\$ 450
Fund balance, July 1, 2010	-	-	(450)	(450)
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			450	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 450	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - TEACHER MENTORING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 2,752	\$ -	\$ (2,752)
Expenditures:				
Current:				
Instruction	-	2,752	2,752	-
Net change in fund balance	\$ -	\$ -	\$ (2,752)	\$ (2,752)
Fund balance, July 1, 2010	-	-	2,752	2,752
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (2,752)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (2,752)	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - LIBRARY BOOK FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Support services - Students	-	422	422	-
Net change in fund balance	\$ -	\$ (422)	\$ (422)	\$ -
Fund balance, July 1, 2010	-	422	422	-
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (422)	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (422)	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - GO BOND STUDENT LIBRARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 1,064	\$ 14,936	\$ 13,872
Expenditures:				
Current:				
Support services - Instruction	-	1,064	438	626
Net change in fund balance	\$ -	\$ -	\$ 14,498	\$ 14,498
Fund balance, July 1, 2010	-	-	(14,936)	(14,936)
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (438)</u>	<u>\$ (438)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			14,498	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 14,498</u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - ENHANCING EDUCATION THRU TECHNOLOGY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 9,196	\$ 376	\$ (8,820)
Expenditures:				
Current:				
Instruction	\$ -	\$ 9,196	\$ 9,196	\$ -
General administration				-
School administration				-
Total expenditures	\$ -	\$ 9,196	\$ 9,196	\$ -
Net change in fund balance	\$ -	\$ -	\$ (8,820)	\$ (8,820)
Fund balance, July 1, 2010	-	-	(376)	(376)
Fund balance, June 30, 2011	\$ -	\$ -	\$ (9,196)	\$ (9,196)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(8,820)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (8,820)	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - EDUCATION JOB FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 157,993	\$ 122,669	\$ (35,324)
Expenditures:				
Current:				
Instruction	\$ -	\$ 157,993	\$ 157,992	\$ 1
General administration				-
School administration				-
Total expenditures	<u>\$ -</u>	<u>\$ 157,993</u>	<u>\$ 157,992</u>	<u>\$ 1</u>
Net change in fund balance	\$ -	\$ -	\$ (35,323)	\$ (35,323)
Fund balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (35,323)</u>	<u>\$ (35,323)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(35,323)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (35,323)</u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - SAFE AND DRUG FREE SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 4,963	\$ -	\$ (4,963)
Expenditures:				
Current:				
Instruction	<u>-</u>	<u>4,963</u>	<u>4,963</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ (4,963)	\$ (4,963)
Fund balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,963)</u>	<u>\$ (4,963)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(4,963)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (4,963)</u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - PRESCHOOL STIMULUS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 3,509	\$ 5,852	\$ 5,481	\$ (371)
Expenditures:				
Current:				
Instruction	<u>3,509</u>	<u>5,852</u>	<u>5,852</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ (371)	\$ (371)
Fund balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2011	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (371)</u></u>	<u><u>\$ (371)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(371)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (371)</u></u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - LITERACY THROUGH SCHOOL LIBRARIES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 565,596	\$ 519,107	\$ (46,489)
Expenditures:				
Current:				
Support services - Instruction	-	565,596	519,404	46,192
Net change in fund balance	\$ -	\$ -	\$ (297)	\$ (297)
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	\$ -	\$ -	\$ (297)	\$ (297)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(501)	
Expenditure accruals (net)			204	
Net change in fund balance, NON-GAAP budgetary basis			\$ (297)	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - EDUCATION TECH STIMULUS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 126,625	\$ 267,517	\$ 140,892
Expenditures:				
Current:				
Instruction	\$ -	\$ 122,416	\$ 122,214	\$ 202
School administration		4,209	4,406	(197)
Total expenditures	\$ -	\$ 126,625	\$ 126,620	\$ 5
Net change in fund balance	\$ -	\$ -	\$ 140,897	\$ 140,897
Fund balance, July 1, 2010	-	-	(156,889)	(156,889)
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,992)</u>	<u>\$ (15,992)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			140,897	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 140,897</u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - STATE EQUALIZATION STIMULUS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 58,407	\$ 61,346	\$ 191,373	\$ 130,027
Expenditures:				
Current:				
Instruction	\$ 58,407	\$ 51,279	\$ 51,279	\$ -
Support services - Students		497	495	2
School administration		9,570	9,570	-
Food services				-
Total expenditures	\$ 58,407	\$ 61,346	\$ 61,344	\$ 2
Net change in fund balance	\$ -	\$ -	\$ 130,029	\$ 130,029
Fund balance, July 1, 2010	-	-	(141,960)	(141,960)
Fund balance, June 30, 2011	\$ -	\$ -	\$ (11,931)	\$ (11,931)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			130,029	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 130,029	

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

Lordsburg Municipal School District #1
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ 765,609	\$ 765,609	\$ 768,312	\$ 2,703
Earnings on investments	2,223	2,223	898	(1,325)
 Total revenues	 <u>\$ 767,832</u>	 <u>\$ 767,832</u>	 <u>\$ 769,210</u>	 <u>\$ 1,378</u>
Expenditures:				
Current:				
Administration	\$ 7,656	\$ 7,684	\$ 7,683	\$ 1
Principal	650,000	650,000	650,000	-
Interest	115,609	115,609	115,608	1
Reserve	920,603	920,575		920,575
 Total expenditures	 <u>\$ 1,693,868</u>	 <u>\$ 1,693,868</u>	 <u>\$ 773,291</u>	 <u>\$ 920,577</u>
Net change in fund balance	\$ (926,036)	\$ (926,036)	\$ (4,081)	\$ 921,955
Fund balance, July 1, 2010	<u>926,036</u>	<u>926,036</u>	<u>769,647</u>	<u>(156,389)</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 765,566</u>	<u>\$ 765,566</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (9,079)	
Revenue accruals (net)			4,998	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (4,081)</u>	

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

Lordsburg Municipal School District #1
CAPITAL PROJECTS FUND - BOND BUILDING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ -	\$ -	\$ 147,435	\$ 147,435
Earnings on investments	<u>2,000</u>	<u>2,000</u>	<u>1,319</u>	<u>(681)</u>
Total revenues	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 148,754</u>	<u>\$ 146,754</u>
Expenditures:				
Capital outlay	<u>846,369</u>	<u>1,713,243</u>	<u>603,770</u>	<u>1,109,473</u>
Revenues over (under) expenditures	\$ (844,369)	\$ (1,711,243)	\$ (455,016)	\$ (962,719)
Other financing sources (uses):				
Bond proceeds	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Net change in fund balance after other financing sources (uses)	\$ (844,369)	\$ (711,243)	\$ 544,984	\$ 1,256,227
Fund balance, July 1, 2010	<u>844,369</u>	<u>844,369</u>	<u>563,808</u>	<u>(280,561)</u>
Fund balance, June 30, 2011	<u><u>\$ -</u></u>	<u><u>\$ 133,126</u></u>	<u><u>\$ 1,108,792</u></u>	<u><u>\$ 975,666</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 656,228	
Revenue accruals (net)				
Other financing uses (net)				
Expenditure accruals (net)			<u>(111,244)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 544,984</u></u>	

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

Lordsburg Municipal School District #1
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
June 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>6/30/2011</u>
Assets				
Cash and investments:				
Lordsburg High School	\$ 100,038	\$ 82,479	\$ 82,208	\$ 100,309
DTMS Middle School	4,394	15,867	11,256	9,005
Central Elementary School	2,088	6,187	3,922	4,353
Southside Elementary School	<u>8,060</u>	<u>6,886</u>	<u>7,139</u>	<u>7,807</u>
 Total Assets	 <u>\$ 114,580</u>	 <u>\$ 111,419</u>	 <u>\$ 104,525</u>	 <u>\$ 121,474</u>
 Liabilities				
Deposits held for others:				
Lordsburg High School	\$ 100,038	\$ 82,479	\$ 82,208	\$ 100,309
DTMS Middle School	4,394	15,867	11,256	9,005
Central Elementary School	2,088	6,187	3,922	4,353
Southside Elementary School	<u>8,060</u>	<u>6,886</u>	<u>7,139</u>	<u>7,807</u>
 Total Liabilities	 <u>\$ 114,580</u>	 <u>\$ 111,419</u>	 <u>\$ 104,525</u>	 <u>\$ 121,474</u>

The accompanying notes are an integral part of these financial statements

Lordsburg Municipal School District #1
SCHEDULE OF DEPOSITORY COLLATERAL
 June 30, 2011

	Western Bank	Total
Checking and CD's	\$ 3,819,663	\$ 3,819,663
Total on deposit	\$ 3,819,663	\$ 3,819,663
Less: FDIC insurance	(250,000)	(250,000)
Total uninsured public funds	\$ 3,569,663	\$ 3,569,663
50% collateralization requirement (Section 6-10-17 NMSA)	\$ 1,784,832	\$ 1,784,832
Pledged Securities:		
FNMA 2001-64E QH 31392AHX9 11/25/2031	\$ 880,846	\$ 880,846
Silver City School District, 827513EX6 8/1/2017	448,350	448,350
Taos N Mex Muni Sch Dist 876014FW6 9/1/2018	539,775	539,775
Torrence County NM 891398BA6 8/1/2016	325,575	325,575
Total pledged securities	\$ 2,194,546	\$ 2,194,546
Pledged securities over (under) requirement	\$ 409,715	\$ 409,715

Pledged securities are held by the Federal Home Loan Bank of Dallas, TX.
 Safekeeping receipts are held by the District.

Lordsburg Municipal School District #1
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS
 June 30, 2011

	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<u>Western Bank</u>			
Federal Projects	Checking	\$ 5,601	\$ (116,620)
Capital Projects	Checking	7,669	1,145
Terra Rolfe Estate	Checking	450	450
Activity	Checking	7,102	2,420
Literacy and School Libraries	Checking	4,261	(297)
Federal	Checking	4	-
Tax Account	Checking	-	-
Athletics	Checking	102	108
Cafeteria	Checking	21,420	1,203
Operational	Checking	815,224	127,327
Investments	Checking	<u>2,957,830</u>	<u>2,957,831</u>
 Total cash and investments		 <u>\$ 3,819,663</u>	 <u>\$ 2,973,567</u>

Lordsburg Municipal School District #1
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2011

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Food Services</u>	<u>Athletics</u>
Total cash and investments as of July 1, 2010	\$ 695,684	\$ 23,194	\$ 18,441	\$ 53,776	\$ 23,648
Add: Current year receipts	6,147,806	306,633	26,115	282,366	35,104
Prior year warrants voided		80			104
Less: Current year expenditures	(5,872,937)	(321,112)	(35,285)	(295,940)	(52,748)
Receivables/payables		(80)			
Transfers	(7,437)				
Total cash and investments as of June 30, 2011	<u>\$ 963,116</u>	<u>\$ 8,715</u>	<u>\$ 9,271</u>	<u>\$ 40,202</u>	<u>\$ 6,108</u>

Lordsburg Municipal School District #1
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (continued)
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2011

	Non- Instructional Support	Federal Projects	Federal Direct	State Flowthrough	Local \ State Fund
Total cash and investments as of July 1, 2010	\$ 207,961	\$ (284,729)	\$ (141,960)	\$ (8,018)	\$ 563
Add: Current year receipts	131,934	1,027,399	874,096	18,919	55,000
Prior year warrants voided	88	592			
Less: Current year expenditures	(137,113)	(1,097,543)	(779,688)	(10,917)	(55,563)
Receivables/payables		(592)		(422)	
Transfers		7,437			
Total cash and investments as of June 30, 2011	<u>\$ 202,870</u>	<u>\$ (347,436)</u>	<u>\$ (47,552)</u>	<u>\$ (438)</u>	<u>\$ -</u>

Lordsburg Municipal School District #1
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (concluded)
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2011

	<u>Bond Building</u>	<u>Special Capital Outlay State</u>	<u>SB-9</u>	<u>Debt Service</u>	<u>Total</u>
Total cash and investments as of July 1, 2010	\$ 563,808	\$ -	\$ 237,018	\$ 769,647	\$ 2,159,033
Add: Current year receipts	1,148,754		414,578	769,211	11,237,915
Prior year warrants voided					864
Less: Current year expenditures	(603,770)		(387,243)	(773,292)	(10,423,151)
Receivables/payables					(1,094)
Transfers					-
Total cash and investments as of June 30, 2011	<u>\$ 1,108,792</u>	<u>\$ -</u>	<u>\$ 264,353</u>	<u>\$ 765,566</u>	<u>\$ 2,973,567</u>

Lordsburg Municipal School District No. 1
SCHEDULE OF JOINT POWERS AGREEMENTS
 June 30, 2011

Participants-	Lordsburg Municipal School District No. 1 and the Southwest Regional Education Center # 10
Responsible party for operations-	The District as well as the Southwest Regional Education Center # 10
Description-	Participants agree to work together to establish and maintain cooperative programs of educational services under various federal and state authorizing statutes
Beginning and ending dates-	To be renewed each fiscal year
Total estimated amount of project and amount applicable to agency-	Varies year to year and is based upon program awards
Amount agency contributed in current fiscal year-	Based upon programs awarded
Audit responsibility-	Southwest Regional Education Center # 10
Name of agency where revenues and expenditures are reported-	Southwest Regional Education Center # 10
Participants-	Lordsburg Municipal School District No. 1, the County of Hidalgo and the City of Lordsburg
Responsible party for operations-	The District, the City of Lordsburg and Hidalgo County
Beginning and ending dates-	Until project is complete
Total cost and amount attributable to the District	\$550,000.00 allocation from NM Higher Education Dept.
Amount District contributed in the current fiscal year	\$550,000.00
Audit responsibility	District, City and County
Agency that is to account for activity	Lordsburg Municipal Schools

Lordsburg Municipal School District #1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2011

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through N.M. Department of Education:			
Title I Grants to Lea's	84.010	24.101	\$ 336,805
Special Education - Grants to States	84.027	24.106	217,309
Special Education - Preschool Grants	84.173	24.109	29,880
Education of the Homeless	84.196	24.113	8,680
ARRA Title I Grants to LEA's	84.389	24.201	125,830
ARRA Education Technology State Grants	84.386	24.249	126,620
ARRA Special Education - Preschool Grants	84.392	24.209	5,852
ARRA Special Education - Grants to States	84.391	24.206	133,162
ARRA Education of the Homeless	84.387	24.213	7,332
ARRA State Fiscal Stabilization Fund	84.394	25.250	61,344
Education Job Fund	84.410	25.255	157,992
Rural Education	84.358	24.160	15,300
Safe and Drug Free Schools and Communities	84.186	24.157	4,963
Improving Literacy Through School Libraries	84.364	25.235	519,608
21st Century Learning	84.287	N/A	73,542
Teacher Quality State Grants	84.367	24.154	76,425
Enhancing Education through Technology	84.318	24.149	9,196
Total U.S. Department of Education			\$ 1,909,840
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct Programs:			
Schools and Roads-Grants to States	10.665	N/A	\$ 37,312
Passed through N.M. Department of Education:			
National School Lunch Program	10.555	N/A	176,020
School Breakfast Program	10.553	N/A	57,725
Passed through N.M. Department of Human Svc's:			
Emergency Food Assistance Program	10.569	N/A	17,562
Total U.S. Department of Agriculture			\$ 288,619
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through the N.M. Dept. of Human Services:			
Medical Assistance Program	93.778	24.253	\$ 40,948
Total expenditures of federal awards			\$ 2,239,407

Lordsburg Municipal School District #1
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2011

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lordsburg Municipal School District No. 1 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. The District received \$17,562 in food commodities during the 2010-2011 fiscal year.

Note 3 The District had the following insurance coverages during the year ended June 30, 2011:

Workers compensation	\$ 1,050,000
Property	500,000,000
Liability	1,000,000
Auto	10,000,000

Lordsburg Municipal School District #1
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2011

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Programs

None

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LINDA STONE McGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENTAL AUDITING STANDARDS**

Hector H. Balderas, State Auditor
and
Board of Education
Lordsburg Municipal School District No. 1
Lordsburg, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of Lordsburg Municipal School District No. 1 as of and for the year ended June 30, 2011, which collectively comprise Lordsburg Municipal School District No. 1's basic financial statements and have issued our report thereon dated October 20, 2011. We have also audited the financial statements of each of the District's non-major governmental funds and related budgetary comparisons presented as other supplementary information as of and for the year ended June 30, 2011 and have issued our report thereon dated October 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lordsburg Municipal School District No. 1's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lordsburg Municipal School District No. 1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Lordsburg Municipal School District No. 1's internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lordsburg Municipal School District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We 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 questioned costs as finding 2011-1.

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

This report is intended solely for the information and use of management, the Board of Education and its audit committee, others within the organization, the Public Education Department, the New Mexico State Auditor, the New Mexico Legislature, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Stone, McGee & Co CPAs

October 20, 2011

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

Hector H. Balderas, State Auditor
and
Board of Education
Lordsburg Municipal School District No. 1
Lordsburg, New Mexico

Compliance

We have audited Lordsburg Municipal School District No. 1's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Lordsburg Municipal School District No. 1's major federal programs for the year ended June 30, 2011. Lordsburg Municipal School District No. 1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Lordsburg Municipal School District No. 1's management. Our responsibility is to express an opinion on the Lordsburg Municipal School District No. 1's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lordsburg Municipal School District No. 1's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Lordsburg Municipal School District No. 1's compliance with those requirements.

In our opinion, Lordsburg Municipal School District No. 1 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of Lordsburg Municipal School District No. 1 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Lordsburg Municipal School District No. 1's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lordsburg Municipal School District No. 1's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Education and its audit committee, others within the entity, the Public Education Department, the New Mexico State Auditor, the New Mexico Legislature, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Stone, McGee & Co CPA's

October 20, 2011

Lordsburg Municipal School District No. 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Lordsburg Municipal School District No. 1.
2. No significant deficiencies relating to the audit of the financial statements is reported in the *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Bases on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Lordsburg Municipal School District No. 1, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies related to the audit of the major federal award programs are reported in the *Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133*.
5. The auditor's report on compliance for the major federal award programs for Lordsburg Municipal School District No. 1 expresses an unqualified opinion on all major programs.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 were noted during the audit.
7. The programs tested as major programs included: The Title I Cluster, consisting of Title I Grants to Lea's, CFDA No. 84.010 and ARRA Title I Grants to LEA's, CFDA No. 84.389, and; the Special Education cluster, consisting of Special Education-Grants to States, CFDA No. 84.027, ARRA Special Education-Grants to States, CFDA No.84.391, Special Education-Preschool Grants, CFDA No. 84.173, and ARRA Special Education-Preschool Grants, CFDA No. 84.392, and; Improving Literacy Through School Libraries, CFDA No. 84.364.
8. The threshold for distinguishing types A and B programs was \$300,000.
9. Lordsburg Municipal School District No. 1 was determined to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

2011-1 Budgetary Controls (Other)

Condition – The District incurred expenditures in excess of budgetary authority in the following funds and functions:

Medicaid Fund:
 Support services – students \$14,430

Education Tech Stimulus Fund:
School administration \$197

Criteria – Sections 6-3-1 through 6-3-25 NMSA 1978 require, in part, that expenditures not exceed budgetary authority. The function is the legal level of control.

Effect – The internal controls established by adherence to budgets has been compromised, and excess spending could result. In addition, New Mexico statutes have been violated.

Cause – The District did not request the budget adjustments at year end to alleviate these budget overruns.

Recommendation – We recommend that the District adhere to their policy of reviewing year end expenditures and requesting budget adjustments as necessary.

Agency Response – The policy is currently in place, but these adjustments were overlooked. The District intends to comply with the policy in future years.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

None

OTHER – FINANCIAL STATEMENT PREPARATION

The financial statements were prepared by Stone, McGee & Co., C.P.A.'s, with substantial assistance from District personnel.

EXIT CONFERENCE

The contents of this report were discussed October 6, 2011. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Ali Salinas	Board Member	Lordsburg Municipal Schools
Carmen Acosta	Audit Committee Member	Lordsburg Municipal Schools
Jim Barentine	Superintendent	Lordsburg Municipal Schools
Anna Anderle	Business Manager	Lordsburg Municipal Schools
Kay Stone	Shareholder	Stone, McGee & Co., CPAs
Mike Stone	Shareholder	Stone, McGee & Co., CPAs