

**STATE OF NEW MEXICO
LOVING MUNICIPAL SCHOOLS**

Audit Report

For the Year Ended June 30, 2011

RONNY FOUTS
CERTIFIED PUBLIC ACCOUNTANT
Melrose, New Mexico

STATE OF NEW MEXICO
Loving Municipal Schools

Official Roster
For the year ended June 30, 2011

BOARD OF EDUCATION

Armando Chavez President
Reynaldo Armendarez Vice-President
Olga Onsurez Secretary
Lynn Ballard Member
Francisco Chacon Member

SCHOOL OFFICIALS

Kris Baca Superintendent
Mary Cherryhomes Business Manager

STATE OF NEW MEXICO
 Loving Municipal Schools
Table of Contents
 June 30, 2011

	Page
INTRODUCTORY SECTION	
Official Roster.....	i
Table of Contents.....	ii-iv
FINANCIAL SECTION	
Independent Auditor's Report	1-2
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	3
Statement of Activities	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	5-6
Reconciliation of the Balance Sheet to the Statement of Net Assets.....	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	8-9
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	10
Major Funds:	
Statement of Revenues and Expenditures – Budget (Non-GAAP) and Actual General Fund.....	11
Statement of Assets and Liabilities – Agency Funds	12
Notes to Financial Statements	13-28
SUPPLEMENTAL INFORMATION:	
Statement of Revenues and Expenditures – Budget (Non-GAAP) and Actual	
Debt Service Fund	29
Debt Service Fund Ed Tech.....	30
Bond Building Fund.....	31
Combining Balance Sheet-General Funds	32
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance-General Funds	33
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual-General Fund	
Operational.....	34
Transportation	35
Instruction Materials	36
Non-major Governmental Funds:	
Combining Balance Sheet.....	37
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	38
Non-major Special Revenue Funds:	
Combining Balance Sheet	39-42

Combining Statement of Revenues, Expenditures and Changes in Fund Balance	43-46
---	-------

Statement of Revenue and Expenditures - Budget (Non-GAAP) and

Actual:

Food Services	47
Athletics	48
Title I	49
Migrant Children Education	50
IDEA Entitlement	51
IDEA Preschool	52
21 st Century Learning	53
IDEA Reallocation	54
Enhancing Education Through Technology	55
Title III	56
Title II	57
Title IV	58
Reading First	59
HSTW	60
IDEA Entitlement ARRA	61
IDEA Preschool ARRA	62
Education of Homeless Federal Stimulus	63
Headstart	64
Title XIX Medicaid	65
Rural Education Achievement	66
SEG Federal Stimulus	67
Education Job Fund	68
Microsoft Settlement Fund	69
Dual Credit Instructional Materials	70
GO Bonds Student Library Fund	71
Technology for Education	72
School Improvement Framework	73
K-3 Plus	74
State Directed Activities	75
Microsoft PIL	76

Non-major Capital Projects Funds:

Combining Balance Sheet	77
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	78

Statement of Revenue and Expenditures - Budget (Non-GAAP) and

Actual:

Special Capital Outlay - Local	79
SB-9 Capital Improvements Fund	80
Ed Tech Equip	81

OTHER SUPPLEMENTAL INFORMATION:

Fiduciary Funds:

Schedule of Changes in Assets and Liabilities	82
Schedule of Pledged Collateral	83
Cash Reconciliation	84-85

Schedule of Expenditures of Federal Awards.....	86
Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	87-88
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	89-90
Schedule of Findings and Questioned Costs.....	91
Exit Conference.....	92

RONNY FOUTS
CERTIFIED PUBLIC ACCOUNTANT
P.O. Box 425
Melrose, NM 88124

(575) 253-4554
Fax: (575) 253-4727

INDEPENDENT AUDITOR'S REPORT

Hector Balderas, State Auditor
The Board of Education
Loving Municipal Schools
Loving, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and the budgetary comparison for the general fund of the Loving Municipal School, as of and for the year ended June 30, 2011, which collectively comprise the Loving Municipal School's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the nonmajor governmental funds and the budgetary comparisons for the major capital project funds and debt service funds presented as 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 Loving Municipal School's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Loving Municipal Schools, as of June 30, 2011, and the respective changes in financial position and the budgetary comparisons for the major capital project funds and debt service funds and the general fund 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 the major capital project funds and debt service funds and all nonmajor governmental funds of the Loving Municipal School's as of June 30, 2011 and the respective changes in financial position, and the respective budgetary comparisons for the nonmajor funds and the debt service and bond building funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 4, 2011, on our consideration of Loving Municipal School's internal control over financial reporting and 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.

For the year ended June 30, 2011, Loving Municipal Schools has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

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



Ronny Fouts, CPA
Melrose, New Mexico
November 4, 2011

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS
 STATEMENT OF NET ASSETS

June 30, 2011

ASSETS	<u>Governmental Activities</u>
Cash and Cash Equivalents	\$ 2,545,045
Taxes Receivable	129,059
Due from other Governments	379,608
Inventories	8,506
Non-current	
Bond Issue costs net	70,643
Capital Assets - Net	<u>17,365,454</u>
TOTAL ASSETS	<u>\$ 20,498,315</u>
 LIABILITIES	
Current:	
Accounts Payable	\$ -
Accrued Interest	75,774
Debt Due Within One Year	560,000
Total Current Liabilities	<u>635,774</u>
Non-current	
Debt Due in More Than One Year	<u>6,225,656</u>
Total Non-current Liabilities	<u>6,225,656</u>
TOTAL LIABILITIES	<u>6,861,430</u>
 NET ASSETS	
Invested in capital assets, net of related debt	10,696,097
Restricted	1,882,492
Unrestricted	<u>1,058,296</u>
TOTAL NET ASSETS	<u>\$ 13,636,885</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS
 STATEMENT OF ACTIVITIES

Year ended June 30, 2011

Functions/Programs	Program Revenues				Net (Expenses)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue & Changes in Net Assets
Primary Government:					
Governmental activities:					
Instruction	\$ 4,206,114	\$ -	\$ 1,100,219	\$ -	\$ (3,105,895)
Support Services					
Students	463,471	41,465	-	-	(422,006)
Instruction	335,513	-	-	-	(335,513)
General Administration	257,712	-	-	-	(257,712)
School Administration	311,129	-	-	-	(311,129)
Central Services	132,436	-	-	-	(132,436)
Operation & Maintenance of Plant	1,517,773	-	-	-	(1,517,773)
Student Transportation	139,343	-	-	-	(139,343)
Other Support Services	2,846	-	-	-	(2,846)
Community Service	5,083	-	-	-	(5,083)
Food service	460,692	5,844	435,265	-	(19,583)
Debt Interest Paid	276,225	-	-	-	(276,225)
Total Governmental Activities	\$ 8,108,337	\$ 47,309	\$ 1,535,484	\$ -	(6,525,544)

General Revenues	
Property taxes:	
Levied for general purposes	72,524
Levied for debt service	1,163,402
Levied for capital projects	384,952
State aid not restricted	5,360,809
Unrestricted investment earnings	5,778
Other Local Revenues	80,002
Total general revenues	7,067,467
Change in net assets	541,923
Net assets beginning	13,094,962
Net Assets- ending	\$ 13,636,885

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2011

	GENERAL FUND	DEBT SERVICE	DEBT SERVICE ED TECH	BOND BUILDING
ASSETS				
Cash on Deposit	\$ 763,414	\$ 596,605	\$ 134,683	\$ 427,915
Taxes Receivable	4,851	97,632	7,104	-
Due from other Funds	335,687	-	-	-
Due from other Governments	-	-	-	-
Inventories	-	-	-	-
TOTAL ASSETS	\$ 1,103,952	\$ 694,237	\$ 141,787	\$ 427,915
LIABILITIES AND FUND BALANCE				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Deferred Revenue	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
FUND BALANCE				
Fund Balance				
Nonspendable	-	-	-	-
Restricted	-	694,237	141,787	427,915
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	1,103,952	-	-	-
TOTAL FUND BALANCE	1,103,952	694,237	141,787	427,915
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,103,952	\$ 694,237	\$ 141,787	\$ 427,915

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

SB-9		
CAPITAL	OTHER	TOTAL
IMPROVEMENTS	GOVERNMENTAL	GOVERNMENTAL
BUILDING	FUNDS	FUNDS

\$	353,935	\$	268,493	\$	2,545,045
	19,472		-		129,059
	-		-		335,687
	-		379,608		379,608
	-		8,506		8,506
\$	373,407	\$	656,607	\$	3,397,905

\$	-	\$	-	\$	-
	-		335,687		335,687
	-		61,732		61,732
	-		397,419		397,419

	-		8,506		8,506
	373,407		226,993		1,864,339
	-		23,689		23,689
	-		-		-
	-		-		1,103,952
	373,407		259,188		3,000,486
\$	373,407	\$	656,607	\$	3,397,905

STATE OF NEW MEXICO
LOVING MUNICIPAL SCHOOLS

RECONCILIATION OF THE BALANCE SHEET
ALL GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS

June 30, 2011

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

Fund Balance - total governmental funds	\$ 3,000,486
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	17,365,454
Bond issue costs are capitalized and amortized over the life of the bonds	70,643
Deferred revenue not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities	61,732
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds Payable	(6,740,000)
Accrued Interest Payable	(75,774)
Accrued Compensated Absences	<u>(45,656)</u>
Net assets of governmental activities	<u>\$ 13,636,885</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE, EXPENDITURES AND
 CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

Year ended June 30, 2011

	GENERAL FUND	DEBT SERVICE	DEBT SERVICE ED TECH	BOND BUILDING
REVENUE				
Federal Aid	\$ 11,782	\$ -	\$ -	\$ -
State Aid	5,176,477	-	-	-
Property taxes	72,524	1,050,775	112,627	-
Interest	3,381	188	110	1,804
Insurance recoveries/refunds	1,921	-	-	-
Other local sources	32,472	-	-	-
TOTAL REVENUES	5,298,557	1,050,963	112,737	1,804
EXPENDITURES				
Current				
Instruction	3,053,922	-	-	-
Support Services				
Students	375,515	-	-	-
Instruction	250,890	-	-	-
General Administration	218,727	2,665	205	-
School Administration	303,167	-	-	-
Central Services	132,436	-	-	-
Operation & Maintenance of Plant	576,107	-	-	-
Transportation of students	132,981	-	-	-
Other Support Services	2,846	-	-	-
Community services	5,083	-	-	-
Food Service	-	-	-	-
Non-current				
Principal Retirement	-	345,000	100,000	-
Bond Interest	-	280,441	5,625	-
Facilities and construction	-	-	-	727,618
TOTAL EXPENDITURES	5,051,674	628,106	105,830	727,618
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	246,883	422,857	6,907	(725,814)
OTHER FINANCING SOURCES (USES)				
Sale of Bonds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	246,883	422,857	6,907	(725,814)
FUND BALANCE - JUNE 30, 2010	857,069	271,380	134,880	1,153,729
FUND BALANCE - JUNE 30, 2011	\$ 1,103,952	\$ 694,237	\$ 141,787	\$ 427,915

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

SB-9 CAPITAL IMPROVEMENTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 1,540,050	\$ 1,551,832
16,279	168,053	5,360,809
384,952	-	1,620,878
166	129	5,778
-	-	1,921
-	92,918	125,390
<u>401,397</u>	<u>1,801,150</u>	<u>8,666,608</u>
-	1,044,246	4,098,168
-	87,956	463,471
-	84,623	335,513
-	9,165	230,762
-	-	303,167
-	-	132,436
-	62,197	638,304
-	6,362	139,343
-	-	2,846
-	-	5,083
-	460,692	460,692
-	-	445,000
-	-	286,066
<u>193,052</u>	<u>168,560</u>	<u>1,089,230</u>
<u>193,052</u>	<u>1,923,801</u>	<u>8,630,081</u>
208,345	(122,651)	36,527
-	-	-
<u>208,345</u>	<u>(122,651)</u>	<u>36,527</u>
<u>165,062</u>	<u>381,839</u>	<u>2,963,959</u>
<u>\$ 373,407</u>	<u>\$ 259,188</u>	<u>\$ 3,000,486</u>

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCE-
 ALL GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

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

Net change in fund balance - total governmental funds \$ 36,527

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:

Change in deferred revenue related to special revenue funds (16,348)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year. 101,815

Long Term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources for governmental funds. Neither transaction, however, has any effect on net assets.

Decrease in accrued interest payable 9,841
 Principal payment on bonds 445,000

Bond Issue costs are expenditures in the funds but are capitalized in the statement of activities.

Bond Issue Costs -
 Amortizations (26,950)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

(7,962)

Change in Net Assets \$ 541,923

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - GENERAL FUND - 11000

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 2,917	\$ 2,917	\$ 11,782	\$ 8,865
State Revenue	5,317,338	5,155,155	5,176,477	21,322
Property Taxes	99,724	99,724	72,134	(27,590)
Local Revenue	8,682	8,682	32,472	23,790
Contributions, donations	-	-	1,921	1,921
Income from Investments	1,500	1,500	3,381	1,881
TOTAL REVENUE	5,430,161	5,267,978	\$ 5,298,167	\$ 30,189

BUDGETED CASH BALANCE	736,543	758,602		
TOTAL REVENUE & CASH	\$ 6,166,704	\$ 6,026,580		

EXPENDITURES				
Current				
Instruction	\$ 3,187,741	\$ 3,073,383	\$ 3,053,922	\$ 19,461
Support Services				
Students	392,026	413,397	375,515	37,882
Instruction	306,037	306,037	250,890	55,147
General Administration	315,678	263,128	218,727	44,401
School Administration	421,084	421,084	303,167	117,917
Central Services	141,661	141,661	132,436	9,225
Operation & Maintenance of Plant	1,226,166	1,248,225	576,107	672,118
Student Transportation	149,627	132,981	132,981	-
Other Support Services	8,593	8,593	2,846	5,747
Community services	18,091	18,091	5,083	13,008
Food Services	-	-	-	-
Facilities Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	\$ 6,166,704	\$ 6,026,580	\$ 5,051,674	\$ 974,906

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

Sources/Inflows of Resources	
Actual amounts (budgetary basis)	\$ 5,298,167
Differences budget to GAAP	
Prior Year receivable	(4,461)
Change in deferred taxes	-
Current Year receivable	4,851
Total Revenues (GAAP Basis)	\$ 5,298,557
Uses/Outflows of Resources	
Actual amounts (budgetary basis)	\$ 5,051,674
Differences-budget to GAAP	
Prior year payable	-
Current year payable	-
Total Expenditures (GAAP Basis)	\$ 5,051,674

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

STATE OF NEW MEXICO
LOVING MUNICIPAL SCHOOLS

STATEMENT OF ASSETS AND LIABILITIES - AGENCY FUNDS
June 30, 2011

<u>ASSETS</u>	Agency Funds
Pooled Cash and Investments	<u>\$ 73,676</u>
<u>LIABILITIES</u>	
Liabilities:	
Deposits held for others	<u>\$ 73,676</u>

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the LOVING MUNICIPAL SCHOOL DISTRICT NO. 21 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989 that do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described 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*. Some of the significant changes in the Statement include the following:

- Financial Statements prepared using full-accrual accounting for all the District's activities.
- A change in fund financial statements to focus on major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements) as of June 30, 2011.

In addition, in June 2001 the GASB issued Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus – and amendment of GASB Statement No. 21 and No. 34 and Statement No. 38, Certain Financial Note Disclosures*. These two statements clarify, modify, establish and rescind certain disclosure requirements under GASB no. 34. Both statements are being implemented in conjunction with GASB Statement No. 34. These statements do not have an impact on the results of operations of the financial position of the District.

Financial Reporting Entity

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

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

The District has no component units; defined by GASB Statement No. 14 as other legally separate organization for which the elected District members are financially accountable. There are no other primary governments with which the School Board Members are financially accountable. There are not other primary governments with which the District has significant relationship.

STATE OF NEW MEXICO
LOVING MUNICIPAL SCHOOL DISTRICT NO. 21
Notes to the Financial Statements
June 30, 2011

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

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

Governmental Funds

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

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

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

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

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

Fiduciary Fund Type

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

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

Major Funds

The District reports the following major governmental funds:

GENERAL FUND (11000)

The General Fund consists of three sub funds. The first is the operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide textbooks for all students in the District.

CAPITAL PROJECT FUNDS

BOND BUILDING FUND (31100)

To account for revenues from a School Building Bond Issue. The Expenditures are restricted to major capital improvements.

SB-9 CAPITAL IMPROVEMENTS FUND (31700)

To account for revenues derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements and maintenance of facilities.

DEBT SERVICE (41000)

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

DEBT SERVICE EDUCATION TECHNOLOGY (4300)

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

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

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

Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole, program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues include: 1) charges for services to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions, and 3) program-specific capital grants and contributions.

Fund Financial Statements (FFS)

Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types uses the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest of general long-term debt which is

recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity had been eliminated from the district-wide financial statements.

Revenues

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

Grants – Government mandated nonexchange transactions and voluntary nonexchange transactions. Recipients should recognize revenues in the period when all applicable eligibility requirements have been met and the resources available.

Revenue Recognition for Grants

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

1. Required characteristics of recipients. The recipient has the characteristics specified by the provider (are required to be school districts).
2. Time requirements. Time requirements specified by enabling legislation of the provider have been met (period when the resources are required to be used).
3. Reimbursements. The provider offers resources on a reimbursement (“expenditure-driven”) basis and the recipient has incurred allowable costs under the applicable program.
4. Contingencies. The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred (the recipient has raised the matching funds).

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

Expenditures

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

Other Financing Sources (Uses)

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

Basis of Budgeting

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

STATE OF NEW MEXICO
LOVING MUNICIPAL SCHOOL DISTRICT NO. 21
Notes to the Financial Statements
June 30, 2011

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

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

1. Prior to April 15, (unless a later date is fixed by the Secretary of Public Education) the local school board submits to the School Budget Finance & Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally in the accounting system. Encumbrances shall be used as an element for control and shall be integrated in the budget system.
4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAU.
5. No school board or officer or employee of the District shall make any expenditure or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the District and approved by the SBFAU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds used during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendment thereto.

Cash and Cash Equivalents

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

STATE OF NEW MEXICO
LOVING MUNICIPAL SCHOOL DISTRICT NO. 21
Notes to the Financial Statements
June 30, 2011

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

Investments

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

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

Receivables and Payables

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

Property Taxes

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

Elimination and Reclassification of Certain Receivables and Payables

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

Inventories and Prepaid Items

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

Capital Assets

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

If there are any construction projects funded by the NM Public School Facilities Authority they are included in the appropriate capital projects fund and in the capital assets.

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

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

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum

lease payment, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet.

Short-Term Debt

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

Long-Term Liabilities

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

Restricted Net Assets

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

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

Imposed by law through constitutional provisions or enabling legislation.

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

Fund Balances of Fund Financial Statements

Nonspendable - amounts that can not be spent because they are either: not in spendable form (not expected to be converted to cash, i.e. inventory and prepaid items).

Restricted – The use of the resource is limited by an external party such as the donor or other governmental unit.

Committed – Limited to a specific purpose by the highest level of decision making authority of a district/Charter.

Assigned – Amount that a district intends to use for a specific purpose.

Unassigned – Everything else is unassigned. Funds are available for any purpose.

Interfund Transfers

In governmental funds, transfers should be reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

Deferred Revenue

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

Compensated Absences

All 12-month or full time employees earn vacation and sick leave in amounts varying with tenure and classification. Employees who have been employed for less than 10 years accrue 12 days of vacation. Employees who have been employed for more than 10 years accrue 15 days per year. Upon retirement, unused vacation leave up to 20 days is paid to employees. No reimbursement or accrual is made for unused sick leave.

The District's recognition and measurement criteria for compensated absences follow:

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOL DISTRICT NO. 21
 Notes to the Financial Statements
 June 30, 2011

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both the following conditions are met:

- (a) The employees' right to receive compensation is attributable to services already rendered.
- (b) It is probable that the employer will compensate the employees for the benefits through paid time off of some other means, such as cash payments at termination or retirement.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

Estimates

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

NOTE B: CASH AND INVESTMENTS

The District is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and the pledged securities are included in a schedule in the supplemental section of this report.

	Balance Per Bank 06-30-11	Reconciled Balance	Type
Western Commerce Bank			
<u>Name of Account</u>			
General Operational	\$ 2,189,705	\$ 1,629,060	Checking
TOTAL Deposited	2,189,705	<u>\$ 1,629,060</u>	
Less: FDIC Coverage	<u>(2,189,705)</u>		
Uninsured Amount	-		
50% collateral requirement	-		
Pledged securities	<u>1,536,493</u>		
Over (Under) requirement	\$ 1,536,493		

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOL DISTRICT NO. 21
 Notes to the Financial Statements
 June 30, 2011

Insured	\$2,189,705
Collateralized:	
Collateral Held by the pledging bank in District's name	1,536,493
Uninsured and uncollateralized	(1,536,493)
Total Deposits	<u>\$2,189,705</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit for custodial credit risk. As of June 30, 2011 none of the District's bank balance of \$2,189,705 was exposed to custodial credit risk.

Interest Rate Risk-New Mexico State Treasurer	<u>Balance Per</u> <u>Bank 06-30-11</u>	<u>Balance</u> <u>Reconciled</u>	<u>Type</u>
<u>Name of Account</u>			
LGIP Pool 4101 (Bond, Operational 20%)	\$ 989,661	\$ 989,661	Investment
TOTAL Deposited	<u>\$ 989,661</u>	<u>\$ 989,661</u>	

The investments with the State Treasurer are valued at fair value based on quoted market prices as of valuation date.

State Treasurer's separately issues financial statements which disclose the collateral pledged to secure the State Treasurer cash and investments.

The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 1, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government. The Local Government Investment

Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested; and

Participation in the local government investment pool is voluntary.

Interest Rate Risk

Interest rate risk is the risk that interest rate variations may adversely affect an investment's fair value. The prices of securities fluctuate with market interest rates and the securities held in portfolio will decline if market interest rates rise. The portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investments to rising interest rates. The WAM for this investment is 36 days. The investment is rated AAAM.

NOTE C: INTERFUND BALANCES

There were interfund balances at June 30, 2011 which were temporary loans from operational to federal funds while awaiting reimbursements. Details of these balances are reflected in the individual balance sheets in the financial statements.

General Fund Due from other funds	\$335,687
Special Revenue Funds Due to General Fund	\$335,687

NOTE D: INTERFUND TRANSFERS

There were no Interfund Transfers for the year ending June 30, 2011.

NOTE E: TAXES RECEIVABLE

Following is a schedule of property taxes receivable as of June 30, 2011:

	General	Debt Service	Debt Service Ed Tech	Other Governmental Funds
Property Taxes Receivable				
Available	\$ 4,851	\$ 97,682	\$ 7,104	\$ -
Unavailable	-		-	-
TOTAL Property Taxes Receivable	<u>\$ 4,851</u>	<u>\$ 97,682</u>	<u>\$ 7,104</u>	<u>\$ -</u>

The deferred portion of property taxes receivable was not available for this report.

NOTE F: DUE FROM OTHER GOVERNMENT UNITS

Amounts due from other agencies and units of government were as follows as of June 30, 2011:

State Agencies	\$ 58,241
Federal Agencies	<u>321,367</u>
Total	\$ 379,608

NOTE G: DEFERRED REVENUES

Revenues are deferred in accordance with the modified accrual basis of accounting for the financial statements. The following deferred revenues are measurable but do not represent available expendable resources for the Fund Financial Statements for the fiscal year ended June 30, 2011:

Federal Revenues	-	-	-	<u>61,732</u>
TOTAL Deferred Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,732</u>

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOL DISTRICT NO. 21
 Notes to the Financial Statements
 June 30, 2011

NOTE H: CAPITAL ASSETS

Capital Assets Balances and Activity for the Year Ended June 30, 2011, is as follows:

	Balance 6/30/10	Increases	Decreases	Balance 6/30/11
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Total Capital Assets not being Depreciated	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>
Capital Assets, being Depreciated				
Buildings & Improvements	\$ 23,186,546	\$ 799,417	\$ -	\$ 23,985,963
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>1,619,192</u>	<u>-</u>	<u>-</u>	<u>1,619,192</u>
Total Capital Assets, being Depreciated	<u>24,805,738</u>	<u>799,417</u>	<u>-</u>	<u>25,605,155</u>
Total Capital Assets	<u>\$ 24,815,738</u>	<u>\$ 799,417</u>	<u>\$ -</u>	<u>\$ 25,615,155</u>
Less Accumulated Depreciation				
Buildings & Improvements	\$ 6,565,326	\$ 589,656	\$ -	\$ 7,154,982
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>986,773</u>	<u>107,946</u>	<u>-</u>	<u>1,094,719</u>
Total Accumulated Depreciation	<u>7,552,099</u>	<u>697,602</u>	<u>-</u>	<u>8,249,701</u>
Capital Assets, net	<u>\$ 17,263,639</u>	<u>\$ 101,815</u>	<u>\$ -</u>	<u>\$ 17,365,454</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	<u>\$ 107,946</u>
Operation & Maintenance of Plant	<u>589,656</u>

NOTE I: LONG TERM DEBT

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

	6/30/2010	Additions	Reductions	6/30/2011	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	<u>\$ 7,185,000</u>	<u>\$ -</u>	<u>\$ 445,000</u>	<u>\$ 6,740,000</u>	<u>\$ 560,000</u>
Total Bonds	<u>7,185,000</u>	<u>-</u>	<u>445,000</u>	<u>6,740,000</u>	<u>560,000</u>
Other Liabilities					
Compensated Absences					
Absences	<u>37,694</u>	<u>45,656</u>	<u>37,694</u>	<u>45,656</u>	<u>-</u>
Total Other Liabilities	<u>37,694</u>	<u>45,656</u>	<u>37,694</u>	<u>45,656</u>	<u>-</u>
Long-Term	<u>\$ 7,222,694</u>	<u>\$ 45,656</u>	<u>\$ 482,694</u>	<u>\$ 6,785,656</u>	<u>\$ 560,000</u>

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOL DISTRICT NO. 21
 Notes to the Financial Statements
 June 30, 2011

Payments on the general obligation bonds are made by the Debt Service Funds. The compensated absences liability will ultimately be liquidated by several of the District's governmental funds, with most being paid by the General Fund, Transportation Fund, Cafeteria Fund and Title I Fund.

The current portion for the compensated absences is being estimated at zero since there are no anticipated retirements or terminations.

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

Date of Issue	Original Amount	Interest Rate	Balance
7/15/2001	2,600,000	3.5%-4.75%	\$ 1,140,000
4/1/2007	500,000	3.75%	100,000
1/15/2008	3,000,000	4.00%	3,000,000
8/1/2008	2,500,000	4.00%	2,500,000

The annual requirements to amortize the general obligation bonds as of June 30, 2011, including interest payments are as follows:

	Principal	Interest	Total
2012	\$ 560,000	\$ 263,515	\$ 823,515
2013	480,000	239,430	719,430
2014	950,000	207,125	1,157,125
2015	550,000	176,500	726,500
2016	600,000	156,875	756,875
2017-2021	2,800,000	491,125	3,291,125
2022-2026	800,000	74,375	874,375
	<u>\$ 6,740,000</u>	<u>\$ 1,608,945</u>	<u>\$ 8,348,945</u>

NOTE J: COMMITMENTS

The District has completed the remodel of the Junior High building. It houses a community library, the SNMERC office, storage, gymnasium, a wellness/exercise room, and classrooms. The district also completed re-roofing the High School building and installed refrigerated air in the high school classrooms, hallways and cafeteria kitchen.

NOTE K: PENSION PLAN – Educational Retirement Board

Plan Description - Substantially all of the District's full-time employees participate in a public 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, disability 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. That 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 Loving Municipal Schools is 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 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 Loving Municipal Schools is required to contribute 12.4% of their gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and the Loving 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 Loving Municipal School's contributions to ERB for the fiscal years ending June 30, 2011, 2010 and 2009, were \$720,660, \$767,061 and \$759,847, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE L: POST EMPLOYEE BENEFITS - STATE RETIREE HEALTH CARE PLAN

Plan Description – Loving Municipal Schools contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post employment 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 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 RHA 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 member are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOL DISTRICT NO. 21
 Notes to the Financial Statements
 June 30, 2011

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 requires each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee is 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>
FY12	1.834%	.917%
FY13	2.000%	1.000%

Also, employers joining the program after 1/1/98 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.

Loving Municipal School's contributions to the RHCA for the years ended June 30, 2011, 2010, and 2009 were \$94,557, \$79,978 and \$78,774 respectively, which equal the required contributions for each year.

NOTE N: INSURANCE COVERAGE

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

Workers Compensation
 Property and Automobile Liability and Physical Damage

Liability and Civil Rights and Personal Injury
 Contract School Bus Coverage; and
 Crime

NOTE O: SURETY BOND

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

NOTE P: Joint Powers Agreement

The District is a member of a joint powers agreement with the Pecos Valley Regional Education Center No. 8 (PVREC). The joint powers agreement includes Loving, Hagerman, Dexter, and Lake Arthur school districts. The purpose of the agreement is to form an organization to establish and maintain cooperative programs of various federal and state grants.

STATE OF NEW MEXICO
LOVING MUNICIPAL SCHOOL DISTRICT NO. 21

Notes to the Financial Statements

June 30, 2011

The REC passed-through \$94,749 to the District for salaries and fringe benefits. As required by SAO 2.2.2.12 C (3) (d), the REC funds were reported as revenues and expenditures in the following revenue funds:

24106	IDEA, Part B, Entitlement
24109	IDEA Preschool

The financial statements were prepared by Ronny Fouts, CPA. The audit report is available at the PVREC located in Artesia, New Mexico.

The Loving Municipal School District No. 21 is a member of a joint powers agreement with ten other school districts in the Southeastern New Mexico Education Resources Center (SNMERC). Pecos Valley Regional Center Cooperative is the fiscal agent for this group.

The District is a member of the Cooperative Educational Services. The joint powers agreement was entered in to July 1, 1984. The purpose of the agreement is to pool efforts in order to bring additional, necessary educational services to their respectable school districts at an affordable cost. The term of the agreement shall continue until it is rescinded or terminated by a majority vote of the participating School Districts.

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - DEBT SERVICE FUND -41000

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Taxes	\$ 625,442	\$ 625,442	\$ 985,324	\$ 359,882
Investment Income	143	143	188	45
TOTAL REVENUE	<u>625,585</u>	<u>625,585</u>	<u>\$ 985,512</u>	<u>\$ 359,927</u>
BUDGETED CASH BALANCE	<u>502,633</u>	<u>502,633</u>		
TOTAL REVENUE & CASH	<u>\$ 1,128,218</u>	<u>\$ 1,128,218</u>		
EXPENDITURES				
Current				
General Administration	\$ 2,700	\$ 2,700	\$ 2,665	\$ 35
Debt Service				
Principal Retirement	345,000	345,000	345,000	-
Bond Interest	280,442	280,442	280,441	1
Non-operating Reserves	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 628,142</u>	<u>\$ 628,142</u>	<u>\$ 628,106</u>	<u>\$ 36</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 985,512
Differences budget to GAAP	
Prior Year receivable	(32,181)
Change in deferred taxes	-
Current Year receivable	97,632
Total Revenues (GAAP Basis)	<u>\$ 1,050,963</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 628,106
Differences-budget to GAAP	
Prior year Principal due	-
Prio year interest due	-
Total Expenditures (GAAP Basis)	<u>\$ 628,106</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - DEBT SERVICE FUND ED TECH - 43000

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Taxes	\$ 100,000	\$ 100,000	\$ 108,104	\$ 8,104
Investment Income	180	180	110	(70)
TOTAL REVENUE	<u>100,180</u>	<u>100,180</u>	<u>\$ 108,214</u>	<u>\$ 8,034</u>
BUDGETED CASH BALANCE	<u>143,402</u>	<u>143,402</u>		
TOTAL REVENUE & CASH	<u>\$ 243,582</u>	<u>\$ 243,582</u>		
EXPENDITURES				
Current				
General Administration	\$ 130	\$ 205	\$ 205	\$ -
Debt Service				
Principal Retirement	100,000	100,000	100,000	-
Bond Interest	5,625	5,625	5,625	-
Non-operating Reserves	137,827	137,752	-	137,752
TOTAL EXPENDITURES	<u>\$ 243,582</u>	<u>\$ 243,582</u>	<u>\$ 105,830</u>	<u>\$ 137,752</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 108,214
Differences budget to GAAP	
Prior Year receivable	(2,580)
Change in deferred taxes	-
Current Year receivable	7,104
Total Revenues (GAAP Basis)	<u>\$ 112,738</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 105,830
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 105,830</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - CAPITAL PROJECTS - BOND BUILDING FUND -31100

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Sale of Bonds	\$ -	\$ -	\$ -	\$ -
Other Local Income	-	-	-	-
Investment Income	4,081	4,081	1,804	(2,277)
TOTAL REVENUE	<u>4,081</u>	<u>4,081</u>	<u>\$ 1,804</u>	<u>\$ (2,277)</u>
BUDGETED CASH BALANCE	<u>1,153,730</u>	<u>1,153,730</u>		
TOTAL REVENUE & CASH	<u>\$ 1,157,811</u>	<u>\$ 1,157,811</u>		
EXPENDITURES				
Current				
Facilities and construction	\$ 1,533,028	\$ 1,533,028	\$ 727,618	\$ 805,410
TOTAL EXPENDITURES	<u>\$ 1,533,028</u>	<u>\$ 1,533,028</u>	<u>\$ 727,618</u>	<u>\$ 805,410</u>

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ 1,804
Differences budget to GAAP		
Current Year receivable		-
Total Revenues (GAAP Basis)		<u>\$ 1,804</u>
 Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ 727,618
Differences-budget to GAAP		
Current Year Accounts Payable		-
Total Expenditures (GAAP Basis)		<u>\$ 727,618</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET - GENERAL FUNDS

June 30, 2011

	OPERATIONAL 11000	TRANSPORTATION 13000	INSTRUCTIONAL MATERIALS 14000	TOTAL GENERAL FUND
ASSETS				
Cash on Deposit	\$ 725,319	\$ 1	\$ 38,094	\$ 763,414
Taxes Receivable	4,851	-	-	4,851
Due from other Funds	335,687	-	-	335,687
Due from other Governments	-	-	-	-
Inventories	-	-	-	-
TOTAL ASSETS	\$ 1,065,857	\$ 1	\$ 38,094	\$ 1,103,952
LIABILITIES AND FUND BALANCE				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
FUND BALANCE				
Fund Balance				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	1	-	1
Assigned	-	-	-	-
Unassigned	1,065,857	-	38,094	1,103,951
TOTAL FUND BALANCE	1,065,857	1	38,094	1,103,952
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,065,857	\$ 1	\$ 38,094	\$ 1,103,952

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

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

Year ended June 30, 2011

	OPERATIONAL 11000	TRANSPORTATION 13000	INSTRUCTIONAL MATERIALS 14000	TOTAL GENERAL FUND
REVENUE				
Federal Aid	\$ 11,782	\$ -	\$ -	\$ 11,782
State Aid	5,019,655	132,981	23,841	5,176,477
Property taxes	72,524	-	-	72,524
Interest	3,381	-	-	3,381
Insurance recoveries/refunds	1,921	-	-	1,921
Other local sources	32,472	-	-	32,472
TOTAL REVENUES	5,141,735	132,981	23,841	5,298,557
EXPENDITURES				
Current				
Instruction	3,033,296	-	20,626	3,053,922
Support Services				
Students	375,515	-	-	375,515
Instruction	250,890	-	-	250,890
General Administration	218,727	-	-	218,727
School Administration	303,167	-	-	303,167
Central Services	132,436	-	-	132,436
Operation & Maintenance of Plant	576,107	-	-	576,107
Transportation of students	-	132,981	-	132,981
Other Support Services	2,846	-	-	2,846
Community Services	5,083	-	-	5,083
Food Service	-	-	-	-
Non-current				
Principal Retirement	-	-	-	-
Bond Interest	-	-	-	-
Facilities and construction	-	-	-	-
TOTAL EXPENDITURES	4,898,067	132,981	20,626	5,051,674
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	243,668	-	3,215	246,883
OTHER FINANCING SOURCES (USES)				
Sale of Bonds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	243,668	-	3,215	246,883
FUND BALANCE - JUNE 30, 2010	822,189	1	34,879	857,069
FUND BALANCE - JUNE 30, 2011	\$ 1,065,857	\$ 1	\$ 38,094	\$ 1,103,952

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - GENERAL FUND - OPERATIONAL - 11000

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 2,917	\$ 2,917	\$ 11,782	\$ 8,865
State Revenue	5,145,130	4,999,593	5,019,655	20,062
Property Taxes	99,724	99,724	72,134	(27,590)
Local Revenue	8,682	8,682	32,472	23,790
Contributions, donations	-	-	1,921	1,921
Income from Investments	1,500	1,500	3,381	1,881
TOTAL REVENUE	5,257,953	5,112,416	\$ 5,141,345	\$ 28,929

BUDGETED CASH BALANCE 736,543 758,602

TOTAL REVENUE & CASH \$ 5,994,496 \$ 5,871,018

EXPENDITURES

Current

Instruction	\$ 3,165,160	\$ 3,050,802	\$ 3,033,296	\$ 17,506
Support Services				
Students	392,026	413,397	375,515	37,882
Instruction	306,037	306,037	250,890	55,147
General Administration	315,678	263,128	218,727	44,401
School Administration	421,084	421,084	303,167	117,917
Central Services	141,661	141,661	132,436	9,225
Operation & Maintenance of Plant	1,226,166	1,248,225	576,107	672,118
Student Transportation	-	-	-	-
Other Support Services	8,593	8,593	2,846	5,747
Community services	18,091	18,091	5,083	13,008
Food Services	-	-	-	-
Facilities Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	\$ 5,994,496	\$ 5,871,018	\$ 4,898,067	\$ 972,951

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 5,141,345
Differences budget to GAAP	
Prior Year receivable	(4,461)
Change in deferred taxes	-
Current Year receivable	4,851
Total Revenues (GAAP Basis)	\$ 5,141,735

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 4,898,067
Differences-budget to GAAP	
Prior year payable	-
Current year payable	-
Total Expenditures (GAAP Basis)	\$ 4,898,067

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - GENERAL FUND - TRANSPORTATION - 13000

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ 149,627	\$ 132,981	\$ 132,981	\$ -
TOTAL REVENUE	<u>149,627</u>	<u>132,981</u>	<u>\$ 132,981</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 149,627</u>	<u>\$ 132,981</u>		
EXPENDITURES				
Current				
Student Transportation	\$ 149,627	\$ 132,981	\$ 132,981	\$ -
TOTAL EXPENDITURES	<u>\$ 149,627</u>	<u>\$ 132,981</u>	<u>\$ 132,981</u>	<u>\$ -</u>

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ 132,981
Differences budget to GAAP		-
Prior Year checks voided		-
Current Year receivable		-
Total Revenues (GAAP Basis)		<u>\$ 132,981</u>
 Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ 132,981
Differences-budget to GAAP		-
 Total Expenditures (GAAP Basis)		<u>\$ 132,981</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - GENERAL FUND - INSTRUCTIONAL MATERIALS - 14000

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ 22,581	\$ 22,581	\$ 23,841	\$ 1,260
TOTAL REVENUE	<u>22,581</u>	<u>22,581</u>	<u>\$ 23,841</u>	<u>\$ 1,260</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 22,581</u>	<u>\$ 22,581</u>		
EXPENDITURES				
Current				
Instruction	\$ 22,581	\$ 22,581	\$ 20,626	\$ 1,955
Support Services				
Instruction	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 22,581</u>	<u>\$ 22,581</u>	<u>\$ 20,626</u>	<u>\$ 1,955</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 23,841
Differences budget to GAAP	
Prior Year receivable	-
Current Year receivable	-
Total Revenues (GAAP Basis)	<u>\$ 23,841</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 20,626
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 20,626</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS

June 30, 2011

	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL
ASSETS			
Cash on Deposit	\$ 190,964	\$ 77,529	\$ 268,493
Taxes receivable		-	-
Due from other Governments	379,608	-	379,608
Inventories	8,506	-	8,506
TOTAL ASSETS	\$ 579,078	\$ 77,529	\$ 656,607
LIABILITIES			
Accounts Payable	-	-	-
Due to other funds	335,687	-	335,687
Deferred Revenue	61,732	-	61,732
TOTAL LIABILITIES	397,419	-	397,419
FUND BALANCE			
Fund Balance			
Nonspendable	8,506	-	8,506
Restricted	149,464	77,529	226,993
Committed	23,689	-	23,689
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCE	181,659	77,529	259,188
TOTAL LIABILITIES & FUND BALANCE	\$ 579,078	\$ 77,529	\$ 656,607

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2011

	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL
REVENUES			
Federal Aid	\$ 1,540,050	\$ -	\$ 1,540,050
State Aid	168,053	-	168,053
Property taxes	-	-	-
Local revenues	65,971	26,947	92,918
Interest	13	116	129
TOTAL REVENUES	1,774,087	27,063	1,801,150
EXPENDITURES			
Current			
Instruction	1,044,246	-	1,044,246
Support Services			
Students	87,956	-	87,956
Instruction	84,623	-	84,623
General Administration	9,165	-	9,165
School Administration	-	-	-
Central Services	-	-	-
Operation & Maintenance of Plant	62,197	-	62,197
Student Transportation	6,362	-	6,362
Food Service	460,692	-	460,692
Facilities and construction	-	168,560	168,560
TOTAL EXPENDITURES	1,755,241	168,560	1,923,801
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	18,846	(141,497)	(122,651)
FUND BALANCE- JUNE 30, 2010	162,813	219,026	381,839
FUND BALANCE - JUNE 30, 2011	\$ 181,659	\$ 77,529	\$ 259,188

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2011

	FOOD SERVICE 21000	ATHLETIC 22000	TITLE I 24101	TITLE I MIGRANT 24103	IDEA-B ENTITLEMENT 24106	IDEA-B PRESCHOOL 24109
ASSETS						
Cash on Deposit	\$ 105,543	\$ 23,689	\$ -	\$ 964	\$ -	\$ -
Due from other Governments	43,921	-	16,476	-	12,542	3,899
Inventories	8,506	-	-	-	-	-
TOTAL ASSETS	\$ 157,970	\$ 23,689	\$ 16,476	\$ 964	\$ 12,542	\$ 3,899
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	16,476	-	12,542	3,899
Deferred Revenue	-	-	-	964	-	-
TOTAL LIABILITIES	-	-	16,476	964	12,542	3,899
FUND BALANCE						
Fund Balance						
Nonspendable	8,506					
Restricted	149,464	-	-	-	-	-
Committed	-	23,689				
Assigned	-					
Unassigned	-					
TOTAL FUND BALANCE	157,970	23,689	-	-	-	-
TOTAL LIABILITIES & FUND BALANCE	\$ 157,970	\$ 23,689	\$ 16,476	\$ 964	\$ 12,542	\$ 3,899

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

21st CENTURY LEARNING CENTER 24119	IDEA-B RELOCATION 24120	WELLNESS PROGRAM 24121	ENHANCING EDUCATION THROUGH TECHNOLOGY 24149	TITLE III 24153	TITLE II 24154	TITLE IV 24157	READING FIRST 24167	HSTW 24172
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,270
57,377	1,210	2,999	16,707	1,006	277	544	271	-
\$ 57,377	\$ 1,210	\$ 2,999	\$ 16,707	\$ 1,006	\$ 277	\$ 544	\$ 271	\$ 6,270

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
57,377	1,210	2,999	16,707	1,006	277	544	271	-
57,377	1,210	2,999	16,707	1,006	277	544	271	6,270

-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
\$ 57,377	\$ 1,210	\$ 2,999	\$ 16,707	\$ 1,006	\$ 277	\$ 544	\$ 271	\$ 6,270

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2011

	HSTW 24180	ENTITLEMENT ARRA 24206	PRESCHOOL ARRA 24209	EDUCATION OF HOMELESS FED STIM 24213	HEADSTART 25127	TITLE XIX MEDICAID 25153	RURAL EDUCATION ACHIEVEMENT 25233	SEG FEDERAL STIMULUS 25250	EDUCATION JOB FUND 25255	MICROSOFT SETTLEMENT FUNDS 26170
ASSETS										
Cash on Deposit		\$ -	\$ -	\$ -	\$ -	\$ 11,039	\$ 9,210	\$ -	\$ -	\$ 1,911
Due from other Governments	3,056	84,798	2,856	3,945	19,926	-	-	-	1	-
Inventories	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 3,056	\$ 84,798	\$ 2,856	\$ 3,945	\$ 19,926	\$ 11,039	\$ 9,210	\$ -	\$ 1	\$ 1,911
LIABILITIES										
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	3,056	84,798	2,856	3,945	19,926	-	-	-	1	-
Deferred Revenue	-	-	-	-	-	11,039	9,210	-	-	1,911
TOTAL LIABILITIES	3,056	84,798	2,856	3,945	19,926	11,039	9,210	-	1	1,911
FUND BALANCE										
Fund Balance										
Nonspendable										
Restricted	-	-	-	-	-	-	-	-	-	-
Committed										
Assigned										
Unassigned	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCE	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES & FUND BALANCE	\$ 3,056	\$ 84,798	\$ 2,856	\$ 3,945	\$ 19,926	\$ 11,039	\$ 9,210	\$ -	\$ 1	\$ 1,911

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

GO BONDS	TECHNOLOGY	INCENTIVES	BEGINNING	SCHOOL												
STUDENT	FOR	FOR	TEACHER	IMPROVEMENT												
LIB FUND	EDUCATION	SCHOOL	MENTORING	FRAMEWORK	K-3 PLUS	LIBRARY	STATE	LIBRARY	CYFD	NMSUJ	MICROSOFT					
27105	27117	27138	27154	27164	27168	SB301	DIRECTED	BOOK	COMMUNITY	GEAR	PIL					
						27170	ACTIVITIES	FUND	SERVICES	UP						
							27200	27549	28141	29102	29132					COMBINED
\$ -	\$ 8,622	\$ 4,248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 322	\$ 2	\$ 445	\$ 18,699	\$ -	\$ -	\$ -	\$ -	\$ 190,964
3,873	-	-	1,198	-	53,170	-	49,556	-	-	-	-	-	-	-	-	379,808
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,506
\$ 3,873	\$ 8,622	\$ 4,248	\$ 1,198	\$ -	\$ 53,170	\$ -	\$ 49,556	\$ 322	\$ 2	\$ 445	\$ 18,699	\$ -	\$ -	\$ -	\$ -	\$ 579,078
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,873	-	-	1,198	-	53,170	-	49,556	-	-	-	-	-	-	-	-	335,687
-	8,622	4,248	-	-	-	-	-	322	2	445	18,699	-	-	-	-	61,732
3,873	8,622	4,248	1,198	-	53,170	-	49,556	322	2	445	18,699	-	-	-	-	397,419
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,506
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	149,484
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,689
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	161,659
\$ 3,873	\$ 8,622	\$ 4,248	\$ 1,198	\$ -	\$ 53,170	\$ -	\$ 49,556	\$ 322	\$ 2	\$ 445	\$ 18,699	\$ -	\$ -	\$ -	\$ -	\$ 579,078

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 NONMAJOR SPECIAL REVENUE FUNDS

Year Ended June 30, 2011

	FOOD SERVICE 21000	ATHLETIC 22000	TITLE I 24101	MIGRANT CHILDREN EDUCATION 24103	IDEA-B ENTITLEMENT 24106
REVENUES					
Federal Aid	\$ 435,265	\$ -	\$ 95,842	\$ 3,000	\$ 87,805
State Aid	33,097	-	-	-	-
Property Taxes	-	-	-	-	-
Local revenues	5,844	41,465	-	-	-
Interest	13	-	-	-	-
TOTAL REVENUES	474,219	41,465	95,842	3,000	87,805
EXPENDITURES					
Current					
Instruction	-	36,146	87,679	3,000	66,420
Support Services					
Students	-	-	-	-	-
Instruction	-	-	5,978	-	21,385
General Administration	-	-	2,185	-	-
School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student Transportation	-	-	-	-	-
Food Service	460,692	-	-	-	-
Facilities Acquisition & Construction	-	-	-	-	-
TOTAL EXPENDITURES	460,692	36,146	95,842	3,000	87,805
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	13,527	5,319	-	-	-
FUND BALANCE- JUNE 30, 2010	144,443	18,370	-	-	-
FUND BALANCE - JUNE 30, 2011	\$ 157,970	\$ 23,689	\$ -	\$ -	\$ -

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

IDEA - B PRESCHOOL 24109	21STCENTURY LEARNING CENTER 24119	IDEA-B REALLOCATION 24120	ENHANCING EDUCATION THROUGH TECHNOLOGY 24149	TITLE V 24150	TITLE III 24153	TITLE II 24154	TITLE IV 24157	READING FIRST 24167	HSTW 24180
\$ 6,944	\$ 232,343	\$ 1,210	\$ 16,707	\$ -	\$ 42,817	\$ 27,214	\$ 1,919	\$ -	\$ 16,232
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
6,944	232,343	1,210	16,707	-	42,817	27,214	1,919	-	16,232
6,944	176,158	1,210	16,707	-	42,817	27,214	1,919	-	16,232
-	45,573	-	-	-	-	-	-	-	-
-	6,980	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	3,632	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
6,944	232,343	1,210	16,707	-	42,817	27,214	1,919	-	16,232
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 NONMAJOR SPECIAL REVENUE FUNDS

Year Ended June 30, 2011

	HSTW REDIST. 24182	TITLE I FED STIM 24201	ENTITLEMENT FED STIM 24206	PRESCHOOL FED STIM 24209	EDUCATION HOMELESS FED STIM 24213	HEADSTAR 25127	TITLE XIX MEDICAID 25153	RURAL EDUCATION ACHIEVEMENT 25233	SEG FED STIMULUS 25250	EDUCATION JOB FUND 25255
REVENUES										
Federal Aid	\$ -	\$ -	\$ 105,019	\$ 4,060	\$ 3,945	\$ 178,076	\$ 10,572	\$ 3,626	\$ 53,788	\$ 144,922
State Aid	-	-	-	-	-	-	-	-	-	-
Property taxes	-	-	-	-	-	-	-	-	-	-
Local revenues	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	105,019	4,060	3,945	178,076	10,572	3,626	53,788	144,922
EXPENDITURES										
Current										
Instruction	-	-	87,029	4,060	3,945	131,581	-	3,626	214	144,922
Support Services										
Students	-	-	-	-	-	-	10,572	-	-	-
Instruction	-	-	17,990	-	-	37,872	-	-	-	-
General Administration	-	-	-	-	-	-	-	-	-	-
School Administration	-	-	-	-	-	-	-	-	-	-
Central Services	-	-	-	-	-	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-	8,623	-	-	53,574	-
Student Transportation	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Facilities Acquisition & Construction	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	105,019	4,060	3,945	178,076	10,572	3,626	53,788	144,922
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-	-	-	-	-	-
FUND BALANCE - JUNE 30, 2010	-	-	-	-	-	-	-	-	-	-
FUND BALANCE - JUNE 30, 2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

MICROSOFT SETTLEMENT FUND 26170	DUAL CREDIT INS MAT 27103	GO BONDS STUDENT LIB FUND 27105	TECHNOLOGY FOR EDUCATION 27117	BEGINNING TEACHER MENTORING 27154	SCHOOL IMPROVEMENT FRAMEWORK 27164	K-3 PLUS 27166	LIBRARY SB301 27170	STATE DIRECTED ACTIVITIES 27200	LIBRARY BOOK FUND 27549	MICROSOFT PIL 29132	COMBINED
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,744	\$ -	\$ -	\$ 1,540,050
-	4,275	3,873	1,398	1,068	-	124,342	-	-	-	-	168,053
6,448	-	-	-	-	-	-	-	-	-	12,214	65,971
-	-	-	-	-	-	-	-	-	-	-	13
6,448	4,275	3,873	1,398	1,068	-	124,342	-	68,744	-	12,214	1,774,087
6,448	4,275	3,873	-	1,068	-	121,612	-	36,933	-	12,214	1,044,246
-	-	-	-	-	-	-	-	31,811	-	-	87,956
-	-	-	1,398	-	-	-	-	-	-	-	84,623
-	-	-	-	-	-	-	-	-	-	-	9,165
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	62,197
-	-	-	-	-	-	2,730	-	-	-	-	6,362
-	-	-	-	-	-	-	-	-	-	-	460,692
6,448	4,275	3,873	1,398	1,068	-	124,342	-	68,744	-	12,214	1,755,241
-	-	-	-	-	-	-	-	-	-	-	18,846
-	-	-	-	-	-	-	-	-	-	-	162,813
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 181,659

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - FOOD SERVICE - 21000

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Aid	\$ 420,834	\$ 420,834	\$ 377,261	\$ (43,573)
State Aid	15,000	15,000	33,097	18,097
Local Revenue	5,000	5,000	5,844	844
Income from Investments	-	-	13	13
TOTAL REVENUE	440,834	440,834	\$ 416,215	\$ (24,619)
BUDGETED CASH BALANCE	33,933	33,933		
TOTAL REVENUE & CASH	\$ 474,767	\$ 474,767		
EXPENDITURES				
Current				
Food Service	474,767	474,767	432,030	42,737
TOTAL EXPENDITURES	\$ 474,767	\$ 474,767	\$ 432,030	\$ 42,737

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 416,215
Differences budget to GAAP	
Prior Year receivable	-
Current Year commodities	14,083
Current Year receivable	43,921
Total Revenues (GAAP Basis)	\$ 474,219

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 432,030
Differences-budget to GAAP	
Prior Year Payables	-
Current Year commodities	14,083
Change in Inventories	14,579
Total Expenditures (GAAP Basis)	\$ 460,692

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - ATHLETICS - 22000

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Fees from activities	\$ 40,000	\$ 40,000	\$ 41,465	\$ 1,465
Investment income	-	-	-	-
TOTAL REVENUE	40,000	40,000	\$ 41,465	\$ 1,465
BUDGETED CASH BALANCE	15,231	15,231		
TOTAL REVENUE & CASH	\$ 55,231	\$ 55,231		
EXPENDITURES				
Current				
Instruction	\$ 55,231	\$ 55,231	\$ 36,146	\$ 19,085
TOTAL EXPENDITURES	\$ 55,231	\$ 55,231	\$ 36,146	\$ 19,085

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 41,465
Differences budget to GAAP	
Prior Year deferral	-
Current Year deferral	-
Total Revenues (GAAP Basis)	\$ 41,465

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 36,146
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 36,146

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - TITLE I - 24101

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 97,203	\$ 125,691	\$ 88,560	\$ (37,131)
TOTAL REVENUE	<u>97,203</u>	<u>125,691</u>	<u>\$ 88,560</u>	<u>\$ (37,131)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 97,203</u>	<u>\$ 125,691</u>		
EXPENDITURES				
Current				
Instruction	\$ 88,260	\$ 116,748	\$ 87,679	\$ 29,069
Support Services				
Students	-	-	-	-
Instruction	6,011	6,011	5,978	33
General Administration	2,932	2,932	2,185	747
School Administration	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 97,203</u>	<u>\$ 125,691</u>	<u>\$ 95,842</u>	<u>\$ 29,849</u>

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

Sources/Inflows of Resources	
Actual amounts (budgetary basis)	\$ 88,560
Differences budget to GAAP	
Prior Year receivable	(9,194)
Current Year receivable	16,476
Total Revenues (GAAP Basis)	<u>\$ 95,842</u>
Uses/Outflows of Resources	
Actual amounts (budgetary basis)	\$ 95,842
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 95,842</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - MIGRANT CHILDREN EDUCATION - 24103

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
TOTAL REVENUE	3,000	3,000	\$ 3,000	\$ -
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ 3,000	\$ 3,000		
EXPENDITURES				
Current				
Instruction	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
Support services				
General Administration	-	-	-	-
TOTAL EXPENDITURES	\$ 3,000	\$ 3,000	\$ 3,000	\$ -

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 3,000
Differences budget to GAAP	-
Prior Year receivable	-
Current Year Deferral	-
Total Revenues (GAAP Basis)	\$ 3,000

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 3,000
Differences-budget to GAAP	-
Total Expenditures (GAAP Basis)	\$ 3,000

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - IDEA - ENTITLEMENT - 24106

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 136,658	\$ 103,991	\$ (32,667)
TOTAL REVENUE	-	136,658	103,991	(32,667)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 136,658		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 91,483	\$ 66,420	\$ 25,063
Support Services				
Students	-	-	-	-
Instruction	-	45,175	21,385	23,790
School Administration	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
TOTAL EXPENDITURES	\$ -	\$ 136,658	\$ 87,805	\$ 48,853

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 103,991
Differences budget to GAAP	
Prior Year receivable	(28,728)
Current Year receivable	12,542
Total Revenues (GAAP Basis)	\$ 87,805

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 87,805
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 87,805

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - IDEA - PRESCHOOL - 24109

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 6,944	\$ 4,228	\$ (2,716)
TOTAL REVENUE	<u>\$ -</u>	<u>\$ 6,944</u>	<u>\$ 4,228</u>	<u>\$ (2,716)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 6,944</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 6,944	\$ 6,944	\$ -
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 6,944</u>	<u>\$ 6,944</u>	<u>\$ -</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 4,228
Differences budget to GAAP	
Prior Year receivable	(1,183)
Current Year receivable	3,899
Total Revenues (GAAP Basis)	<u>\$ 6,944</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 6,944
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 6,944</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - 21ST CENTURY LEARNING CENTER - 24119

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 100,800	\$ 309,037	\$ 213,996	\$ (95,041)
TOTAL REVENUE	100,800	309,037	213,996	(95,041)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ 100,800	\$ 309,037		
EXPENDITURES				
Current				
Instruction	\$ 75,600	\$ 236,232	\$ 176,158	\$ 60,074
Support Services				
Students	23,098	59,458	45,573	13,885
Instruction	-	-	-	-
General Administration	2,102	9,611	6,980	2,631
Student Transportation	-	3,736	3,632	104
TOTAL EXPENDITURES	\$ 100,800	\$ 309,037	\$ 232,343	\$ 76,694

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 213,996
Differences budget to GAAP	
Prior Year receivable	(39,030)
Current Year receivable	57,377
Total Revenues (GAAP Basis)	\$ 232,343

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 232,343
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 232,343

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - IDEA - REALLOCATION - 24120

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 1,210	\$ -	\$ (1,210)
TOTAL REVENUE	-	1,210	-	(1,210)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 1,210		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 1,210	\$ 1,210	\$ -
Support Services				
Students	-	-	-	-
School Administration	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
TOTAL EXPENDITURES	\$ -	\$ 1,210	\$ 1,210	\$ -

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ -
Differences budget to GAAP	
Prior Year deferral	-
Current Year receivable	1,210
Total Revenues (GAAP Basis)	\$ 1,210

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 1,210
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 1,210

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - ENHANCING EDUCATION THROUGH TECHNOLOGY - 24149

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 16,707	\$ 671	\$ (16,036)
TOTAL REVENUE	-	16,707	671	(16,036)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 16,707		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 16,707	\$ 16,707	\$ -
Support Services				
Instruction	-	-	-	-
General Administration	-	-	-	-
TOTAL EXPENDITURES	\$ -	\$ 16,707	\$ 16,707	\$ -

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 671
Differences budget to GAAP	
Prior Year receivable	(671)
Current Year receivable	16,707
Total Revenues (GAAP Basis)	\$ 16,707

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 16,707
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 16,707

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - TITLE III - 24153

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 10,271	\$ 45,750	\$ 56,495	\$ 10,745
TOTAL REVENUE	<u>10,271</u>	<u>45,750</u>	<u>\$ 56,495</u>	<u>\$ 10,745</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 10,271</u>	<u>\$ 45,750</u>		
EXPENDITURES				
Current				
Instruction	\$ 10,271	\$ 45,750	\$ 42,817	\$ 2,933
Support Services				
Students	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 10,271</u>	<u>\$ 45,750</u>	<u>\$ 42,817</u>	<u>\$ 2,933</u>

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ 56,495
Differences budget to GAAP		
Prior Year receivable		(14,684)
Current Year receivable		1,006
Total Revenues (GAAP Basis)		<u>\$ 42,817</u>
 Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ 42,817
Differences-budget to GAAP		
Total Expenditures (GAAP Basis)		<u>\$ 42,817</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - TITLE II -24154

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 27,261	\$ 28,137	\$ 47,791	\$ 19,654
TOTAL REVENUE	<u>27,261</u>	<u>28,137</u>	<u>\$ 47,791</u>	<u>\$ 19,654</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 27,261</u>	<u>\$ 28,137</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 28,137	\$ 27,214	\$ 923
Support Services				
General Administration	-	-	-	
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 28,137</u>	<u>\$ 27,214</u>	<u>\$ 923</u>

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

Sources/Inflows of Resources	
Actual amounts (budgetary basis)	\$ 47,791
Differences budget to GAAP	
Prior Year receivable	(20,854)
Current Year receivable	277
Total Revenues (GAAP Basis)	<u>\$ 27,214</u>
Uses/Outflows of Resources	
Actual amounts (budgetary basis)	\$ 27,214
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 27,214</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - TITLE IV - 24157

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Aid	\$ 1,961	\$ 1,961	\$ 1,609	\$ (352)
TOTAL REVENUE	<u>1,961</u>	<u>1,961</u>	<u>\$ 1,609</u>	<u>\$ (352)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 1,961</u>	<u>\$ 1,961</u>		
EXPENDITURES				
Current				
Instruction	\$ 1,961	\$ 1,961	\$ 1,919	\$ 42
Support Services				
General Administration	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 1,961</u>	<u>\$ 1,961</u>	<u>\$ 1,919</u>	<u>\$ 42</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 1,609
Differences budget to GAAP	
Prior Year receivable	(234)
Current Year receivable	544
Total Revenues (GAAP Basis)	<u>\$ 1,919</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 1,919
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 1,919</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - READING FIRST - 24167

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Aid	\$ -	\$ -	\$ 12,800	\$ 12,800
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 12,800</u>	<u>\$ 12,800</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services				
General Administration	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 12,800
Differences budget to GAAP	
Prior year receivable	(13,071)
Current Year receivable	271
Total Revenues (GAAP Basis)	<u>\$ -</u>

Uses/Outflows of Resources

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

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - HSTW -24180

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 16,233	\$ 16,233	\$ 11,249	\$ (4,984)
TOTAL REVENUE	16,233	16,233	11,249	(4,984)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	16,233	16,233		
EXPENDITURES				
Current				
Instruction	\$ 16,233	\$ 16,233	\$ 16,232	\$ 1
General Administration	-	-	-	-
School Administration	-	-	-	-
TOTAL EXPENDITURES	16,233	16,233	16,232	1

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ 11,249
Differences budget to GAAP		
Prior Year Deferral		1,927
Current Year Receivable		3,056
Total Revenues (GAAP Basis)		16,232
 Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ 16,232
Differences-budget to GAAP		
Total Expenditures (GAAP Basis)		16,232

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - IDEA - ENTITLEMENT ARRA - 24206

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 105,019	\$ 20,251	\$ (84,768)
TOTAL REVENUE	-	105,019	20,251	(84,768)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 105,019		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 87,029	\$ 87,029	\$ -
Support Services				
Students	-	-	-	-
Instruction	-	17,990	17,990	-
School Administration	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
TOTAL EXPENDITURES	\$ -	\$ 105,019	\$ 105,019	\$ -

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ 20,251
Differences budget to GAAP		
Prior Year receivable		(30)
Current Year receivable		84,798
Total Revenues (GAAP Basis)		\$ 105,019
 Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ 105,019
Differences-budget to GAAP		
 Total Expenditures (GAAP Basis)		 \$ 105,019

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - IDEA - PRESCHOOL ARRA - 24209

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 4,060	\$ 1,204	\$ (2,856)
TOTAL REVENUE	<u>-</u>	<u>4,060</u>	<u>\$ 1,204</u>	<u>\$ (2,856)</u>
 BUDGETED CASH BALANCE	 <u>-</u>	 <u>-</u>		
 TOTAL REVENUE & CASH	 <u>\$ -</u>	 <u>\$ 4,060</u>		
 EXPENDITURES				
Current				
Instruction	\$ -	\$ 4,060	\$ 4,060	\$ -
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 4,060</u>	<u>\$ 4,060</u>	<u>\$ -</u>

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

Sources/Inflows of Resources	
Actual amounts (budgetary basis)	\$ 1,204
Differences budget to GAAP	
Prior Year receivable	-
Current Year receivable	2,856
Total Revenues (GAAP Basis)	<u>\$ 4,060</u>
 Uses/Outflows of Resources	
Actual amounts (budgetary basis)	\$ 4,060
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 4,060</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - EDUCATION OF HOMELESS FEDERAL STIMULUS - 24213

Year Ended June 30, 2010

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 3,946	\$ 3,946	\$ -	\$ (3,946)
TOTAL REVENUE	<u>3,946</u>	<u>3,946</u>	<u>\$ -</u>	<u>\$ (3,946)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 3,946</u>	<u>\$ 3,946</u>		
EXPENDITURES				
Current				
Instruction	\$ 3,946	\$ 3,946	\$ 3,945	\$ 1
TOTAL EXPENDITURES	<u>\$ 3,946</u>	<u>\$ 3,946</u>	<u>\$ 3,945</u>	<u>\$ 1</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ -
Differences budget to GAAP	
Prior Year receivable	-
Current Year receivable	3,945
Total Revenues (GAAP Basis)	<u>\$ 3,945</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 3,945
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 3,945</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - HEADSTART - 25127

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 178,076	\$ 177,406	\$ (670)
TOTAL REVENUE	-	178,076	177,406	(670)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 178,076		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 131,581	\$ 131,581	\$ -
Support Services				
Students	-	-	-	-
Instruction	-	37,872	37,872	-
School Administration	-	-	-	-
Operation & Maintenance of Plant	-	8,623	8,623	-
Student Transportation	-	-	-	-
Food Service	-	-	-	-
Facilities Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	\$ -	\$ 178,076	\$ 178,076	\$ -

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 177,406
Differences budget to GAAP	
Prior Year Receivable	(19,256)
Current Year Receivable	19,926
Total Revenues (GAAP Basis)	\$ 178,076

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 178,076
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 178,076

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - TITLE XIX MEDICAID 3 1/2 -25153

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 8,149	\$ 20,846	\$ 9,618	\$ (11,228)
TOTAL REVENUE	8,149	20,846	9,618	(11,228)

BUDGETED CASH BALANCE

-

TOTAL REVENUE & CASH

\$ 8,149 \$ 20,846

EXPENDITURES

Current

 Instruction

\$ 8,149 \$ - \$ - \$ -

 Support Services

 Students

- 20,846 10,572 10,274

 TOTAL EXPENDITURES

\$ 8,149 \$ 20,846 \$ 10,572 \$ 10,274

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 9,618
Differences budget to GAAP	
Prior Year deferral	11,993
Current Year deferral	(11,039)
Total Revenues (GAAP Basis)	\$ 10,572

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 10,572
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 10,572

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - RURAL EDUCATION ACHIEVEMENT - 25233

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 3,626	\$ 10,219	\$ 6,593
TOTAL REVENUE	-	3,626	10,219	6,593
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 3,626		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 9,776	\$ 3,626	\$ 6,150
Support Services	-	-	-	-
General Administration	-	-	-	-
TOTAL EXPENDITURES	\$ -	\$ 9,776	\$ 3,626	\$ 6,150

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ 10,219
Differences budget to GAAP		
Prior Year Deferral		2,617
Current Year Deferral		(9,210)
Total Revenues (GAAP Basis)		\$ 3,626
 Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ 3,626
Differences-budget to GAAP		-
Total Expenditures (GAAP Basis)		\$ 3,626

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - SEG FEDERAL STIMULUS - 25250

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 53,375	\$ 62,965	\$ 111,755	\$ 48,790
TOTAL REVENUE	53,375	62,965	111,755	48,790
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ 53,375	\$ 62,965		
EXPENDITURES				
Current				
Instruction	\$ 53,575	\$ 214	\$ 214	\$ -
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	9,177	9,177	-	9,177
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	53,574	53,574	-
TOTAL EXPENDITURES	\$ 62,752	\$ 62,965	\$ 53,788	\$ 9,177

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 111,755
Differences budget to GAAP	
Prior Year receivable	(57,967)
Current Year receivable	-
Total Revenues (GAAP Basis)	\$ 53,788

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 53,788
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 53,788

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - EDUCATION JOB FUND - 25255

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Aid	\$ -	\$ 144,922	\$ 144,921	\$ (1)
TOTAL REVENUE	-	144,922	144,921	(1)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 144,922		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 144,922	\$ 144,922	\$ -
Supprt Services				
Instruction	-	-	-	-
School Administration	-	-	-	-
TOTAL EXPENDITURES	\$ -	\$ 144,922	\$ 144,922	\$ -

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ 144,921
Differences budget to GAAP		
Prior Year Receiveable		-
Current Year Receiveable		1
Total Revenues (GAAP Basis)		\$ 144,922
 Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ 144,922
Differences-budget to GAAP		
 Total Expenditures (GAAP Basis)		 \$ 144,922

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - MICROSOFT SETTLEMENT FUND - 26170

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue	\$ -	\$ 8,359	\$ -	\$ (8,359)
TOTAL REVENUE	<u>-</u>	<u>8,359</u>	<u>\$ -</u>	<u>\$ (8,359)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 8,359</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 8,359	\$ 6,448	\$ 1,911
Support Services - Instruction	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 8,359</u>	<u>\$ 6,448</u>	<u>\$ 1,911</u>

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

Sources/Inflows of Resources	
Actual amounts (budgetary basis)	\$ -
Differences budget to GAAP	
Prior year Deferral	8,359
Current Year Deferral	(1,911)
Total Revenues (GAAP Basis)	<u>\$ 6,448</u>
Uses/Outflows of Resources	
Actual amounts (budgetary basis)	\$ 6,448
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 6,448</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - DUAL CREDIT INSTRUCTIONAL MATERIALS 27103

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Revenue	\$ -	\$ 7,374	\$ 4,275	\$ (3,099)
TOTAL REVENUE	<u>-</u>	<u>7,374</u>	<u>\$ 4,275</u>	<u>\$ (3,099)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 7,374</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 7,374	\$ 4,275	\$ 3,099
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 7,374</u>	<u>\$ 4,275</u>	<u>\$ 3,099</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 4,275
Differences budget to GAAP	-
Prior Year receivable	-
Current Year receivable	-
Total Revenues (GAAP Basis)	<u>\$ 4,275</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 4,275
Differences-budget to GAAP	-
Total Expenditures (GAAP Basis)	<u>\$ 4,275</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - GO BONDS STUDENT LIBRARY FUND - 27105

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ -	\$ 7,190	\$ 2,700	\$ (4,490)
TOTAL REVENUE	<u>-</u>	<u>7,190</u>	<u>2,700</u>	<u>(4,490)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 7,190</u>		
EXPENDITURES				
Current				
Support Services				
Instruction	\$ -	\$ 7,190	\$ 3,873	\$ 3,317
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 7,190</u>	<u>\$ 3,873</u>	<u>\$ 3,317</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 2,700
Differences budget to GAAP	
Prior Year Receivable	(2,700)
Current Year Receivable	3,873
Total Revenues (GAAP Basis)	<u>\$ 3,873</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 3,873
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 3,873</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND TECHNOLOGY FOR EDUCATION- 27117

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Revenue	\$ -	\$ 10,020	\$ -	\$ (10,020)
TOTAL REVENUE	-	10,020	-	(10,020)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 10,020		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services				
Instruction	-	10,020	1,398	8,622
General Administration	-	-	-	-
TOTAL EXPENDITURES	\$ -	\$ 10,020	\$ 1,398	\$ 8,622

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ -
Differences budget to GAAP		
Prior Year deferral		10,020
Current Year deferral		(8,622)
Total Revenues (GAAP Basis)		\$ 1,398
 Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ 1,398
Differences-budget to GAAP		
 Total Expenditures (GAAP Basis)		 \$ 1,398

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - SCHOOL IMPROVEMENT FRAMEWORK - 27164

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ -	\$ 3,192	\$ 3,192	\$ -
TOTAL REVENUE	<u>-</u>	<u>3,192</u>	<u>\$ 3,192</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 3,192</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 3,192	\$ -	\$ 3,192
Supprt Services				
Instruction	-	-	-	-
School Administration	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 3,192</u>	<u>\$ -</u>	<u>\$ 3,192</u>

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ 3,192
Differences budget to GAAP		
Prior Year Receivable		(3,192)
Current Year Receivable		-
Total Revenues (GAAP Basis)		<u>\$ -</u>
 Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ -
Differences-budget to GAAP		
 Total Expenditures (GAAP Basis)		<u>\$ -</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - K-3 PLUS - 27166

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ 108,519	\$ 124,343	\$ 72,142	\$ (52,201)
TOTAL REVENUE	<u>108,519</u>	<u>124,343</u>	<u>\$ 72,142</u>	<u>\$ (52,201)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 108,519</u>	<u>\$ 124,343</u>		
EXPENDITURES				
Current				
Instruction	\$ 108,519	\$ 121,613	\$ 121,612	\$ 1
Student Transportation	-	2,730	2,730	-
TOTAL EXPENDITURES	<u>\$ 108,519</u>	<u>\$ 124,343</u>	<u>\$ 124,342</u>	<u>\$ 1</u>

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

Sources/Inflows of Resources	
Actual amounts (budgetary basis)	\$ 72,142
Differences budget to GAAP	
Prior Year receivable	(970)
Current Year receivable	53,170
Total Revenues (GAAP Basis)	<u>\$ 124,342</u>
Uses/Outflows of Resources	
Actual amounts (budgetary basis)	\$ 124,342
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 124,342</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - STATE DIRECTED ACTIVITIES - 27200

Year Ended June 30, 2010

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 68,744	\$ 54,914	\$ (13,830)
TOTAL REVENUE	-	68,744	54,914	(13,830)
BUDGETED CASH BALANCE				
	-	-		
TOTAL REVENUE & CASH				
	\$ -	\$ 68,744		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 36,933	\$ 36,933	\$ -
Support Services				
Students	-	31,811	31,811	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
TOTAL EXPENDITURES	\$ -	\$ 68,744	\$ 68,744	\$ -

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 54,914
Differences budget to GAAP	
Prior Year receivable	(35,726)
Current Year receivable	49,556
Total Revenues (GAAP Basis)	\$ 68,744

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 68,744
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 68,744

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - MICROSOFT PIL - 29132

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue	\$ 55,700	\$ 30,913	\$ -	\$ (30,913)
TOTAL REVENUE	<u>55,700</u>	<u>30,913</u>	<u>\$ -</u>	<u>\$ (30,913)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 55,700</u>	<u>\$ 30,913</u>		
EXPENDITURES				
Current				
Instruction	\$ 55,700	\$ 30,913	\$ 12,214	\$ 18,699
Food Services	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 55,700</u>	<u>\$ 30,913</u>	<u>\$ 12,214</u>	<u>\$ 18,699</u>

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ -
Differences budget to GAAP		
Prior year Deferral		30,913
Current Year Deferral		(18,699)
Total Revenues (GAAP Basis)		<u>\$ 12,214</u>
 Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ 12,214
Differences-budget to GAAP		
 Total Expenditures (GAAP Basis)		<u>\$ 12,214</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS

June 30, 2011

	SPECIAL CAPITAL OUTLAY LOCAL 31300	SPECIAL CAPITAL OUTLAY STATE 31400	ED TECH EQUIPMENT 31900	PSCO 20% 32100	COMBINED
ASSETS					
Cash on Deposit	\$ 44,919	\$ 4,250	\$ 27,611	\$ 749	\$ 77,529
Taxes receivable	-	-	-	-	-
Due from other Governments	-	-	-	-	-
Inventories	-	-	-	-	-
TOTAL ASSETS	\$ 44,919	\$ 4,250	\$ 27,611	\$ 749	\$ 77,529
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCE					
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	44,919	4,250	27,611	749	77,529
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCE	44,919	4,250	27,611	749	77,529
TOTAL LIABILITIES & FUND BALANCE	\$ 44,919	\$ 4,250	\$ 27,611	\$ 749	\$ 77,529

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS

Year Ended June 30, 2011

	SPECIAL CAPITAL OUTLAY LOCAL 31300	SPECIAL CAPITAL OUTLAY STATE 31400	ED TECH EQUIPMENT 31900	ED PSCO 20% 32100	COMBINED
REVENUES					
Federal Aid	\$ -	\$ -	\$ -	\$ -	\$ -
State Aid		-	-	-	-
Property Taxes		-	-	-	-
Local revenues	15,947	-	11,000	-	26,947
Interest	-	-	116	-	116
TOTAL REVENUES	15,947	-	11,116	-	27,063
EXPENDITURES					
Current					
Instruction	-	-	-	-	-
Support Services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General Administration	-	-	-	-	-
School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Food Service	-	-	-	-	-
Facilities and construction	87,237	-	81,323	-	168,560
TOTAL EXPENDITURES	87,237	-	81,323	-	168,560
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(71,290)	-	(70,207)	-	(141,497)
FUND BALANCE- JUNE 30, 2010	116,209	4,250	97,818	749	219,026
FUND BALANCE - JUNE 30, 2011	\$ 44,919	\$ 4,250	\$ 27,611	\$ 749	\$ 77,529

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - CAPITAL PROJECTS - SPECIAL CAPITAL OUTLAY LOCAL - 31300

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Revenue				
Local Revenue	\$ -	\$ -	\$ 15,947	\$ 15,947
Investment Income	-	-	-	-
TOTAL REVENUE	-	-	\$ 15,947	\$ 15,947
BUDGETED CASH BALANCE	107,503	107,503		
TOTAL REVENUE & CASH	\$ 107,503	\$ 107,503		
EXPENDITURES				
Current				
Facilities and construction	\$ 107,503	\$ 107,503	\$ 87,237	\$ 20,266
TOTAL EXPENDITURES	\$ 107,503	\$ 107,503	\$ 87,237	\$ 20,266

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ 15,947
Differences budget to GAAP		
Prior Year receivable		-
Current Year receivable		-
Total Revenues (GAAP Basis)		\$ 15,947
 Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ 87,237
Differences-budget to GAAP		
 Total Expenditures (GAAP Basis)		\$ 87,237

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - CAPITAL PROJECTS - SB-9 CAPITAL IMPROVEMENTS FUND -31700

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Taxes	\$ 400,334	\$ 400,334	\$ 383,459	\$ (16,875)
Insurance recoveries	-	-	-	
Investment Income	411	411	166	(245)
TOTAL LOCAL REVENUE	400,745	400,745	383,625	(17,120)
State Revenue				
State flowthrough	-	16,279	16,279	-
TOTAL FEDERAL REVENUE	-	16,279	16,279	-
TOTAL REVENUE	400,745	417,024	\$ 399,904	\$ (17,120)
BUDGETED CASH BALANCE	89,308	89,744		
TOTAL REVENUE & CASH	\$ 490,053	\$ 506,768		
EXPENDITURES				
Current				
Facilities and construction	490,053	506,768	193,052	313,716
TOTAL EXPENDITURES	\$ 490,053	\$ 506,768	\$ 193,052	\$ 313,716

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

Sources/Inflows of Resources	
Actual amounts (budgetary basis)	\$ 399,904
Differences budget to GAAP	
Prior Year receivable	(17,979)
Change in deferred taxes	-
Current Year receivable	19,472
Total Revenues (GAAP Basis)	\$ 401,397
Uses/Outflows of Resources	
Actual amounts (budgetary basis)	\$ 193,052
Differences-budget to GAAP	
Prior year accounts payable	-
Total Expenditures (GAAP Basis)	\$ 193,052

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - ED TECH EQUIP - 31900

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Investment Income	\$ 260	\$ 260	\$ 116	\$ 144
Sale of Bonds	-	-	11,000	11,000
TOTAL REVENUE	260	260	\$ 11,116	\$ 11,144
BUDGETED CASH BALANCE	102,890	102,890		
TOTAL REVENUE & CASH	\$ 103,150	\$ 103,150		
EXPENDITURES				
Current				
Facilities Acquisition & Construction	103,150	103,150	81,323	21,827
TOTAL EXPENDITURES	\$ 103,150	\$ 103,150	\$ 81,323	\$ 21,827

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 11,116
Differences budget to GAAP	
Prior Year receivable	-
Current Year receivable	-
Total Revenues (GAAP Basis)	\$ 11,116

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 81,323
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 81,323

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

FIDUCIARY FUNDS
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
 For the year ended June 30, 2011

	<u>Balance June 30, 2010</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2011</u>
<u>ASSETS</u>				
High School	\$ 69,042	\$ 81,122	\$ 98,535	\$ 51,629
Middle School	6,462	40,916	39,596	7,782
Elementary School	12,681	16,574	14,990	14,265
Pooled Cash and Investments	<u>\$ 88,185</u>	<u>\$ 138,612</u>	<u>\$ 153,121</u>	<u>\$ 73,676</u>
<u>LIABILITIES</u>				
Deposits held for others	<u>\$ 88,185</u>	<u>\$ 138,612</u>	<u>\$ 153,121</u>	<u>\$ 73,676</u>

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS
 SCHEDULE OF PLEDGED COLLATERAL
 June 30, 2011

	<u>Western Commerce Bank</u>
Cash on Deposit at June 30, 2011	\$ 2,189,705
Less FIDC Coverage	<u>250,000</u>
Uninsured Funds	1,939,705
50% Collateral Requirement	<u>969,853</u>
Amount Requiring Pledged Collateral	969,853
Pledged Collateral	<u>1,536,493</u>
Excess of Pledged Collateral	<u><u>\$ 566,641</u></u>

Pledged collateral of financial institutions consists of the following at June 30, 2011

	<u>Maturity</u>	<u>CUSIP #</u>	<u>Amount</u>
Western Bank			
FNMA POOL # 796277	9/15/2015	31393MTT8	<u>1,536,493</u>
Total Western Bank			<u><u>\$ 1,536,493</u></u>

Pledged Securities are held by the Federal Home Loan Bank of Dallas in Dallas, TX.
 Safekeeping receipts are held by the authority.

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS
 CASH RECONCILIATION
 June 30, 2011

	<u>Beginning Cash</u>	<u>Adjustments</u>	<u>Receipts</u>	<u>Distributions</u>
Loving Municipal Schools				
Operational Account	\$ 817,728	\$ (3,365)	\$ 5,144,710	\$ (4,898,067)
Transportation	1	-	132,981	(132,981)
Instructional Materials	34,879	-	23,841	(20,626)
Food Services	121,358	-	416,215	(432,030)
Athletics	18,370	-	41,465	(36,146)
FederalFlowthrough	(121,515)	-	565,844	(645,060)
Federal Direct	(65,821)	-	457,125	(390,982)
Local Grants Fund	8,359	-	-	(6,448)
State Flowthrough	(29,587)	-	137,613	(202,631)
State Direct Fund	-	2	-	-
Local/State	31,358	-	-	(12,214)
Bond Building	1,153,729	-	1,804	(727,617)
Special Capital Outlay - Local	116,209	-	15,947	(87,237)
Special Capital Outlay - State	4,250	-	-	-
Capital Improvement SB-9	147,084	-	399,904	(193,052)
ED Tech Equipment	97,819	-	11,116	(81,323)
20% Capital Outlay	749	-	-	-
Debt Service	239,199	-	985,513	(628,106)
Debt Service Ed Tech	132,301	-	108,210	(105,830)
Student Activities	88,185	-	138,612	(153,121)
	<u>\$ 2,794,655</u>	<u>\$ (3,363)</u>	<u>\$ 8,580,900</u>	<u>\$ (8,753,471)</u>

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>
Loving Municipal Schools			
Operational	Checking	Western Comm	\$ 2,189,705
Investments	CD	NM State Treas	989,661
Total Loving Municipal Schools			<u>\$ 3,179,366</u>
Total Bank Balances			\$ 3,179,366
Reconciling Items			<u>(560,645)</u>
Report Balance			<u>\$ 2,618,721</u>

Other	Net Cash end of Period
\$ -	\$ 1,061,006
-	1
-	38,094
-	105,543
-	23,689
-	(200,731)
-	322
-	1,911
-	(94,605)
-	2
-	19,144
-	427,916
-	44,919
-	4,250
-	353,936
-	27,612
-	749
-	596,606
-	134,681
-	73,676
<u>\$ -</u>	<u>\$ 2,618,721</u>

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2011

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>Child Nutrition - Cluster:</u>			
<u>U.S. Department of Agriculture:</u>			
Pass-Through Program From:			
New Mexico Public Education Department			
USDA National School Lunch Program *	10.555	21000	<u>\$ 421,182</u>
Pass-Through Program From:			
New Mexico Human Service Department:			
USDA Commodities Program	10.550	21000	<u>14,083</u>
Total U.S. Department of Agriculture *			<u>435,265</u>
<u>U.S. Department of Education:</u>			
Pass-Through Programs From:			
New Mexico Public Education Department			
Title I	84.010	24101	95,842
Migrant Children Education		24103	3,000
IDEA-B Entitlement	84.027	24106	87,805
IDEA-B Preschool	84.173	24109	6,944
21st Century Learning Center	84.048	24119	232,343
IDEA Reallocation	84.027	24120	1,210
Enhanced Education Through Technology	84.318	24149	16,707
Title III ELA	84.365	24153	42,817
Title II	84.367	24154	27,214
Safe & Drug free Schools	84.186	24157	1,919
C Perkins HSTW	84.048	24180	16,232
IDEA Entitlement ARRA	84.391	24206	105,019
IDEA Preschool ARRA	84.392	24209	4,060
Education of Homeless Federal	84.387	24213	3,945
Headstart	93.600	25127	178,076
Title XIX Medicaid	93.778	25153	10,572
Rural Education Achievement Program	84.358	25233	3,626
SEG Federal Stimulus	84.394	25250	53,788
Education Job Fund		25255	144,922
State Directed Activities	84.391	27200	<u>68,744</u>
Total Pass Through Grants			<u>1,104,785</u>
Total Federal Awards Expenditures			<u>\$ 1,540,050</u>

Note 1 - This schedule is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Note 2 - Non-Monetary assistance is reported in the schedule at the fair market value of the commodities received.

* Part of a cluster

RONNY FOUTS
CERTIFIED PUBLIC ACCOUNTANT
P.O. Box 425
Melrose, NM 88124

(575) 253-4554
Fax: (575) 253-4727

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Hector Balderas, State Auditor
Loving Municipal Schools and
Board of Education
Loving, New Mexico

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the general fund, and the combining and individual funds and related budgetary comparisons presented as supplemental information of Loving Municipal Schools as of and for the year ended June 30, 2011, and have issued our report thereon dated November 4, 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 Loving Municipal School'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 agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the agency'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 misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Loving Municipal School'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 disclose no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in black ink that reads "Ronny Fouts, CPA". The signature is written in a cursive style.

Ronny Fouts, CPA
Melrose, New Mexico
November 4, 2011

RONNY FOUTS
CERTIFIED PUBLIC ACCOUNTANT
P.O. Box 425
Melrose, NM 88124

(575) 253-4554
Fax: (575) 253-4727

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE 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 Balderas, State Auditor
Loving Municipal School and
Board of Education
Loving, New Mexico

Compliance

We have audited the compliance of Loving Municipal School, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. Loving Municipal School'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 Loving Municipal School's management. Our responsibility is to express an opinion on Loving Municipal School'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. 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 Loving Municipal School'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 on Loving Municipal School's compliance with those requirements.

In our opinion, Loving Municipal School complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

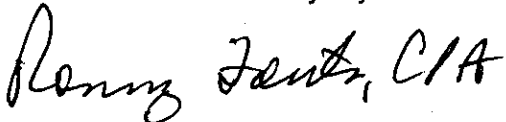
Internal Control Over Compliance

Management of Loving Municipal School is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Loving Municipal School's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our 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 Loving Municipal School's internal control over compliance.

A deficiency in internal control over compliance 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, 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 the Board of Education, Audit Committee, Management, the New Mexico State Legislature, Public Education Department, the Office of the New Mexico State Auditor, 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.

A handwritten signature in black ink that reads "Ronny Fouts, CPA". The signature is written in a cursive, flowing style.

Ronny Fouts, CPA
Melrose, New Mexico
November 4, 2010

STATE OF NEW MEXICO
LOVING MUNICIPAL SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011

I. SUMMARY OF AUDITORS RESULTS:

Report on Financial Statements	Unqualified
Significant Deficiencies on GAGAS	None
Material Weakness involving Significant Deficiencies	None
Material Noncompliance	None
Questioned Cost	None
Type A & Type B dollar threshold	\$300,000
Entity Risk	Low Risk
Major Federal Program	IDEA B Cluster CFDA#84.027 Child Nutrition CFDA#10.555
Significant Deficiencies on Internal Control over Major Programs	None
Report on Compliance with Major Programs	Unqualified
<u>II. FEDERAL PROGRAM FINDINGS:</u>	None

III. FINANCIAL STATEMENT FINDINGS:

III. SUMMARY OF PRIOR AUDIT FINDINGS:

Late Audit Report 10-01 Resolved

IV. CURRENT FINDINGS None

STATE OF NEW MEXICO
Loving Municipal Schools

Exit Conference
For the Year Ended June 30, 2011

The financial statements were prepared by Ronny Fouts, CPA with substantial assistance from District Personnel. I have determined that an audit finding is not required.

EXIT CONFERENCE

The contents of this report were discussed with Mary Cherryhomes, Business Manager, Olga Onsurez, Finance Committee Member and School board member, and Ronny Fouts, CPA on October 27, 2011.



Ronny Fouts, CPA
Melrose, New Mexico
October 27, 2011