

**STATE OF NEW MEXICO
LOVING MUNICIPAL SCHOOLS**

Audit Report

For the Year Ended June 30, 2012

RONNY FOUTS
CERTIFIED PUBLIC ACCOUNTANT
Melrose, New Mexico

STATE OF NEW MEXICO
Loving Municipal Schools

Official Roster
For the year ended June 30, 2012

BOARD OF EDUCATION

Armando ChavezPresident
Reynaldo ArmendarezVice-President
Olga OnsurezSecretary
Lynn BallardMember
Francisco ChaconMember

SCHOOL OFFICIALS

Kris BacaSuperintendent
Mary CherryhomesBusiness Manager

STATE OF NEW MEXICO
 Loving Municipal Schools
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INDEPENDENT AUDITOR'S REPORT

Hector Balderas, State Auditor
And the Board of Education
Loving Municipal School
Loving, New Mexico

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

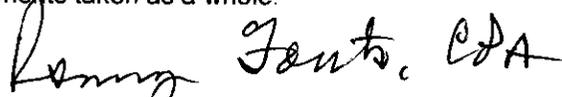
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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 School, as of June 30, 2012, and the respective changes in financial position and the budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Loving Municipal School as of June 30, 2012 and the respective changes in financial position, and the respective budgetary comparisons for the nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2012, on our consideration of Loving Municipal School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

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

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

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

Ronny Fouts, CPA
Melrose, New Mexico
October 25, 2012

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS
 STATEMENT OF NET ASSETS

June 30, 2012

ASSETS	<u>Governmental Activities</u>
Cash and Cash Equivalents	\$ 3,564,846
Taxes Receivable	69,626
Due from other Governments	237,917
Inventories	8,088
Non-current	
Bond Issue costs net	116,284
Capital Assets - Net	<u>17,012,233</u>
TOTAL ASSETS	<u><u>\$ 21,008,994</u></u>
LIABILITIES	
Current:	
Accounts Payable	\$ -
Accrued Interest	77,800
Debt Due Within One Year	565,000
Total Current Liabilities	<u>642,800</u>
Non-current	
Debt Due in More Than One Year	<u>6,207,504</u>
Total Non-current Liabilities	<u>6,207,504</u>
TOTAL LIABILITIES	<u>6,850,304</u>
NET ASSETS	
Invested in capital assets, net of related debt	10,282,233
Restricted	2,424,427
Unrestricted	<u>1,452,030</u>
TOTAL NET ASSETS	<u><u>\$ 14,158,690</u></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, 2012

Functions/Programs	Program Revenues				Net (Expenses) Revenue & Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary Government: Governmental activities:					
Instruction	\$ 3,655,878	\$ -	\$ 789,991	\$ -	\$ (2,865,887)
Support Services					
Students	524,583	48,780	-	-	(475,803)
Instruction	287,170	-	-	-	(287,170)
General Administration	195,851	-	-	-	(195,851)
School Administration	374,131	-	-	-	(374,131)
Central Services	134,236	-	-	-	(134,236)
Operation & Maintenance of Plant	1,511,463	-	-	-	(1,511,463)
Student Transportation	136,669	-	-	-	(136,669)
Other Support Services	10,317	-	-	-	(10,317)
Community Service	1,950	-	-	-	(1,950)
Non Operating Reserves	2,708	-	-	-	(2,708)
Food service	469,721	7,743	462,254	-	276
Debt Interest Paid	268,041	-	-	-	(268,041)
Total Governmental Activities	\$ 7,572,718	\$ 56,523	\$ 1,252,245	\$ -	(6,263,950)

General Revenues

Property taxes:

Levied for general purposes	81,123
Levied for debt service	1,092,408
Levied for capital projects	326,099

State aid not restricted	5,261,619
Unrestricted investment earnings	15,659
Other Local Revenues	8,847
Total general revenues	<u>6,785,755</u>

Change in net assets	521,805
Net assets beginning	<u>13,636,885</u>
Net Assets- ending	<u>\$ 14,158,690</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2012

	GENERAL FUND	DEBT SERVICE	DEBT SERVICE ED TECH	ED TECH EQUIPMENT
ASSETS				
Cash on Deposit	\$ 1,116,502	\$ 927,267	\$ 135,663	\$ 464,699
Taxes Receivable	4,811	40,968	4,573	-
Due from other Funds	237,917	-	-	-
Due from other Governments	-	-	-	-
Inventories	-	-	-	-
TOTAL ASSETS	\$ 1,359,230	\$ 968,235	\$ 140,236	\$ 464,699
LIABILITIES AND FUND BALANCE				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Deferred Revenue	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
FUND BALANCE				
Fund Balance				
Nonspendable	-	-	-	-
Restricted	-	968,235	140,236	464,699
Committed	30,364	-	-	-
Assigned	-	-	-	-
Unassigned	1,328,866	-	-	-
TOTAL FUND BALANCE	1,359,230	968,235	140,236	464,699
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,359,230	\$ 968,235	\$ 140,236	\$ 464,699

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

SB-9		
CAPITAL	OTHER	TOTAL
IMPROVEMENTS	GOVERNMENTAL	GOVERNMENTAL
BUILDING	FUNDS	FUNDS
\$ 467,001	\$ 453,714	\$ 3,564,846
19,274	-	69,626
-	-	237,917
-	237,917	237,917
-	8,088	8,088
<u>\$ 486,275</u>	<u>\$ 699,719</u>	<u>\$ 4,118,394</u>

\$ -	\$ -	\$ -
-	237,917	\$ 237,917
-	60,826	60,826
-	<u>298,743</u>	<u>298,743</u>

-	8,088	8,088
486,275	369,002	2,428,447
-	23,886	54,250
-	-	-
-	-	1,328,866
<u>486,275</u>	<u>400,976</u>	<u>3,819,651</u>
<u>\$ 486,275</u>	<u>\$ 699,719</u>	<u>\$ 4,118,394</u>

STATE OF NEW MEXICO
LOVING MUNICIPAL SCHOOLS

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

June 30, 2012

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

Fund Balance - total governmental funds	\$ 3,819,651
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	17,012,233
Bond issue costs are capitalized and amortized over the life of the bonds	116,284
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	60,826
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds Payable	(6,730,000)
Accrued Interest Payable	(77,800)
Accrued Compensated Absences	<u>(42,504)</u>
Net assets of governmental activities	<u>\$ 14,158,690</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, 2012

	GENERAL FUND	DEBT SERVICE	DEBT SERVICE ED TECH	ED TECH EQUIPMENT
REVENUE				
Federal Aid	\$ 7,724	\$ -	\$ -	\$ -
State Aid	5,154,524	-	-	-
Property taxes	81,123	1,001,480	90,928	-
Interest	3,901	591	9,696	605
Insurance recoveries/refunds	4,843	-	-	-
Other local sources	11,586	-	-	-
TOTAL REVENUES	5,263,701	1,002,071	100,624	605
EXPENDITURES				
Current				
Instruction	2,816,473	-	-	-
Support Services				
Students	410,121	-	-	-
Instruction	237,539	-	-	-
General Administration	234,283	1,377	148	-
School Administration	377,283	-	-	-
Central Services	134,236	-	-	-
Operation & Maintenance of Plant	654,353	-	-	-
Transportation of students	131,868	-	-	-
Other Support Services	10,317	-	-	-
Community services	1,950	-	-	-
Food Service	-	-	-	-
Non-current				
Principal Retirement	-	460,000	100,000	-
Bond Interest	-	264,140	1,875	-
Non-operating reserves	-	2,556	152	-
Facilities and construction	-	-	-	102,517
TOTAL EXPENDITURES	5,008,423	728,073	102,175	102,517
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	255,278	273,998	(1,551)	(101,912)
OTHER FINANCING SOURCES (USES)				
Sale of Bonds	-	-	-	539,000
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	539,000
NET CHANGE IN FUND BALANCES	255,278	273,998	(1,551)	437,088
FUND BALANCE - JUNE 30, 2011	1,103,952	694,237	141,787	27,611
FUND BALANCE - JUNE 30, 2012	\$ 1,359,230	\$ 968,235	\$ 140,236	\$ 464,699

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

SB-9 CAPITAL IMPROVEMENTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 1,245,427	\$ 1,253,151
-	107,095	5,261,619
326,099	-	1,499,630
496	370	15,659
-	-	4,843
-	59,941	71,527
<u>326,595</u>	<u>1,412,833</u>	<u>8,106,429</u>
-	728,741	3,545,214
-	114,462	524,583
-	49,631	287,170
-	5,684	241,492
-	-	377,283
-	-	134,236
-	16,867	671,220
-	4,801	136,669
-	-	10,317
-	-	1,950
-	469,721	469,721
-	-	-
-	-	560,000
-	-	266,015
-	-	2,708
<u>213,727</u>	<u>281,442</u>	<u>597,686</u>
<u>213,727</u>	<u>1,671,349</u>	<u>7,826,264</u>
112,868	(258,516)	280,165
-	-	539,000
-	-	539,000
112,868	(258,516)	819,165
<u>373,407</u>	<u>659,492</u>	<u>3,000,486</u>
<u>\$ 486,275</u>	<u>\$ 400,976</u>	<u>\$ 3,819,651</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, 2012

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

Net change in fund balance - total governmental funds \$ 819,165

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 (906)

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 depreciation exceeded capital outlay during the year. (353,221)

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 of governmental funds. Neither transaction, however, has any effect on net assets.

Bonds Issued (550,000)
 Increase in accrued interest payable (2,026)
 Principal payment on bonds 560,000

Bond Issue costs are expenditures in the funds but are capitalized in the statement of activities.
 Bond Issue Costs 45,564
 Amortizations 77

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. 3,152

Change in Net Assets \$ 521,805

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 - GENERAL FUND - 11000

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 2,355	\$ 2,355	\$ 7,724	\$ 5,369
State Revenue	5,102,922	5,166,794	5,154,524	(12,270)
Property Taxes	56,383	56,383	81,163	24,780
Local Revenue	6,107	6,107	11,586	5,479
Contributions, donations	-	-	4,843	4,843
Income from Investments	3,000	3,000	3,901	901
TOTAL REVENUE	5,170,767	5,234,639	\$ 5,263,741	\$ 29,102

BUDGETED CASH BALANCE 1,040,046 1,089,029

TOTAL REVENUE & CASH \$ 6,210,813 \$ 6,323,668

EXPENDITURES

Current

Instruction	\$ 3,029,359	\$ 3,029,359	\$ 2,816,473	\$ 212,886
Support Services				
Students	460,907	519,890	410,121	109,769
Instruction	268,272	276,292	237,539	38,753
General Administration	286,629	286,629	234,283	52,346
School Administration	406,013	406,013	377,283	28,730
Central Services	139,918	139,918	134,236	5,682
Operation & Maintenance of Plant	1,474,907	1,474,907	654,353	820,554
Student Transportation	116,379	162,231	131,868	30,363
Other Support Services	10,318	10,318	10,317	1
Community services	18,111	18,111	1,950	16,161
Food Services	-	-	-	-
Facilities Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	\$ 6,210,813	\$ 6,323,668	\$ 5,008,423	\$ 1,315,245

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 5,263,741
Differences budget to GAAP	
Prior Year receivable	(4,851)
Current Year receivable	4,811
Total Revenues (GAAP Basis)	\$ 5,263,701

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 5,008,423
Differences-budget to GAAP	
Prior year payable	-
Current year payable	-
Total Expenditures (GAAP Basis)	\$ 5,008,423

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, 2012

<u>ASSETS</u>	Agency Funds
Pooled Cash and Investments	<u>\$ 86,298</u>
<u>LIABILITIES</u>	
Liabilities:	
Deposits held for others	<u>\$ 86,298</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.

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

ED TECH EQUIPMENT (31900)

To account for revenues from a Capital Grant. The Expenditures are restricted to major capital Ed Tech Equipment.

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

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.

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.

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: 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 of 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 06-30-12	Reconciled Balance	Type
Western Commerce Bank			
<u>Name of Account</u>			
General Operational	\$ 2,108,066	\$ 1,671,275	Checking
TOTAL Deposited	<u>2,108,066</u>	<u>\$ 1,671,275</u>	
Less: FDIC Coverage	<u>(2,108,066)</u>		
Uninsured Amount	-		
50% collateral requirement	-		
Pledged securities	<u>1,041,586</u>		
Over (Under) requirement	\$ 1,041,586		

Custodial Credit Risk-Deposits

Depository Account	Bank Balance
Insured	\$2,108,066
Collateralized:	
Collateral Held by the pledging bank in District's name	1,041,586
Uninsured and uncollateralized	<u>(1,041,586)</u>
Total Deposits	<u>\$2,108,066</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.

Name of Account

LGIP Pool 4101 (Bond, Operational 20%)	\$ 1,979,867	\$ 1,979,867	Investment
TOTAL Deposited	<u>\$ 1,979,867</u>	<u>\$ 1,979,867</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 83 days. The investment is rated AAAM.

NOTE C: INTERFUND BALANCES

There were interfund balances at June 30, 2012 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	\$217,917
Special Revenue Funds Due to General Fund	\$217,917

NOTE D: INTERFUND TRANSFERS

There were no Interfund Transfers for the year ending June 30, 2012.

NOTE E: TAXES RECEIVABLE

Following is a schedule of property taxes receivable as of June 30, 2012:

	General	Debt Service	Debt Service Ed Tech	SB-9 Capital Improvement Funds
Property Taxes Receivable Available	\$ 4,811	\$ 40,968	\$ 4,573	\$ 19,274
Unavailable	-	-	-	-
TOTAL Property Taxes Receivable	<u>\$ 4,811</u>	<u>\$ 40,968</u>	<u>\$ 4,573</u>	<u>\$ 19,274</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, 2012:

State Agencies	\$ 6,180
Federal Agencies	<u>231,737</u>
Total	\$ 237,917

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, 2012:

	General	Senate Bill Nine	Debt Service	Other Governmental
Property Taxes	\$ -	\$ -	\$ -	\$ -
Federal Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,826</u>
TOTAL Deferred Revenues	\$ -	\$ -	\$ -	\$ 60,826

NOTE H: CAPITAL ASSETS

Capital Assets Balances and Activity for the Year Ended June 30, 2012, is as follows:

	Balance 6/30/11	Increases	Decreases	Balance 6/30/12
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	\$ 23,985,963	\$ 279,056	\$ -	\$ 24,265,019
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>1,619,192</u>	<u>81,524</u>	<u>-</u>	<u>1,700,716</u>
Total Capital Assets, being Depreciated	<u>25,605,155</u>	<u>360,580</u>	<u>-</u>	<u>25,965,735</u>
Total Capital Assets	<u>\$ 25,615,155</u>	<u>\$ 360,580</u>	<u>\$ -</u>	<u>\$ 25,975,735</u>
Less Accumulated Depreciation				
Buildings & Improvements	\$ 7,154,982	\$ 603,137	\$ -	\$ 7,758,119
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>1,094,719</u>	<u>110,664</u>	<u>-</u>	<u>1,205,383</u>
Total Accumulated Depreciation	<u>8,249,701</u>	<u>713,801</u>	<u>-</u>	<u>8,963,502</u>
Capital Assets, net	<u>\$ 17,365,454</u>	<u>\$ (353,221)</u>	<u>\$ -</u>	<u>\$ 17,012,233</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	<u>\$ 110,664</u>
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STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS
 Notes to the Financial Statements
 June 30, 2012

NOTE I: LONG TERM DEBT

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

	6/30/2011	Additions	Reductions	6/30/2012	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 6,740,000	\$ 550,000	\$ 560,000	\$ 6,730,000	\$ 565,000
Total Bonds	<u>6,740,000</u>	<u>550,000</u>	<u>560,000</u>	<u>6,730,000</u>	<u>565,000</u>
Other Liabilities					
Compensated					
Absences	45,656	42,504	45,656	42,504	-
Total Other	<u>45,656</u>	<u>42,504</u>	<u>45,656</u>	<u>42,504</u>	<u>-</u>
Liabilities					
Long-Term	<u>\$ 6,785,656</u>	<u>\$ 592,504</u>	<u>\$ 605,656</u>	<u>\$ 6,772,504</u>	<u>\$ 565,000</u>

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
07/15/01	2,600,000	3.5%-4.75%	\$ 780,000
01/15/08	3,000,000	4.00%	2,900,000
08/01/08	2,500,000	4.00%	2,500,000
07/15/11	550,000	2.00%	<u>550,000</u>

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

	Principal	Interest	Total
2013	\$ 565,000	\$ 258,680	\$ 823,680
2014	1,035,000	218,613	1,253,613
2015	660,000	185,975	845,975
2016	735,000	162,950	897,950
2017	735,000	138,025	873,025
2018-2022	2,700,000	399,750	3,099,750
2023-2027	<u>300,000</u>	<u>29,750</u>	<u>329,750</u>
	<u>\$ 6,730,000</u>	<u>\$ 1,393,743</u>	<u>\$ 8,123,743</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 Loving Municipal School's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost sharing multiple employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, New Mexico 87502. That report is also available on ERB's website at www.nmerb.org.

Funding Policy – Plan members earning \$20,000 or less annually are required by statute to contribute 7.9% of their gross salary. Plan members earning over \$20,000 annually were required to contribute 11.15% of their gross salary in fiscal year 2012 and will be required to contribute 9.40% of their gross salary in fiscal year 2013. The Loving Municipal School has been and is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, in fiscal years 2012 and 2013. In fiscal year 2012 the Loving Municipal School contributed 9.15% of the gross covered salary of employees earning more than \$20,000 annually. In fiscal year 2013 the Loving Municipal School will contribute 10.9% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and the Loving Municipal Schools are established in Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of legislature. The Loving Municipal School's contributions to the ERA for the years ended June 30, 2012, 2011, and 2010 were: \$649,612, \$720,660, and \$767,061, 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 members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

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

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

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
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.

The Loving Municipal School's contributions to the RHCA for the years ended June 30, 2012, 2011, and 2010 were \$94,588, \$94,557 and \$79,978 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.

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 joints 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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Taxes	\$ 724,140	\$ 724,140	\$ 1,058,144	\$ 334,004
Investment Income	500	500	591	91
TOTAL REVENUE	<u>724,640</u>	<u>724,640</u>	<u>\$ 1,058,735</u>	<u>\$ 334,095</u>
BUDGETED CASH BALANCE	<u>624,777</u>	<u>624,777</u>		
TOTAL REVENUE & CASH	<u>\$ 1,349,417</u>	<u>\$ 1,349,417</u>		
EXPENDITURES				
Current				
General Administration	\$ 2,000	\$ 2,000	\$ 1,377	\$ 623
Debt Service				
Principal Retirement	460,000	460,000	460,000	-
Bond Interest	264,140	264,140	264,140	-
Non-operating Reserves	623,277	623,277	2,556	620,721
TOTAL EXPENDITURES	<u>\$ 1,349,417</u>	<u>\$ 1,349,417</u>	<u>\$ 728,073</u>	<u>\$ 621,344</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 1,058,735
Differences budget to GAAP	
Prior Year receivable	(97,632)
Current Year receivable	40,968
Total Revenues (GAAP Basis)	<u>\$ 1,002,071</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 728,073
Differences-budget to GAAP	
Prior year Principal due	-
Prio year interest due	-
Total Expenditures (GAAP Basis)	<u>\$ 728,073</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 - SB-9 CAPITAL IMPROVEMENTS FUND -31700

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Taxes	\$ 227,069	\$ 227,069	\$ 326,297	\$ 99,228
Insurance recoveries	-	-	-	
Investment Income	400	400	496	96
TOTAL LOCAL REVENUE	<u>227,469</u>	<u>227,469</u>	<u>326,793</u>	<u>99,324</u>
State Revenue				
State flowthrough	-	15,984	-	(15,984)
TOTAL FEDERAL REVENUE	<u>-</u>	<u>15,984</u>	<u>-</u>	<u>(15,984)</u>
TOTAL REVENUE	<u>227,469</u>	<u>243,453</u>	<u>\$ 326,793</u>	<u>\$ 83,340</u>
 BUDGETED CASH BALANCE	 <u>204,290</u>	 <u>204,290</u>		
 TOTAL REVENUE & CASH	 <u>\$ 431,759</u>	 <u>\$ 447,743</u>		
 EXPENDITURES				
Current				
Facilities and construction	431,759	447,743	213,728	234,015
TOTAL EXPENDITURES	<u>\$ 431,759</u>	<u>\$ 447,743</u>	<u>\$ 213,728</u>	<u>\$ 234,015</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 326,793
Differences budget to GAAP	
Prior Year receivable	(19,472)
Current Year receivable	19,274
Total Revenues (GAAP Basis)	<u>\$ 326,595</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 213,728
Differences-budget to GAAP	
Prior year accounts payable	-
Total Expenditures (GAAP Basis)	<u>\$ 213,728</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 - ED TECH EQUIP - 31900

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Investment Income	\$ -	\$ -	\$ 605	\$ (605)
Sale of Bonds	539,000	539,000	539,000	-
TOTAL REVENUE	539,000	539,000	\$ 539,605	\$ (605)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ 539,000	\$ 539,000		
EXPENDITURES				
Current				
Facilities Acquisition & Construction	539,000	539,000	102,518	436,482
TOTAL EXPENDITURES	\$ 539,000	\$ 539,000	\$ 102,518	\$ 436,482

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 539,605
Differences budget to GAAP	-
Prior Year receivable	-
Current Year receivable	-
Total Revenues (GAAP Basis)	\$ 539,605

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 102,518
Differences-budget to GAAP	-
Total Expenditures (GAAP Basis)	\$ 102,518

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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Taxes	\$ 101,875	\$ 101,875	\$ 93,459	\$ (8,416)
Investment income	1,500	1,500	9,696	8,196
TOTAL REVENUE	<u>103,375</u>	<u>103,375</u>	<u>\$ 103,155</u>	<u>\$ (220)</u>
BUDGETED CASH BALANCE	<u>122,563</u>	<u>122,563</u>		
TOTAL REVENUE & CASH	<u>\$ 225,938</u>	<u>\$ 225,938</u>		
EXPENDITURES				
Current				
General Administration	\$ 250	\$ 250	\$ 148	\$ 102
Debt Service				
Principal Retirement	100,000	100,000	100,000	-
Bond Interest	1,875	1,875	1,875	-
Non-operating Reserves	123,813	123,813	152	123,661
TOTAL EXPENDITURES	<u>\$ 225,938</u>	<u>\$ 225,938</u>	<u>\$ 102,175</u>	<u>\$ 123,763</u>

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ 103,155
Differences budget to GAAP		
Prior Year receivable		(7,104)
Current Year receivable		4,573
Total Revenues (GAAP Basis)		<u>\$ 100,624</u>
 Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ 102,175
Differences-budget to GAAP		
Total Expenditures (GAAP Basis)		<u>\$ 102,175</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, 2012

	OPERATIONAL 11000	TRANSPORTATION 13000	INSTRUCTIONAL MATERIALS 14000	TOTAL GENERAL FUND
ASSETS				
Cash on Deposit	\$ 1,047,584	\$ 30,364	\$ 38,554	\$ 1,116,502
Taxes Receivable	4,811	-	-	4,811
Due from other Funds	237,917	-	-	237,917
Due from other Governments	-	-	-	-
Inventories	-	-	-	-
TOTAL ASSETS	\$ 1,290,312	\$ 30,364	\$ 38,554	\$ 1,359,230
LIABILITIES AND FUND BALANCE				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
FUND BALANCE				
Fund Balance				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	30,364	-	30,364
Assigned	-	-	-	-
Unassigned	1,290,312	-	38,554	1,328,866
TOTAL FUND BALANCE	1,290,312	30,364	38,554	1,359,230
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,290,312	\$ 30,364	\$ 38,554	\$ 1,359,230

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, 2012

	OPERATIONAL 11000	TRANSPORTATION 13000	INSTRUCTIONAL MATERIALS 14000	TOTAL GENERAL FUND
REVENUE				
Federal Aid	\$ 7,724	\$ -	\$ -	\$ 7,724
State Aid	4,965,465	162,231	26,828	5,154,524
Property taxes	81,123	-	-	81,123
Interest	3,901	-	-	3,901
Insurance recoveries/refunds	4,843	-	-	4,843
Other local sources	11,586	-	-	11,586
TOTAL REVENUES	5,074,642	162,231	26,828	5,263,701
EXPENDITURES				
Current				
Instruction	2,790,105	-	26,368	2,816,473
Support Services				
Students	410,121	-	-	410,121
Instruction	237,539	-	-	237,539
General Administration	234,283	-	-	234,283
School Administration	377,283	-	-	377,283
Central Services	134,236	-	-	134,236
Operation & Maintenance of Plant	654,353	-	-	654,353
Transportation of students	-	131,868	-	131,868
Other Support Services	10,317	-	-	10,317
Community Services	1,950	-	-	1,950
Food Service	-	-	-	-
Non-current				
Principal Retirement	-	-	-	-
Bond Interest	-	-	-	-
Facilities and construction	-	-	-	-
TOTAL EXPENDITURES	4,850,187	131,868	26,368	5,008,423
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	224,455	30,363	460	255,278
OTHER FINANCING SOURCES (USES)				
Sale of Bonds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	224,455	30,363	460	255,278
FUND BALANCE - JUNE 30, 2011	1,065,857	1	38,094	1,103,952
FUND BALANCE - JUNE 30, 2012	\$ 1,290,312	\$ 30,364	\$ 38,554	\$ 1,359,230

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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 2,355	\$ 2,355	\$ 7,724	\$ 5,369
State Revenue	4,966,228	4,984,248	4,965,465	(18,783)
Property Taxes	56,383	56,383	81,163	24,780
Local Revenue	6,107	6,107	11,586	5,479
Contributions, donations	-	-	4,843	4,843
Income from Investments	3,000	3,000	3,901	901
TOTAL REVENUE	5,034,073	5,052,093	\$ 5,074,682	\$ 22,589
BUDGETED CASH BALANCE	1,012,023	1,061,006		
TOTAL REVENUE & CASH	\$ 6,046,096	\$ 6,113,099		

EXPENDITURES

Current				
Instruction	\$ 2,981,021	\$ 2,981,021	\$ 2,790,105	\$ 190,916
Support Services				
Students	460,907	519,890	410,121	109,769
Instruction	268,272	276,292	237,539	38,753
General Administration	286,629	286,629	234,283	52,346
School Administration	406,013	406,013	377,283	28,730
Central Services	139,918	139,918	134,236	5,682
Operation & Maintenance of Plant	1,474,907	1,474,907	654,353	820,554
Student Transportation	-	-	-	-
Other Support Services	10,318	10,318	10,317	1
Community services	18,111	18,111	1,950	16,161
Food Services	-	-	-	-
Facilities Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	\$ 6,046,096	\$ 6,113,099	\$ 4,850,187	\$ 1,262,912

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

Sources/Inflows of Resources	
Actual amounts (budgetary basis)	\$ 5,074,682
Differences budget to GAAP	
Prior Year receivable	(4,851)
Current Year receivable	4,811
Total Revenues (GAAP Basis)	\$ 5,074,642
Uses/Outflows of Resources	
Actual amounts (budgetary basis)	\$ 4,850,187
Differences-budget to GAAP	
Prior year payable	-
Current year payable	-
Total Expenditures (GAAP Basis)	\$ 4,850,187

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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ 116,379	\$ 162,231	\$ 162,231	\$ -
TOTAL REVENUE	116,379	162,231	<u>\$ 162,231</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ 116,379</u>	<u>\$ 162,231</u>		
EXPENDITURES				
Current				
Student Transportation	\$ 116,379	\$ 162,231	\$ 131,868	\$ 30,363
TOTAL EXPENDITURES	<u>\$ 116,379</u>	<u>\$ 162,231</u>	<u>\$ 131,868</u>	<u>\$ 30,363</u>

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

Sources/Inflows of Resources	
Actual amounts (budgetary basis)	\$ 162,231
Differences budget to GAAP	
Prior Year checks voided	-
Current Year receivable	-
Total Revenues (GAAP Basis)	<u>\$ 162,231</u>
Uses/Outflows of Resources	
Actual amounts (budgetary basis)	\$ 131,868
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 131,868</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ 20,315	\$ 20,315	\$ 26,828	\$ 6,513
TOTAL REVENUE	<u>20,315</u>	<u>20,315</u>	<u>\$ 26,828</u>	<u>\$ 6,513</u>
BUDGETED CASH BALANCE	<u>28,023</u>	<u>28,023</u>		
TOTAL REVENUE & CASH	<u>\$ 48,338</u>	<u>\$ 48,338</u>		
EXPENDITURES				
Current				
Instruction	\$ 48,338	\$ 48,338	\$ 26,368	\$ 21,970
Support Services				
Instruction	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 48,338</u>	<u>\$ 48,338</u>	<u>\$ 26,368</u>	<u>\$ 21,970</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 26,828
Differences budget to GAAP	
Prior Year receivable	-
Current Year receivable	-
Total Revenues (GAAP Basis)	<u>\$ 26,828</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 26,368
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 26,368</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, 2012

	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL
ASSETS			
Cash on Deposit	\$ 256,953	\$ 196,761	\$ 453,714
Taxes receivable		-	-
Due from other Governments	237,917	-	237,917
Inventories	8,088	-	8,088
TOTAL ASSETS	\$ 502,958	\$ 196,761	\$ 699,719
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Due to other funds	237,917	-	237,917
Deferred Revenue	60,826	-	60,826
TOTAL LIABILITIES	298,743	-	298,743
FUND BALANCE			
Fund Balance			
Nonspendable	8,088	-	8,088
Restricted	172,241	196,761	369,002
Committed	23,886	-	23,886
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCE	204,215	196,761	400,976
TOTAL LIABILITIES & FUND BALANCE	\$ 502,958	\$ 196,761	\$ 699,719

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, 2012

	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL
REVENUES			
Federal Aid	\$ 1,245,427	\$ -	\$ 1,245,427
State Aid	107,095	-	107,095
Property taxes	-	-	-
Local revenues	59,941	-	59,941
Interest	-	370	370
TOTAL REVENUES	1,412,463	370	1,412,833
EXPENDITURES			
Current			
Instruction	728,741	-	728,741
Support Services			
Students	114,462	-	114,462
Instruction	49,631	-	49,631
General Administration	5,684	-	5,684
School Administration	-	-	-
Central Services	-	-	-
Operation & Maintenance of Plant	16,867	-	16,867
Student Transportation	4,801	-	4,801
Food Service	469,721	-	469,721
Facilities and construction	-	281,442	281,442
TOTAL EXPENDITURES	1,389,907	281,442	1,671,349
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	22,556	(281,072)	(258,516)
FUND BALANCE- JUNE 30, 2011	181,659	477,833	659,492
FUND BALANCE - JUNE 30, 2012	\$ 204,215	\$ 196,761	\$ 400,976

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, 2012

	FOOD SERVICE 21000	ATHLETIC 22000	TITLE I 24101	TITLE I MIGRANT 24103	IDEA-B ENTITLEMENT 24106	IDEA-B PRESCHOOL 24109
ASSETS						
Cash on Deposit	\$ 172,241	\$ 23,886	\$ -	\$ 964	\$ -	\$ -
Due from other Governments	-	-	51,570	-	32,056	4,295
Inventories	8,088	-	-	-	-	-
TOTAL ASSETS	\$ 180,329	\$ 23,886	\$ 51,570	\$ 964	\$ 32,056	\$ 4,295
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	51,570	-	32,056	4,295
Deferred Revenue	-	-	-	964	-	-
TOTAL LIABILITIES	-	-	51,570	964	32,056	4,295
FUND BALANCE						
Fund Balance						
Nonspendable	8,088	-	-	-	-	-
Restricted	172,241	-	-	-	-	-
Committed	-	23,886	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCE	180,329	23,886	-	-	-	-
TOTAL LIABILITIES & FUND BALANCE	\$ 180,329	\$ 23,886	\$ 51,570	\$ 964	\$ 32,056	\$ 4,295

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
50,885	11,062	2,999	-	9,676	10,816	-	271	-
\$ 50,885	\$ 11,062	\$ 2,999	\$ -	\$ 9,676	\$ 10,816	\$ -	\$ 271	\$ 6,270
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50,885	11,062	2,999	-	9,676	10,816	-	271	-
\$ 50,885	\$ 11,062	\$ 2,999	\$ -	\$ 9,676	\$ 10,816	\$ -	\$ 271	\$ 6,270
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
\$ 50,885	\$ 11,062	\$ 2,999	\$ -	\$ 9,676	\$ 10,816	\$ -	\$ 271	\$ 6,270

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

June 30, 2012

	HSTW 24180	HSTW REDISTRIBUTION 24182	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
ASSETS										
Cash on Deposit	\$ 949	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,524	\$ 1,813	\$ -	\$ -
Due from other Governments	-	-	-	-	-	31,168	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 949	\$ -	\$ -	\$ -	\$ -	\$ 31,168	\$ 13,524	\$ 1,813	\$ -	\$ -
LIABILITIES										
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	-	-	-	-	-	31,168	-	-	-	-
Deferred Revenue	949	-	-	-	-	-	13,524	1,813	-	-
TOTAL LIABILITIES	949	-	-	-	-	31,168	13,524	1,813	-	-
FUND BALANCE										
Fund Balance										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCE	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES & FUND BALANCE	\$ 949	\$ -	\$ -	\$ -	\$ -	\$ 31,168	\$ 13,524	\$ 1,813	\$ -	\$ -

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

MICROSOFT SETTLEMENT FUNDS 26170	GO BONDS STUDENT LIB FUND 27105	TECHNOLOGY FOR EDUCATION 27117	INCENTIVES FOR SCHOOL IMPROVEMENT 27138	BEGINNING TEACHER MENTORING 27154	BREAKFAST AFTER THE BELL 27117	K-3 PLUS 27166	LIBRARY SB301 27170	STATE DIRECTED ACTIVITIES 27200	LIBRARY BOOK FUND 27549	CYFD COMMUNITY SERVICES 28141	PRIVATE DIRECT GRANTS 29102	MICROSOFT PIL 29132	COMBINED
\$ 1,911	\$ -	\$ 6,543	\$ 4,248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 322	\$ 2	\$ 8,387	\$ 15,893	\$ 256,953
-	3,297	-	-	1,198	715	-	-	26,939	-	-	-	-	237,917
-	-	-	-	-	-	-	-	-	-	-	-	-	8,088
\$ 1,911	\$ 3,297	\$ 6,543	\$ 4,248	\$ 1,198	\$ 715	\$ 970	\$ -	\$ 26,939	\$ 322	\$ 2	\$ 8,387	\$ 15,893	\$ 502,958
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	3,297	-	-	1,198	715	970	-	26,939	-	-	-	-	237,917
1,911	-	6,543	4,248	-	-	-	-	-	322	2	8,387	15,893	60,826
1,911	3,297	6,543	4,248	1,198	715	970	-	26,939	322	2	8,387	15,893	296,743
-	-	-	-	-	-	-	-	-	-	-	-	-	8,088
-	-	-	-	-	-	-	-	-	-	-	-	-	172,241
-	-	-	-	-	-	-	-	-	-	-	-	-	23,886
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	204,215
\$ 1,911	\$ 3,297	\$ 6,543	\$ 4,248	\$ 1,198	\$ 715	\$ 970	\$ -	\$ 26,939	\$ 322	\$ 2	\$ 8,387	\$ 15,893	\$ 502,958

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, 2012

	FOOD SERVICE 21000	ATHLETIC 22000	TITLE I 24101	MIGRANT CHILDREN EDUCATION 24103	IDEA-B ENTITLEMENT 24106
REVENUES					
Federal Aid	\$ 462,254	\$ -	\$ 118,057	\$ -	\$ 132,484
State Aid	11,871	-	-	-	-
Property Taxes	-	-	-	-	-
Local revenues	7,743	48,780	-	-	-
Interest	-	-	-	-	-
TOTAL REVENUES	481,868	48,780	118,057	-	132,484
EXPENDITURES					
Current					
Instruction	-	48,583	112,130	-	89,141
Support Services					
Students	-	-	-	-	43,343
Instruction	-	-	5,924	-	-
General Administration	-	-	3	-	-
School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student Transportation	-	-	-	-	-
Food Service	459,509	-	-	-	-
Facilities Acquisition & Construction	-	-	-	-	-
TOTAL EXPENDITURES	459,509	48,583	118,057	-	132,484
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	22,359	197	-	-	-
FUND BALANCE- JUNE 30, 2011	157,970	23,689	-	-	-
FUND BALANCE - JUNE 30, 2012	\$ 180,329	\$ 23,886	\$ -	\$ -	\$ -

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	C PERKINS SPECIAL 24172	HSTW 24180
\$ 6,844	\$ 163,537	\$ 22,128	\$ -	\$ -	\$ 14,635	\$ 23,602	\$ -	\$ -	\$ 20,228
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
6,844	163,537	22,128	-	-	14,635	23,602	-	-	20,228
6,844	130,081	22,128	-	-	14,635	22,946	-	-	20,228
-	24,815	-	-	-	-	-	-	-	-
-	5,025	-	-	-	-	656	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	3,616	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
6,844	163,537	22,128	-	-	14,635	23,602	-	-	20,228
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2012

	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	\$ 3,457	\$ -	\$ -	\$ -	\$ -	\$ 178,076	\$ 18,000	\$ 29,595	\$ -	\$ 2,146
State Aid	-	-	-	-	-	-	-	-	-	-
Property taxes	-	-	-	-	-	-	-	-	-	-
Local revenues	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	3,457	-	-	-	-	178,076	18,000	29,595	-	2,146
EXPENDITURES										
Current										
Instruction	3,457	-	-	-	-	121,486	1,352	29,595	-	2,146
Support Services										
Students	-	-	-	-	-	-	16,648	-	-	-
Instruction	-	-	-	-	-	38,331	-	-	-	-
General Administration	-	-	-	-	-	-	-	-	-	-
School Administration	-	-	-	-	-	-	-	-	-	-
Central Services	-	-	-	-	-	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-	16,867	-	-	-	-
Student Transportation	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	1,392	-	-	-	-
Facilities Acquisition & Construction	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	3,457	-	-	-	-	178,076	18,000	29,595	-	2,146
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-	-	-	-	-	-
FUND BALANCE- JUNE 30, 2011	-	-	-	-	-	-	-	-	-	-
FUND BALANCE - JUNE 30, 2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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	BREAKFAST AFTER THE BELL 27155	K-3 PLUS 27166	LIBRARY SB301 27170	STATE DIRECTED ACTIVITIES 27200	PRIVATE DIRECT GRANTS 29102	MICROSOFT PIL 29132	COMBINED
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,384	\$ -	\$ -	\$ 1,245,427
-	4,057	3,297	2,079	-	8,820	31,887	-	-	45,084	-	107,095
-	-	-	-	-	-	-	-	-	-	3,418	59,941
-	4,057	3,297	2,079	-	8,820	31,887	-	50,384	45,084	3,418	1,412,463
-	4,057	-	-	-	-	30,702	-	20,728	45,084	3,418	728,741
-	-	-	-	-	-	-	-	29,656	-	-	114,462
-	-	3,297	2,079	-	-	-	-	-	-	-	49,631
-	-	-	-	-	-	-	-	-	-	-	5,684
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	16,867
-	-	-	-	-	-	1,185	-	-	-	-	4,801
-	-	-	-	-	8,820	-	-	-	-	-	469,721
-	4,057	3,297	2,079	-	8,820	31,887	-	50,384	45,084	3,418	1,389,907
-	-	-	-	-	-	-	-	-	-	-	22,556
-	-	-	-	-	-	-	-	-	-	-	181,659
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 204,215

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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Aid	\$ 409,334	\$ 409,334	\$ 482,757	\$ 73,423
State Aid	50,000	50,000	11,871	(38,129)
Local Revenue	5,183	5,183	7,743	2,560
Income from Investments	300	300	-	(300)
TOTAL REVENUE	<u>464,817</u>	<u>464,817</u>	<u>\$ 502,371</u>	<u>\$ 37,554</u>
BUDGETED CASH BALANCE	<u>124,144</u>	<u>124,144</u>		
TOTAL REVENUE & CASH	<u>\$ 588,961</u>	<u>\$ 588,961</u>		
EXPENDITURES				
Current				
Food Service	588,961	588,961	435,674	153,287
TOTAL EXPENDITURES	<u>\$ 588,961</u>	<u>\$ 588,961</u>	<u>\$ 435,674</u>	<u>\$ 153,287</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 502,371
Differences budget to GAAP	
Prior Year receivable	(43,921)
Current Year commodities	23,418
Current Year receivable	-
Total Revenues (GAAP Basis)	<u>\$ 481,868</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 435,674
Differences-budget to GAAP	
Prior Year Payables	-
Current Year commodities	23,418
Change in Inventories	417
Total Expenditures (GAAP Basis)	<u>\$ 459,509</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 - ATHLETICS - 22000

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Fees from activities	\$ 51,000	\$ 51,000	\$ 48,780	\$ (2,220)
Investment income	-	-	-	-
TOTAL REVENUE	<u>51,000</u>	<u>51,000</u>	<u>\$ 48,780</u>	<u>\$ (2,220)</u>
BUDGETED CASH BALANCE	<u>37,315</u>	<u>37,315</u>		
TOTAL REVENUE & CASH	<u>\$ 88,315</u>	<u>\$ 88,315</u>		
EXPENDITURES				
Current				
Instruction	\$ 88,315	\$ 88,315	\$ 48,583	\$ 39,732
TOTAL EXPENDITURES	<u>\$ 88,315</u>	<u>\$ 88,315</u>	<u>\$ 48,583</u>	<u>\$ 39,732</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 48,780
Differences budget to GAAP	
Prior Year deferral	-
Current Year deferral	-
Total Revenues (GAAP Basis)	<u>\$ 48,780</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 48,583
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 48,583</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 I - 24101

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 97,390	\$ 127,239	\$ 82,963	\$ (44,276)
TOTAL REVENUE	97,390	127,239	82,963	(44,276)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ 97,390	\$ 127,239		
EXPENDITURES				
Current				
Instruction	\$ 87,926	\$ 117,775	\$ 112,130	\$ 5,645
Support Services				
Students	-	-	-	-
Instruction	6,462	6,462	5,924	538
General Administration	3,002	3,002	3	2,999
School Administration	-	-	-	-
TOTAL EXPENDITURES	\$ 97,390	\$ 127,239	\$ 118,057	\$ 9,182

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 82,963
Differences budget to GAAP	
Prior Year receivable	(16,476)
Current Year receivable	51,570
Total Revenues (GAAP Basis)	\$ 118,057

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 118,057
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 118,057

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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 122,884	\$ 177,479	\$ 112,970	\$ (64,509)
TOTAL REVENUE	122,884	177,479	112,970	(64,509)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ 122,884	\$ 177,479		
EXPENDITURES				
Current				
Instruction	\$ 82,317	\$ 126,612	\$ 89,141	\$ 37,471
Support Services				
Students	-	50,867	43,343	7,524
Instruction	40,567	-	-	-
School Administration	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
TOTAL EXPENDITURES	\$ 122,884	\$ 177,479	\$ 132,484	\$ 44,995

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

Sources/Inflows of Resources	
Actual amounts (budgetary basis)	\$ 112,970
Differences budget to GAAP	
Prior Year receivable	(12,542)
Current Year receivable	32,056
Total Revenues (GAAP Basis)	\$ 132,484
Uses/Outflows of Resources	
Actual amounts (budgetary basis)	\$ 132,484
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 132,484

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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 6,497	\$ 6,990	\$ 6,448	\$ (542)
TOTAL REVENUE	<u>6,497</u>	<u>6,990</u>	<u>\$ 6,448</u>	<u>\$ (542)</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ 6,497</u>	<u>\$ 6,990</u>		
EXPENDITURES				
Current				
Instruction	\$ 6,497	\$ 6,990	\$ 6,844	\$ 146
TOTAL EXPENDITURES	<u>\$ 6,497</u>	<u>\$ 6,990</u>	<u>\$ 6,844</u>	<u>\$ 146</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 6,448
Differences budget to GAAP	
Prior Year receivable	(3,899)
Current Year receivable	4,295
Total Revenues (GAAP Basis)	<u>\$ 6,844</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 6,844
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 6,844</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 180,000	\$ 256,694	\$ 170,029	\$ (86,665)
TOTAL REVENUE	180,000	256,694	<u>170,029</u>	<u>(86,665)</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ 180,000</u>	<u>\$ 256,694</u>		
EXPENDITURES				
Current				
Instruction	\$ 131,960	\$ 191,250	\$ 130,081	\$ 61,169
Support Services				
Students	38,773	52,487	24,815	27,672
Instruction	-	-	-	-
General Administration	5,531	8,137	5,025	3,112
Student Transportation	3,736	4,820	3,616	1,204
TOTAL EXPENDITURES	<u>\$ 180,000</u>	<u>\$ 256,694</u>	<u>\$ 163,537</u>	<u>\$ 93,157</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 170,029
Differences budget to GAAP	
Prior Year receivable	(57,377)
Current Year receivable	50,885
Total Revenues (GAAP Basis)	<u>\$ 163,537</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 163,537
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 163,537</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 - IDEA - REALLOCATION - 24120

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 24,270	\$ 12,276	\$ (11,994)
TOTAL REVENUE	<u>-</u>	<u>24,270</u>	<u>12,276</u>	<u>(11,994)</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 24,270</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 24,270	\$ 22,128	\$ 2,142
Support Services				
Students	-	-	-	-
School Administration	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 24,270</u>	<u>\$ 22,128</u>	<u>\$ 2,142</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 12,276
Differences budget to GAAP	
Prior Year deferral	(1,210)
Current Year receivable	11,062
Total Revenues (GAAP Basis)	<u>\$ 22,128</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 22,128
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 22,128</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 - ENHANCING EDUCATION THROUGH TECHNOLOGY - 24149

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ 16,707	\$ 16,707
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 16,707</u>	<u>\$ 16,707</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services				
Instruction	-	-	-	-
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)	\$ 16,707
Differences budget to GAAP	
Prior Year receivable	(16,707)
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 - TITLE III - 24153

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 8,140	\$ 14,635	\$ 5,965	\$ (8,670)
TOTAL REVENUE	8,140	14,635	<u>5,965</u>	<u>(8,670)</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ 8,140</u>	<u>\$ 14,635</u>		
EXPENDITURES				
Current				
Instruction	\$ 8,140	\$ 14,635	\$ 14,635	\$ -
Support Services				
Students	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 8,140</u>	<u>\$ 14,635</u>	<u>\$ 14,635</u>	<u>\$ -</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 5,965
Differences budget to GAAP	
Prior Year receivable	(1,006)
Current Year receivable	9,676
Total Revenues (GAAP Basis)	<u>\$ 14,635</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 14,635
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 14,635</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 23,472	\$ 24,395	\$ 13,063	\$ (11,332)
TOTAL REVENUE	23,472	24,395	<u>13,063</u>	<u>(11,332)</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ 23,472</u>	<u>\$ 24,395</u>		
EXPENDITURES				
Current				
Instruction	\$ 23,472	\$ 24,395	\$ 22,946	\$ 1,449
Support Services				
General Administration	-	-	656	(656)
TOTAL EXPENDITURES	<u>\$ 23,472</u>	<u>\$ 24,395</u>	<u>\$ 23,602</u>	<u>\$ 793</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 13,063
Differences budget to GAAP	
Prior Year receivable	(277)
Current Year receivable	10,816
Total Revenues (GAAP Basis)	<u>\$ 23,602</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 23,602
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 23,602</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Aid	\$ -	\$ 6	\$ 544	\$ 538
TOTAL REVENUE	-	6	544	538
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 6		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services				
General Administration	-	-	-	-
TOTAL EXPENDITURES	\$ -	\$ -	\$ -	\$ -

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 544
Differences budget to GAAP	
Prior Year receivable	(544)
Current Year receivable	-
Total Revenues (GAAP Basis)	\$ -

Uses/Outflows of Resources

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

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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 16,732	\$ 23,539	\$ 24,233	\$ 694
TOTAL REVENUE	16,732	23,539	24,233	694
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ 16,732	\$ 23,539		
EXPENDITURES				
Current				
Instruction	\$ 16,732	\$ 23,539	\$ 20,228	\$ 3,311
General Administration	-	-	-	-
School Administration	-	-	-	-
TOTAL EXPENDITURES	\$ 16,732	\$ 23,539	\$ 20,228	\$ 3,311

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 24,233
Differences budget to GAAP	
Prior Year Receivable	(3,056)
Current Year Deferral	(949)
Total Revenues (GAAP Basis)	\$ 20,228

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 20,228
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 20,228

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 REDISTRIBUTION - 24182

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 3,724	\$ 3,724	\$ 3,457	\$ (267)
TOTAL REVENUE	3,724	3,724	<u>3,457</u>	<u>(267)</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ 3,724</u>	<u>\$ 3,724</u>		
EXPENDITURES				
Current				
Instruction	\$ 3,724	\$ 3,724	\$ 3,457	\$ 267
General Administration	-	-	-	-
School Administration	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 3,724</u>	<u>\$ 3,724</u>	<u>\$ 3,457</u>	<u>\$ 267</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 3,457
Differences budget to GAAP	-
Prior Year Receivable	-
Current Year Deferral	-
Total Revenues (GAAP Basis)	<u>\$ 3,457</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 3,457
Differences-budget to GAAP	-
Total Expenditures (GAAP Basis)	<u>\$ 3,457</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 - IDEA - ENTITLEMENT ARRA - 24206

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ 84,798	\$ 84,798
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 84,798</u>	<u>\$ 84,798</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
School Administration	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
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)	\$ 84,798
Differences budget to GAAP	
Prior Year receivable	(84,798)
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 - IDEA - PRESCHOOL ARRA - 24209

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ 2,856	\$ 2,856
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 2,856</u>	<u>\$ 2,856</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
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)	\$ 2,856
Differences budget to GAAP	
Prior Year receivable	(2,856)
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 - EDUCATION OF HOMELESS FEDERAL STIMULUS - 24213

Year ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ 3,945	\$ 3,945
TOTAL REVENUE	-	-	<u>\$ 3,945</u>	<u>\$ 3,945</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
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)	\$ 3,945
Differences budget to GAAP	
Prior Year receivable	(3,945)
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 - HEADSTART - 25127

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 178,076	\$ 166,834	\$ (11,242)
TOTAL REVENUE	-	178,076	166,834	(11,242)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 178,076		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 121,486	\$ 121,486	\$ -
Support Services				
Students	-	-	-	-
Instruction	-	38,331	38,331	-
School Administration	-	-	-	-
Operation & Maintenance of Plant	-	16,867	16,867	-
Student Transportation	-	-	-	-
Food Service	-	1,392	1,392	-
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)	\$ 166,834
Differences budget to GAAP	
Prior Year Receivable	(19,926)
Current Year Receivable	31,168
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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 20,511	\$ 20,485	\$ (26)
TOTAL REVENUE	<u>-</u>	<u>20,511</u>	<u>20,485</u>	<u>(26)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 20,511</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 1,352	\$ 1,352	\$ -
Support Services				
Students	-	19,159	16,648	2,511
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 20,511</u>	<u>\$ 18,000</u>	<u>\$ 2,511</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 20,485
Differences budget to GAAP	
Prior Year deferral	11,039
Current Year deferral	(13,524)
Total Revenues (GAAP Basis)	<u>\$ 18,000</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 18,000
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 18,000</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 - RURAL EDUCATION ACHIEVEMENT - 25233

Year Ended June 30, 2011

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 32,730	\$ 22,198	\$ (10,532)
TOTAL REVENUE	-	32,730	<u>22,198</u>	<u>(10,532)</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 32,730</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 32,730	\$ 29,595	\$ 3,135
Support Services	-	-	-	-
General Administration	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 32,730</u>	<u>\$ 29,595</u>	<u>\$ 3,135</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 22,198
Differences budget to GAAP	
Prior Year Deferral	9,210
Current Year Deferral	(1,813)
Total Revenues (GAAP Basis)	<u>\$ 29,595</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 29,595
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 29,595</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 JOB FUND - 25255

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Aid	\$ -	\$ 2,146	\$ 2,147	\$ 1
TOTAL REVENUE	-	2,146	2,147	1
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 2,146		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 2,146	\$ 2,146	\$ -
Support Services				
Instruction	-	-	-	-
School Administration	-	-	-	-
TOTAL EXPENDITURES	\$ -	\$ 2,146	\$ 2,146	\$ -

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 2,147
Differences budget to GAAP	
Prior Year Receivable	(1)
Current Year Receivable	-
Total Revenues (GAAP Basis)	\$ 2,146

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 2,146
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 2,146

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 - DUAL CREDIT INSTRUCTIONAL MATERIALS 27103

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Revenue	\$ -	\$ 7,312	\$ 4,057	\$ (3,255)
TOTAL REVENUE	<u>-</u>	<u>7,312</u>	<u>\$ 4,057</u>	<u>\$ (3,255)</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 7,312</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 7,312	\$ 4,057	\$ 3,255
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 7,312</u>	<u>\$ 4,057</u>	<u>\$ 3,255</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 4,057
Differences budget to GAAP	-
Prior Year receivable	-
Current Year receivable	-
Total Revenues (GAAP Basis)	<u>\$ 4,057</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 4,057
Differences-budget to GAAP	-
Total Expenditures (GAAP Basis)	<u>\$ 4,057</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ 3,312	\$ 3,312	\$ 3,873	\$ 561
TOTAL REVENUE	<u>3,312</u>	<u>3,312</u>	<u>\$ 3,873</u>	<u>\$ 561</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 3,312</u>	<u>\$ 3,312</u>		
EXPENDITURES				
Current				
Support Services				
Instruction	\$ 3,312	\$ 3,312	\$ 3,297	\$ 15
TOTAL EXPENDITURES	<u>\$ 3,312</u>	<u>\$ 3,312</u>	<u>\$ 3,297</u>	<u>\$ 15</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 3,873
Differences budget to GAAP	
Prior Year Receivable	(3,873)
Current Year Receivable	3,297
Total Revenues (GAAP Basis)	<u>\$ 3,297</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 3,297
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 3,297</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 -2010 GO BONDS STUDENT LIBRARY FUND - 27106

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ 6,505	\$ 6,505	\$ -	\$ (6,505)
TOTAL REVENUE	<u>6,505</u>	<u>6,505</u>	<u>\$ -</u>	<u>\$ (6,505)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 6,505</u>	<u>\$ 6,505</u>		
EXPENDITURES				
Current				
Support Services				
Instruction	\$ 6,505	\$ 6,505	\$ -	\$ 6,505
TOTAL EXPENDITURES	<u>\$ 6,505</u>	<u>\$ 6,505</u>	<u>\$ -</u>	<u>\$ 6,505</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	-
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 TECHNOLOGY FOR EDUCATION- 27117

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Revenue	\$ -	\$ 8,622	\$ -	\$ (8,622)
TOTAL REVENUE	-	8,622	-	(8,622)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 8,622		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services				
Instruction	-	8,622	2,079	6,543
General Administration	-	-	-	-
TOTAL EXPENDITURES	\$ -	\$ 8,622	\$ 2,079	\$ 6,543

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	8,622
Current Year deferral	(6,543)
Total Revenues (GAAP Basis)	\$ 2,079

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 2,079
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 2,079

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 - BREAKFAST AFTER THE BELL - 27155

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ -	\$ 11,264	\$ 8,105	\$ (3,159)
TOTAL REVENUE	-	11,264	8,105	(3,159)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 11,264		
EXPENDITURES				
Current				
Support Services				
Food Services	\$ -	\$ 11,264	\$ 8,820	\$ 2,444
TOTAL EXPENDITURES	\$ -	\$ 11,264	\$ 8,820	\$ 2,444

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 8,105
Differences budget to GAAP	
Prior Year Receivable	-
Current Year Receivable	715
Total Revenues (GAAP Basis)	\$ 8,820

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 8,820
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 8,820

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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ 123,000	\$ 31,887	\$ 84,087	\$ 52,200
TOTAL REVENUE	<u>123,000</u>	<u>31,887</u>	<u>\$ 84,087</u>	<u>\$ 52,200</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ 123,000</u>	<u>\$ 31,887</u>		
EXPENDITURES				
Current				
Instruction	\$ 123,200	\$ 30,702	\$ 30,702	\$ -
Student Transportation	-	1,185	1,185	-
TOTAL EXPENDITURES	<u>\$ 123,200</u>	<u>\$ 31,887</u>	<u>\$ 31,887</u>	<u>\$ -</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 84,087
Differences budget to GAAP	
Prior Year receivable	(53,170)
Current Year receivable	970
Total Revenues (GAAP Basis)	<u>\$ 31,887</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 31,887
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 31,887</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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 62,936	\$ 73,001	\$ 10,065
TOTAL REVENUE	<u>-</u>	<u>62,936</u>	<u>73,001</u>	<u>10,065</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 62,936</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 35,595	\$ 20,728	\$ 14,867
Support Services				
Students	-	27,341	29,656	(2,315)
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 62,936</u>	<u>\$ 50,384</u>	<u>\$ 12,552</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 73,001
Differences budget to GAAP	
Prior Year receivable	(49,556)
Current Year receivable	26,939
Total Revenues (GAAP Basis)	<u>\$ 50,384</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 50,384
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 50,384</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 - PRIVATE DIRECT GRANTS - 29102

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ -	\$ 52,027	\$ 53,027	\$ 1,000
TOTAL REVENUE	-	52,027	<u>53,027</u>	<u>1,000</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 52,027</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 52,027	\$ 45,084	\$ 6,943
Student Transportation	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 52,027</u>	<u>\$ 45,084</u>	<u>\$ 6,943</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 53,027
Differences budget to GAAP	-
Prior Year receivable	-
Current Year deferral	(7,943)
Total Revenues (GAAP Basis)	<u>\$ 45,084</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 45,084
Differences-budget to GAAP	-
Total Expenditures (GAAP Basis)	<u>\$ 45,084</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 - MICROSOFT PIL - 29132

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue	\$ -	\$ 18,699	\$ -	\$ (18,699)
TOTAL REVENUE	-	18,699	-	(18,699)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 18,699		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 18,699	\$ 3,418	\$ 15,281
Food Services	-	-	-	-
TOTAL EXPENDITURES	\$ -	\$ 18,699	\$ 3,418	\$ 15,281

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	3,418
Total Revenues (GAAP Basis)	\$ 3,418

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 3,418
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 3,418

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, 2012

	BOND BUILDING FUND 31100	SPECIAL CAPITAL OUTLAY LOCAL 31300	SPECIAL CAPITAL OUTLAY STATE 31400	PSCO 20% 32100	COMBINED
ASSETS					
Cash on Deposit	\$ 153,689	\$ 38,073	\$ 4,250	\$ 749	\$ 196,761
Taxes receivable	-	-	-	-	-
Due from other Governments	-	-	-	-	-
Inventories	-	-	-	-	-
TOTAL ASSETS	\$ 153,689	\$ 38,073	\$ 4,250	\$ 749	\$ 196,761
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCE					
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	153,689	38,073	4,250	749	196,761
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCE	153,689	38,073	4,250	749	196,761
TOTAL LIABILITIES & FUND BALANCE	\$ 153,689	\$ 38,073	\$ 4,250	\$ 749	\$ 196,761

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, 2012

	BOND BUILDING FUND 31100	SPECIAL CAPITAL OUTLAY LOCAL 31300	SPECIAL CAPITAL OUTLAY STATE 31400	ED PSCO 20% 32100	COMBINED
REVENUES					
Federal Aid	\$ -	\$ -	\$ -	\$ -	\$ -
State Aid	-	-	-	-	-
Property Taxes	-	-	-	-	-
Local revenues	-	-	-	-	-
Interest	370	-	-	-	370
TOTAL REVENUES	370	-	-	-	370
EXPENDITURES					
Current					
Instruction	-	-	-	-	-
Support Services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General Administration	-	-	-	-	-
School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Food Service	-	-	-	-	-
Facilities and construction	274,596	6,846	-	-	281,442
TOTAL EXPENDITURES	274,596	6,846	-	-	281,442
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(274,226)	(6,846)	-	-	(281,072)
FUND BALANCE- JUNE 30, 2011	427,915	44,919	4,250	749	477,833
FUND BALANCE - JUNE 30, 2012	\$ 153,689	\$38,073	\$ 4,250	\$ 749	\$ 196,761

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, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Sale of Bonds	\$ -	\$ -	\$ -	\$ -
Other Local Income	-	-	-	-
Investment Income	150	150	370	220
TOTAL REVENUE	<u>150</u>	<u>150</u>	<u>\$ 370</u>	<u>\$ 220</u>
BUDGETED CASH BALANCE	<u>380,730</u>	<u>380,730</u>		
TOTAL REVENUE & CASH	<u>\$ 380,880</u>	<u>\$ 380,880</u>		
EXPENDITURES				
Current				
Facilities and construction	\$ 380,880	\$ 380,880	\$ 274,596	\$ 106,284
TOTAL EXPENDITURES	<u>\$ 380,880</u>	<u>\$ 380,880</u>	<u>\$ 274,596</u>	<u>\$ 106,284</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 370
Differences budget to GAAP	-
Current Year receivable	-
Total Revenues (GAAP Basis)	<u>\$ 370</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 274,596
Differences-budget to GAAP	-
Current Year Accounts Payable	-
Total Expenditures (GAAP Basis)	<u>\$ 274,596</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 - SPECIAL CAPITAL OUTLAY LOCAL - 31300

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Revenue				
Local Revenue	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	-	-
TOTAL REVENUE	-	-	\$ -	\$ -
BUDGETED CASH BALANCE	44,919	44,919		
TOTAL REVENUE & CASH	\$ 44,919	\$ 44,919		
EXPENDITURES				
Current				
Facilities and construction	\$ 8,706	\$ 8,706	\$ 6,846	\$ 1,860
TOTAL EXPENDITURES	\$ 8,706	\$ 8,706	\$ 6,846	\$ 1,860

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	-
Total Revenues (GAAP Basis)	\$ -

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 6,846
Differences-budget to GAAP	-
Total Expenditures (GAAP Basis)	\$ 6,846

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, 2012

	Balance June 30, 2011	Receipts	Disbursements	Balance June 30, 2012
<u>ASSETS</u>				
High School	\$ 51,629	\$ 85,677	\$ 79,331	\$ 57,975
Middle School	5,628	48,861	43,754	10,735
Elementary School	16,419	18,167	16,998	17,588
Pooled Cash and Investments	<u>\$ 73,676</u>	<u>\$ 152,705</u>	<u>\$ 140,083</u>	<u>\$ 86,298</u>
<u>LIABILITIES</u>				
Deposits held for others	<u>\$ 73,676</u>	<u>\$ 152,705</u>	<u>\$ 140,083</u>	<u>\$ 86,298</u>

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS
 SCHEDULE OF PLEDGED COLLATERAL
 June 30, 2012

	<u>Western Commerce Bank</u>
Cash on Deposit at June 30, 2012	\$ 2,108,066
Less FIDC Coverage	<u>2,108,066</u>
Uninsured Funds	-
50% Collateral Requirement	<u>-</u>
Amount Requiring Pledged Collateral	-
Pledged Collateral	<u>1,041,586</u>
Excess of Pledged Collateral	<u>\$ 1,041,586</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	09/15/15	31393MTT8	<u>1,041,586</u>
Total Western Bank			<u>\$ 1,041,586</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, 2012

	<u>Beginning Cash</u>	<u>Adjustments</u>	<u>Receipts</u>	<u>Distributions</u>
Loving Municipal Schools				
Operational Account	\$ 1,061,006	\$ 40	\$ 5,074,642	\$ (4,850,187)
Transportation	1	-	162,231	(131,868)
Instructional Materials	38,094	-	26,828	(26,368)
Food Services	105,543	-	502,371	(435,673)
Athletics	23,689	-	48,780	(48,583)
Federal Flowthrough	(200,731)	-	540,257	(504,973)
Federal Direct	322	-	211,662	(227,817)
Local Grants Fund	1,911	-	-	-
State Flowthrough	(94,605)	-	173,122	(100,524)
State Direct Fund	2	-	-	-
Local/State	19,144	-	53,639	(48,502)
Bond Building	427,916	-	369	(274,596)
Special Capital Outlay - Local	44,919	-	-	(6,846)
Special Capital Outlay - State	4,250	-	-	-
Capital Improvement SB-9	353,936	-	326,793	(213,728)
ED Tech Equipment	27,612	-	539,605	(102,518)
20% Capital Outlay	749	-	-	-
Debt Service	596,606	-	1,058,735	(728,074)
Debt Service Ed Tech	134,681	-	103,156	(102,174)
Student Activities	73,676	-	152,706	(140,084)
	<u>\$ 2,618,721</u>	<u>\$ 40</u>	<u>\$ 8,974,896</u>	<u>\$ (7,942,515)</u>
Total Loving Schoools				

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>
Loving Municipal Schools			
Operational	Checking	Wells Fargo	\$ 2,108,066
Investments	CD	NM State Treas	1,979,867
Total Loving Municipal Schools			<u>\$ 4,087,933</u>
Total Bank Balances			\$ 4,087,933
Reconciling Items			<u>(436,791)</u>
Report Balance			<u>\$ 3,651,142</u>

Other	Net Cash end of Period
\$ -	\$ 1,285,501
-	30,364
-	38,554
-	172,241
-	23,886
-	(165,447)
-	(15,833)
-	1,911
-	(22,007)
-	2
-	24,281
-	153,689
-	38,073
-	4,250
-	467,001
-	464,699
-	749
-	927,267
-	135,663
-	86,298
<u>\$ -</u>	<u>\$ 3,651,142</u>

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2012

<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>\$ 400,820</u>
Pass-Through Program From:			
New Mexico Human Service Department:			
USDA Commodities Program	10.550	21000	<u>23,418</u>
Total U.S. Department of Agriculture *			<u>424,238</u>
<u>U.S. Department of Education:</u>			
Pass-Through Programs From:			
New Mexico Public Education Department			
Title I	84.010	24101	118,057
IDEA-B Entitlement	84.027	24106	132,484
IDEA-B Preschool	84.173	24109	6,844
21st Century Learning Center	84.048	24119	163,537
IDEA Reallocation	84.027	24120	22,128
Enhanced Education Through Technology	84.318	24149	-
Title III ELA	84.365	24153	14,635
Title II	84.367	24154	23,602
Safe & Drug free Schools	84.186	24157	-
C Perkins HSTW	84.048	24180	20,228
C Perkins HSTW Redistribution	84.048	24182	3,457
Headstart	93.600	25127	178,076
Title XIX Medicaid	93.778	25153	18,000
Rural Education Achievement Program	84.358	25233	29,595
Education Job Fund	84.410	25255	2,146
State Directed Activities	84.391	27200	50,384
Total Pass Through Grants			<u>783,173</u>
			<u>\$ 1,207,411</u>

Total Federal Awards Expenditures

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

Hector Balderas, State Auditor
Loving Municipal School 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 major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of Loving Municipal School as of and for the year ended June 30, 2012, and have issued our report thereon dated October 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of Loving Municipal School is responsible for establishing and maintaining effective 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 Loving Municipal School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Loving Municipal School'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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting described as 2012-01 in the schedule of findings and questioned costs. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less

severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Loving Municipal School 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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2012-01.

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

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
October 25, 2012

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

Hector 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 could have a direct and material effect on each of Loving Municipal School's major federal programs for the year ended June 30, 2012. 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, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 could have a direct and material effect on each major federal programs for the year ended June 30, 2012.

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 the auditing procedures for the purpose of expressing our opinion on

compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Loving Municipal School's internal control over compliance.

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

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

This report is intended solely for the information and use of the Board of Advisors, 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 style.

Ronny Fouts, CPA
Melrose, New Mexico
October 25, 2012

STATE OF NEW MEXICO
LOVING MUNICIPAL SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

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	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:

None

IV. CURRENT FINDINGS

2012-01 – Capital Assets Listing

Condition

The district has failed to compile a detailed listing and depreciation schedule for capital assets.

Criteria

GASB requires that depreciation be recognized and a complete inventory of assets costing \$5,000 or more be compiled.

Cause

The employee that was designated to do the inventory of capital assets left the district without completing the requirements.

Effect

The lack of a complete inventory of capital assets caused the district to be in violation of the requirements of State Auditor and GASB.

STATE OF NEW MEXICO
LOVING MUNICIPAL SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

Recommendation

The district should designate an employee to complete the necessary inventory and comply with the requirements.

Response

The district has obtained software program and has designated another employee to perform the required steps to comply with the requirements.

STATE OF NEW MEXICO
Loving Municipal Schools

Exit Conference
For the Year Ended June 30, 2012

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, Kris Baca, Superintendent, and Ronny Fouts, CPA on October 25, 2012.



Ronny Fouts, CPA
Melrose, New Mexico
October 25, 2012