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STATE OF NEW MEXICO  
SAN JON Municipal School  
June 30, 2013

Financial Statements and Supplementary Information  
As Of And For The Year Ended June 30, 2013  
With Independent Auditor's Report Thereon

*Sandra Rush*  
*Certified Public Accountant, PC*

*1101 E Llano Estacado*  
*Clovis, New Mexico 88101*

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STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL

Official Roster  
For the year ended June 30, 2013

Board of Education

Franklin Gibson	President
Tommy Evans	Vice-President
Cynthia Lee	Secretary
Pam Slater	Member
Dale Bone	Member

School Officials

Colin Taylor	Superintendent
Lucy Heddlesten	Business Manager

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL

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## Independent Auditor's Report

Hector H. Balderas  
New Mexico State Auditor  
The Office of Management and Budget and  
The Governing Board  
San Jon Municipal Schools  
San Jon, New Mexico

### **Report on Financial Statements**

I have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of San Jon Municipal Schools (the "District") as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the Districts basic financial statements as listed in the table of contents. I also have audited the financial statements of each of The District's nonmajor governmental funds and the budgetary comparisons for the major capital project fund, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Districts preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Districts internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project fund, and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

My audit was conducted for the purpose of forming opinions on The District's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules as required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated October 3, 2013 on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The District's internal control over financial reporting and compliance.



Sandra Rush CPA PC  
Clovis, New Mexico  
October 3, 2013



## Financial Section

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## Basic Financial Statements

## Government Wide Financial Statements

STATE OF NEW MEXICO  
 SAN JON MUNICIPAL SCHOOL

Statement of Net Position  
 June 30, 2013

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 188,206
Receivables:	
Taxes	3,322
Due from grantor	45,285
Inventory	<u>3,084</u>
Total current assets	<u>239,897</u>
Noncurrent assets:	
Bond issue costs	38,852
Less: accumulated amortization	(29,136)
Capital assets:	
Capital assets	10,035,202
Less accumulated depreciation	<u>(3,837,949)</u>
Total non current assets	<u>6,206,969</u>
Total assets	<u>\$ 6,446,866</u>
<u>LIABILITIES AND NET POSITION</u>	
Current liabilities:	
Accounts payable	\$ 14,838
Accrued interest	2,963
Current portion of long-term debt	<u>50,000</u>
Total current liabilities	<u>67,801</u>
Noncurrent liabilities:	
Bonds, loans and other payables:	
Bonds due in more than one year	<u>320,000</u>
Total noncurrent liabilities	<u>320,000</u>
Total liabilities	<u>387,801</u>
Net position:	
Net investment in capital assets	5,836,969
Restricted for:	
Special revenue	11,417
Capital projects	45,826
Debt service	17,286
Unrestricted	<u>147,567</u>
Total net position	<u>6,059,065</u>
Total liabilities and net position	<u>\$ 6,446,866</u>

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

STATE OF NEW MEXICO  
 SAN JON MUNICIPAL SCHOOL

Statement of Activities  
 For the year ended June 30, 2013

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 1,134,292	\$ 12,546	\$ 118,292	\$ -
Support services:				
Students	81,863	3,282	-	-
Instruction	50,478	-	6,884	-
General administration	214,485	-	-	-
School administration	-	-	-	-
Central services	75,221	-	-	-
Operation & maintenance of plant	345,634	13,486	-	-
Other support services	3,389	-	-	-
Student transportation	159,820	-	158,838	-
Operation of non-instructional services:	-	-	-	-
Food services	105,675	17,899	29,883	-
Community service	37,230	-	-	-
Capital outlay	51,873	-	-	57,029
Unclassified	2,304	-	-	-
Amortization	9,712	-	-	-
Interest on long-term debt	20,013	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total governmental activities	<u>\$ 2,291,989</u>	<u>\$ 47,213</u>	<u>\$ 313,897</u>	<u>\$ 57,029</u>

General Revenues:
Local and county
Property taxes:
Levied for general purposes
Levied for capital projects
Levied for debt service
State equalization guarantee
State aid not restricted
Emergency supplemental
Miscellaneous
Total general revenues
Change in net position
Net position - beginning of period
Net position - end of period

The accompanying notes are an integral part of these financial statements

Net Program  
[Expense]  
Revenues  

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Governmental  
Activities  

---

Total

\$ (1,003,454)

(78,581)  
(43,594)  
(214,485)

(75,221)  
(332,148)  
(3,389)  
(982)

(57,893)  
(37,230)  
5,156  
(2,304)  
(9,712)  

---

(20,013)

(1,873,850)

6,293  
27,060  
69,031  
1,394,223  
11,625  
86,040  
575

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1,594,847

(279,003)

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6,338,068

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6,059,065

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## Fund Financial Statements

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL

Balance Sheet  
Governmental Funds  
June 30, 2013

	General Fund			
	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
<b>ASSETS</b>				
Cash and cash equivalents	\$ 87,599	\$ 9,457	\$ -	\$ 184
Accounts receivable:				
Taxes	120	-	-	-
Due from other governments	-	-	-	927
Interfund	26,366	-	-	-
Inventory	-	-	-	-
Total assets	<u>\$ 114,085</u>	<u>\$ 9,457</u>	<u>\$ -</u>	<u>\$ 1,111</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 12,977	\$ 1,261	\$ 226	\$ -
Interfund payable	-	-	-	-
Total liabilities	<u>12,977</u>	<u>1,261</u>	<u>226</u>	<u>-</u>
<b>FUND BALANCE</b>				
Non-spendable	-	-	-	-
Restricted for:				
General	-	-	(226)	1,111
Special Revenue	-	-	-	-
Capital Projects	-	-	-	-
Debt Service	-	-	-	-
Unassigned for:				
General	<u>101,108</u>	<u>8,196</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>101,108</u>	<u>8,196</u>	<u>(226)</u>	<u>1,111</u>
Total liabilities and fund balances	<u>\$ 114,085</u>	<u>\$ 9,457</u>	<u>\$ -</u>	<u>\$ 1,111</u>
	-	-	-	-

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

<u>IASA Title I 24101</u>	<u>IDEA - B Entitlement 24106</u>	<u>Wind Farm Project 29134</u>	<u>Capital Projects Senate Bill 9 31700</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 1	\$ 40,341	\$ 27,211	\$ 23,413	\$ 188,206
-	-	-	984	2,218	3,322
18,486	7,209	-	17,994	669	45,285
-	-	-	-	-	26,366
-	-	-	-	3,084	3,084
<u>\$ 18,486</u>	<u>\$ 7,210</u>	<u>\$ 40,341</u>	<u>\$ 46,189</u>	<u>\$ 29,384</u>	<u>\$ 266,263</u>
\$ -	\$ -	-	\$ 363	\$ 11	\$ 14,838
18,486	7,210	-	-	670	26,366
18,486	7,210	-	363	681	41,204
-	-	-	-	-	-
-	-	-	-	-	885
-	-	40,341	-	11,417	51,758
-	-	-	45,826	-	45,826
-	-	-	-	17,286	17,286
-	-	-	-	-	109,304
-	-	40,341	45,826	28,703	225,059
<u>\$ 18,486</u>	<u>\$ 7,210</u>	<u>\$ 40,341</u>	<u>\$ 46,189</u>	<u>\$ 29,384</u>	<u>\$ 266,263</u>
-	-	-	-	-	-

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STATE OF NEW MEXICO  
 SAN JON MUNICIPAL SCHOOL

Reconciliation of the Balance Sheet  
 All Governmental Funds to the  
 Statement of Net Position  
 June 30, 2013

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

Fund balances - total governmental funds	\$	225,059
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Capital assets used in governmental activities are not financial resources  
 and, therefore, are not reported in the funds financial statement, but are  
 reported in the governmental activities of the statement of net position

Capital assets	10,035,202	
Accumulated depreciation	<u>(3,837,949)</u>	6,197,253

Other assets are not available to pay for current - period  
 expenditures and, therefore, are deferred in the funds

Bond issue costs	\$ 38,852	
Accumulated amortization	<u>(29,136)</u>	9,716

Other liabilities are not due and payable in the current period and,  
 therefore, are not reported in the funds

Accrued interest payable		(2,963)
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Long-term liabilities, including bonds payable, are not due and payable  
 in the current period and, therefore, are not reported in the funds

Net position of governmental activities		<u>\$ 6,059,065</u>
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STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL

Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Governmental Funds  
For the year ended June 30, 2013

	General Fund			
	Operational 11000	Teachergage 12000	Transportation 13000	Instructional Materials 14000
Revenues:				
Local and county sources	\$ 19,974	\$ 10,271	\$ -	\$ -
State sources	1,405,848	-	158,838	9,200
Federal sources	-	-	-	-
Total revenues	<u>1,425,822</u>	<u>10,271</u>	<u>158,838</u>	<u>9,200</u>
Expenditures:				
Current:				
Instruction	796,725	-	-	9,995
Support services:				
Students	76,792	-	-	-
Instruction	36,497	-	-	-
General administration	206,146	-	-	-
School administration	-	-	-	-
Central services	75,221	-	-	-
Operation & maintenance of plant	226,863	15,477	-	-
Student transportation	-	-	159,066	-
Other support services	3,389	-	-	-
Operation of non-instructional services:				
Food services	43,030	-	-	-
Community services	3,392	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal payment	-	-	-	-
Interest payment	-	-	-	-
Total expenditures	<u>1,468,055</u>	<u>15,477</u>	<u>159,066</u>	<u>9,995</u>
Excess (deficiency) of revenues over expenditures	(42,233)	(5,206)	(228)	(795)
Other financing sources (uses):				
Revert back to state	-	-	(1)	-
Total other financing sources (uses)	-	-	(1)	-
Net change in fund balances	(42,233)	(5,206)	(229)	(795)
Fund balance - beginning of period	<u>143,341</u>	<u>13,402</u>	<u>3</u>	<u>1,906</u>
Fund balance - end of period	<u>\$ 101,108</u>	<u>\$ 8,196</u>	<u>\$ (226)</u>	<u>\$ 1,111</u>

The accompanying notes are an integral part of these financial statements

<u>IASA Title I 24101</u>	<u>IDEA - B Entitlement 24106</u>	<u>Wind Farm Project 29134</u>	<u>Capital Projects Senate Bill 9 31700</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 86,040	\$ 27,060	\$ 99,476	\$ 242,821
-	-	-	50,420	6,884	1,631,190
<u>54,524</u>	<u>30,258</u>	<u>-</u>	<u>-</u>	<u>54,193</u>	<u>138,975</u>
<u>54,524</u>	<u>30,258</u>	<u>86,040</u>	<u>77,480</u>	<u>160,553</u>	<u>2,012,986</u>
53,464	30,258	70,334	-	35,794	996,570
-	-	-	-	318	77,110
-	-	-	-	6,884	43,381
1,060	-	-	265	714	208,185
-	-	-	-	-	-
-	-	-	-	-	75,221
-	-	73,497	-	11,335	327,172
-	-	-	-	-	159,066
-	-	-	-	-	3,389
-	-	-	-	-	-
-	-	-	-	45,367	88,397
-	-	-	-	-	3,392
-	-	-	57,830	-	57,830
-	-	-	-	50,000	50,000
-	-	-	-	20,415	20,415
<u>54,524</u>	<u>30,258</u>	<u>143,831</u>	<u>58,095</u>	<u>170,827</u>	<u>2,110,128</u>
-	-	(57,791)	19,385	(10,274)	(97,142)
-	-	-	-	-	(1)
-	-	-	-	-	(1)
-	-	(57,791)	19,385	(10,274)	(97,143)
-	-	98,132	26,441	38,977	322,202
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,341</u>	<u>\$ 45,826</u>	<u>\$ 28,703</u>	<u>\$ 225,059</u>

STATE OF NEW MEXICO  
 SAN JON MUNICIPAL SCHOOL

Reconciliation of the Statement of Revenues, Expenditures, and  
 Change in Fund Balances of Governmental Funds to the  
 Statement of Activities  
 For the year ended June 30, 2013

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

Net change in fund balances - total governmental funds	\$ (97,143)
--	-------------

Governmental funds report capital outlays as expenditures.  
 However, in the statement of activities the cost of those assets are  
 allocated over their estimated useful lives and reported as  
 depreciation expense:

Capital expenditures:

Current year capital expenditures capitalized	\$ 10,957	
Depreciation expense	<u>(233,507)</u>	(222,550)

The issuance of long-term (e.g., bonds, notes, leases) provide 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 position. Also, governmental funds report the effect of issuance  
 costs, premiums, discounts, and similar items when debt is first issued,  
 whereas these amounts are deferred and amortized in the statement  
 of activities

Amortization of bond issuance cost		(9,712)
Accrued interest		402
Principal payment on bond		<u>50,000</u>

Changes in Net Position of Governmental Activities	<u>\$ (279,003)</u>
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STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL  
General Fund - Operational - 11000  
Statement of Revenues, Expenditures, and Changes in Cash  
Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 8,730	\$ 8,730	\$ 13,490	\$ 4,760
State sources	1,300,762	1,404,302	1,412,457	8,155
Federal sources	-	-	-	-
<b>Total revenues</b>	<b>1,309,492</b>	<b>1,413,032</b>	<b>1,425,947</b>	<b>12,915</b>
Expenditures:				
Current				
Instruction	807,049	837,049	796,433	40,616
Support services				
Students	73,704	86,704	76,792	9,912
Instruction	38,630	38,630	36,497	2,133
General administration	210,737	215,237	206,035	9,202
School administration	-	-	-	-
Central services	76,086	76,086	75,221	865
Operation & maintenance of plant	205,231	242,231	218,773	23,458
Student transportation	-	-	-	-
Other support services	2,249	2,249	1,468	781
Operation of non-instructional services:				
Food services	35,619	49,659	43,030	6,629
Community services	2,372	7,372	3,392	3,980
Capital outlay	-	-	-	-
Debt Service				
Principal payment	-	-	-	-
Interest payment	-	-	-	-
<b>Total expenditures</b>	<b>1,451,677</b>	<b>1,555,217</b>	<b>1,457,641</b>	<b>97,576</b>
Excess (deficiency) of revenues over(under) expenditures	(142,185)	(142,185)	(31,694)	110,491
Other financing sources (uses):				
Operating transfers	-	-	-	-
Interfund receivable	-	-	(5,272)	(5,272)
Designated cash	142,185	142,185	-	(142,185)
<b>Total other financing sources (uses)</b>	<b>142,185</b>	<b>142,185</b>	<b>(5,272)</b>	<b>(147,457)</b>
Net change in fund balances	-	-	(36,966)	(36,966)
Cash balance, beginning of year	-	-	124,565	124,565
Cash balance, end of year	\$ -	\$ -	\$ 87,599	\$ 87,599
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (36,966)	
Adjustment to revenues for accruals & other deferrals			(125)	
Adjustment to expenditures for payables, prepaids & other accruals			(5,142)	
<b>Net change in fund balance (GAAP Basis)</b>			<b>\$ (42,233)</b>	

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

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL  
General Fund - Teacherage - 12000  
Statement of Revenues, Expenditures, and Changes in Cash  
Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 10,800	\$ 10,800	\$ 10,271	\$ (529)
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>10,800</u>	<u>10,800</u>	<u>10,271</u>	<u>(529)</u>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	21,606	21,606	15,482	6,124
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services:				
Food services	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal payment	-	-	-	-
Interest payment	-	-	-	-
Total expenditures	<u>21,606</u>	<u>21,606</u>	<u>15,482</u>	<u>6,124</u>
Excess (deficiency) of revenues over(under) expenditures	(10,806)	(10,806)	(5,211)	5,595
Other financing sources (uses):				
Operating transfers	-	-	-	-
Interfund payable	-	-	-	-
Designated cash	10,806	10,806	-	(10,806)
Total other financing sources (uses)	<u>10,806</u>	<u>10,806</u>	<u>-</u>	<u>(10,806)</u>
Net change in fund balances	-	-	(5,211)	(5,211)
Cash balance, beginning of year	-	-	14,668	14,668
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,457</u>	<u>\$ 9,457</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (5,211)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			5	
Net change in fund balance (GAAP Basis)			<u>\$ (5,206)</u>	

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

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL  
General Fund - Transportation - 13000  
Statement of Revenues, Expenditures, and Changes in Cash  
Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	150,520	158,838	158,838	-
Federal sources	-	-	-	-
<b>Total revenues</b>	<b>150,520</b>	<b>158,838</b>	<b>158,838</b>	<b>-</b>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	150,520	158,840	158,840	-
Other support services	-	-	-	-
Operation of non-instructional services:				
Food services	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal payment	-	-	-	-
Interest payment	-	-	-	-
<b>Total expenditures</b>	<b>150,520</b>	<b>158,840</b>	<b>158,840</b>	<b>-</b>
Excess (deficiency) of revenues over(under) expenditures	-	(2)	(2)	-
Other financing sources (uses):				
Operating transfers	-	-	-	-
Revert back to state	-	-	(1)	(1)
Designated cash	-	2	-	(2)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>2</b>	<b>(1)</b>	<b>(3)</b>
Net change in fund balances	-	-	(3)	(3)
Cash balance, beginning of year	-	-	3	3
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (3)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			(226)	
<b>Net change in fund balance (GAAP Basis)</b>			<b>\$ (229)</b>	

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

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL  
General Fund - Instructional Materials - 14000  
Statement of Revenues, Expenditures, and Changes in Cash  
Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	8,273	8,273	8,273	-
Federal sources	-	-	-	-
Total revenues	<u>8,273</u>	<u>8,273</u>	<u>8,273</u>	<u>-</u>
Expenditures:				
Current				
Instruction	8,273	10,179	9,995	184
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services:				
Food services	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal payment	-	-	-	-
Interest payment	-	-	-	-
Total expenditures	<u>8,273</u>	<u>10,179</u>	<u>9,995</u>	<u>184</u>
Excess (deficiency) of revenues over(under) expenditures	-	(1,906)	(1,722)	184
Other financing sources (uses):				
Operating transfers	-	-	-	-
Interfund loans	-	-	-	-
Designated cash	-	1,906	-	(1,906)
Total other financing sources (uses)	-	<u>1,906</u>	-	<u>(1,906)</u>
Net change in fund balances	-	-	(1,722)	(1,722)
Cash balance, beginning of year	-	-	1,906	1,906
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184</u>	<u>\$ 184</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (1,722)	
Adjustment to revenues for accruals & other deferrals			927	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ (795)</u>	

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

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL  
Major Special Revenue Fund - IASA Title I - 24101  
Statement of Revenues, Expenditures, and Changes in Cash  
Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	52,981	63,680	47,094	(16,586)
Total revenues	52,981	63,680	47,094	(16,586)
Expenditures:				
Current				
Instruction	51,792	62,491	53,465	9,026
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	1,189	1,189	1,060	129
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services:				
Food services	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal payment	-	-	-	-
Interest payment	-	-	-	-
Total expenditures	52,981	63,680	54,525	9,155
Excess (deficiency) of revenues over(under) expenditures	-	-	(7,431)	(7,431)
Other financing sources (uses):				
Operating transfers	-	-	-	-
Interfund payable	-	-	7,431	7,431
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	7,431	7,431
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL  
Major Special Revenue Fund - IDEA-B Entitlement - 24106  
Statement of Revenues, Expenditures, and Changes in Cash  
Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	28,925	35,552	30,798	(4,754)
Total revenues	28,925	35,552	30,798	(4,754)
Expenditures:				
Current				
Instruction	28,925	35,552	30,258	5,294
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services:				
Food services	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal payment	-	-	-	-
Interest payment	-	-	-	-
Total expenditures	28,925	35,552	30,258	5,294
Excess (deficiency) of revenues over(under) expenditures	-	-	540	540
Other financing sources (uses):				
Operating transfers	-	-	-	-
Interfund payable	-	-	(540)	(540)
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(540)	(540)
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	1	1
Cash balance, end of year	\$ -	\$ -	\$ 1	\$ 1
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL  
Major Special Revenue Fund - Wind Farm Projects - 29134  
Statement of Revenues, Expenditures, and Changes in Cash  
Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 86,000	\$ 86,000	\$ 86,040	\$ 40
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>86,000</u>	<u>86,000</u>	<u>86,040</u>	<u>40</u>
Expenditures:				
Current				
Instruction	70,339	70,339	70,334	5
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	113,569	113,569	73,497	40,072
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services:				
Food services	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal payment	-	-	-	-
Interest payment	-	-	-	-
Total expenditures	<u>183,908</u>	<u>183,908</u>	<u>143,831</u>	<u>40,077</u>
Excess (deficiency) of revenues over(under) expenditures	(97,908)	(97,908)	(57,791)	40,117
Other financing sources (uses):				
Operating transfers	-	-	-	-
Interfund loans	-	-	-	-
Designated cash	97,908	97,908	-	(97,908)
Total other financing sources (uses)	<u>97,908</u>	<u>97,908</u>	<u>-</u>	<u>(97,908)</u>
Net change in fund balances	-	-	(57,791)	(57,791)
Cash balance, beginning of year	-	-	98,132	98,132
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,341</u>	<u>\$ 40,341</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (57,791)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ (57,791)</u>	

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

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL

Statement of Fiduciary Assets and Liabilities - Agency Funds  
June 30, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ <u>52,112</u>
Total assets	\$ <u><u>52,112</u></u>
<u>LIABILITIES</u>	
Funds handled on behalf of:	
Deposits held for others	<u>52,112</u>
Total liabilities	\$ <u><u>52,112</u></u>

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



## Notes to Financial Statements

**Note 1. Summary of Significant Accounting Policies**

San Jon Municipal Schools is a special purpose government corporation governed by an elected five member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education of the District. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of the District's management who is responsible for their integrity and objectivity. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures. The more significant of the government's accounting policies are described below.

*A. Financial Reporting Entity*

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is leg ally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizen s. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Fin ally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental agency.

*B. Government-wide and fund financial statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or

segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. These include fees for meals, lab fees and activity fees for the District. Taxes and other items not properly included among program revenues are reported instead as general revenues.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

*C. Measurement focus, basis of accounting, and financial statement presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

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

Special Revenue Funds

IASA Title I (24101)

This fund's major objectives are to provide supplemental educational opportunities for academically disadvantaged children in the area where they reside. Campuses are identified for program

participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identify a campus; education need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authority for the creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

**IDEA-B Entitlement (24106)**

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

**Wind Farm Project (29134)**

To account for revenue from the wind farm in lieu of property taxes. The fund was created by definition.

**Capital Projects Funds**

**Senate Bill Nine (31700)**

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

Additionally, the government reports the following fund types:

The Fiduciary Funds account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

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

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

**D. Assets, Liabilities and Net Assets or Equity**

**Deposits and Investments**

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

State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the District are reported at fair value.

**Receivables and Payables**

Interfund activity is reported as loans, services provided reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and

expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in Curry and Quay County. The funds are collected by the County Treasurers and are remitted to the School District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurers in July and August 2013 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2013.

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

#### **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

#### **Instructional Materials**

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

#### **Inventory**

Inventory is valued at cost utilizing the purchase basis of accounting. Inventory in the Special Revenue Funds consists of USDA commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as expenditures at the time individual inventory items are consumed. The USDA commodities are recorded at year-end by audit adjusting entries. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories. Non-commodity 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. Donated commodities for the year ended June 30, 2013 were \$3,084.

#### **Capital Assets**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

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

### **Deferred Revenues**

Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be "available" under the current financial resources measurement focus are reported as deferred revenues in the governmental fund financial statements. GASB 63 amended previous guidance on deferred revenues in the Government-Wide Financial Statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period.

### **Compensated Absences**

The District contracts with all employees on an annual basis. A terminated employee is paid through the date of dismissal in accordance with their contract. Due to this practice, no liability is reported for unpaid vacation or accumulated sick leave, as no payment is required upon termination of service by employees.

### **Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Capital Leases**

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

### **Short-Term Debt**

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

### **Fund Equity**

Restricted fund balance represents amounts that are constrained either by: 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority.

Assigned fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body or a subordinate high-level body or official whom the governing body has delegated.

Unassigned fund balance is the residual classification for the general fund and represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes.

The District's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

### **Estimates**

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

## *E. Revenues*

### **State Equalization Guarantee**

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration: 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size of district, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$1,394,223 in state equalization guarantee distributions during the year ended June 30, 2013.

### **Tax Revenues**

The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements.

Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

### **Transportation Distribution**

School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K-12 attending public school within the school district. The District received \$158,838 in transportation distributions during the year ended June 30, 2013.

**Instructional Materials**

The District had allocations allowed by the State for the current year of \$9,200. The full amount of allocations used to purchase textbooks during the year was \$9,995. Allocations received and utilized are reflected in revenue and expenditures of the General Fund.

**Note 2. Stewardship, Compliance and Accountability**

**Budgetary Information**

Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are prepared by management and are approved by the local Board of Education and the School Budget and Planning Unit of the Department of Education. Auxiliary student activity accounts are not budgeted.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as a designated portion of fund balance.

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

The budgetary information presented in these financial statements has been amended in accordance with the above procedures. The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.
6. Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.

The School Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico Administrative Code 6.20.2.9 prohibits a school district from exceeding budgetary control at the function level.



The District is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

### **Note 3. Cash and Temporary Investments**

State statutes authorize the investment of the District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed state investment requirements as of June 30, 2013.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, District or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

#### **Deposits**

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

STATE OF NEW MEXICO  
 SAN JON MUNICIPAL SCHOOL  
 Notes To Financial Statement  
 June 30, 2013

	Citizens Bank Tucumcari, NM	First National Tucumcari, NM	Type
Total amount on deposit on June 30, 2013			
San Jon Municipal School Operational	\$ 245,821	\$ -	Checking
San Jon Municipal School Activity	49,222	-	Checking
San Jon Athletics		7,384	Checking
San Jon Municipal School Activity	5,500	-	CD
Total deposited	300,543	7,384	
Less FDIC coverage	(250,000)	(7,384)	
Total uninsured public funds	50,543	-	
50% collateral requirement			
as per Section 6-10-17, NMSA 1978	25,271		
Pledged securities			
Fed Natl Mtg Assn Pool	509,390		
Over (under)	\$ 484,119	\$	

Pledged Collateral: FNMA pledge receipt no. 1302210509, CUIISP 3138EG5J9, maturity date 9/1/2026, market value \$509,390 held at Texas Independent Bank, Dallas Texas, not in the District's name.

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2013, none of the District's bank balance of \$307,927 was exposed to custodial credit risk.

**Custodial Credit Risk- Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk. New Mexico State Statutes require collateral pledged to be delivered for the securities underlying an overnight repurchase agreement, or a joint safekeeping receipt to be issued to the District for at least one hundred and two percent of the fair value of the securities underlying overnight repurchase accounts invested with the institution. At June 30, 2013, the District's had no investments.

**Note 4. Interfund Receivables, Payables, and Transfers**

The District records temporary transfers to enable funds to operate until grant monies are received. In governmental funds, transfers should be reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The balances for the year ended June 30, 2013 is as follows:

	Interfund Receivable	Interfund Payable	Total
Operational	\$ 26,366	\$ -	\$ 26,366
IASA Title 1	-	(18,486)	(18,486)
IDEA-B Entitlement		(7,210)	(7,210)
IDEA-B Preschool	-	(670)	(670)
Totals	\$ 26,366	\$ (26,366)	\$ -

STATE OF NEW MEXICO  
 SAN JON MUNICIPAL SCHOOL  
 Notes To Financial Statement  
 June 30, 2013

**Note 5. Accounts Receivable**

Accounts receivable as of June 30, 2013, are as follows:

	General Fund	Debt Service Fund	SB-9 Fund	Other Governmental Funds	Totals
Property tax receivable					
Current	\$ 120	\$ 2,218	\$ 984	\$ -	\$ 3,322
Due from grantor					
Instructional Material	927	-	-	927	1,854
SB-9	-	-	-	17,994	17,994
IASA Title 1	-	-	-	18,486	18,486
IDEA-B Entitlement	-	-	-	7,209	7,209
IDEA-B Preschool	-	-	-	669	669
Totals	<u>\$ 1,047</u>	<u>\$ 2,218</u>	<u>\$ 984</u>	<u>\$ 45,285</u>	<u>\$ 49,534</u>

The above receivables are deemed 100% collectible.

**Note 6. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2013, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation.

	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 35,998	\$ -	\$ -	\$ 35,998
Capital assets being depreciated				
Buildings and improvements	9,150,483	10,957	-	9,161,440
Vehicles	393,311	-	-	393,311
Equipment	444,453	-	-	444,453
Total assets	<u>10,024,245</u>	<u>10,957</u>	<u>-</u>	<u>10,035,202</u>
Less accumulated depreciation				
Buildings and improvements	(3,119,835)	(196,907)	-	(3,316,742)
Vehicles	(209,511)	(17,301)	-	(226,812)
Equipment	(275,096)	(19,299)	-	(294,395)
Total accumulated depreciation	<u>(3,604,442)</u>	<u>(233,507)</u>	<u>-</u>	<u>(3,837,949)</u>
Governmental activity capital assets, net	<u>\$ 6,419,803</u>	<u>\$ (222,550)</u>	<u>\$ -</u>	<u>\$ 6,197,253</u>

STATE OF NEW MEXICO  
 SAN JON MUNICIPAL SCHOOL  
 Notes To Financial Statement  
 June 30, 2013

Depreciation expense for the year ended June 30, 2013 was charged to the following functions and funds:

Instruction	\$	137,722
Support services - student support		4,753
Support services - instruction		7,097
Support service - general administration		6,300
Operation maintenance of plant		23,462
Community support		33,838
Food service operation		17,277
Transportation		754
Unclassified		2,304
	\$	<u>233,507</u>

**Note 7. Long-Term Debt**

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2013 are for governmental activities. The following bonds were issued for the purpose of erecting, furnishing, remodeling and making additions to District buildings and improving District grounds. A tax is annually assessed, levied and collected upon all taxable property within the District for the purpose of providing the necessary funds to meet the interest and principal payments as they become due. Bonds outstanding at June 30, 2013, are comprised of the following:

Series	Date of Issue	Original Amount	Interest Rate	Balance	Due in One Year
2009	05/01/09	\$ 500,000	4.87% to 5.15%	\$ 370,000	\$ 50,000

The annual requirements to amortize the General Obligation Bonds as of June 30, 2013, including interest payments are as follows:

Year Ended June 30,	Principal	Interest	Total
2014	50,000	17,977	67,977
2015	50,000	15,540	65,540
2016	60,000	13,215	73,215
2017	60,000	10,425	70,425
2018	60,000	7,545	67,545
2019-2020	90,000	6,120	96,120
	<u>\$ 370,000</u>	<u>\$ 70,822</u>	<u>\$ 440,822</u>

The payments made to liquidate the debt are paid by the debt service fund.

Bond issue cost was amortized as follows:

Issue Cost/Premium/Discount on Bond Issue	\$	38,852
Accumulated amortization		<u>(29,136)</u>
	\$	<u>9,716</u>

**Note 8. Risk Management**

The District is a member of the New Mexico Public School Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance. The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible to each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2013, there have been no claims that have exceeded insurance coverage.

**Note 9. Pension Plan – Educational Retirement Board**

**Plan Description.** Substantially all of the District's full-time employees participate in an educational 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 some state agency employees) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

**Funding Policy.**

**Member Contributions**

Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 9.40% of their gross salary in fiscal year 2013; 10.1% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter.

**Employer Contributions**

In fiscal year 2013, the District was required to contribute 12.4% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 10.9% of the gross covered salary for employees whose annual salary is more than \$20,000. In the future, the District will contribute the following percentages of the gross covered salary of employees: 13.15% of gross covered salary in fiscal year 2014; and 13.9% of gross covered salary in fiscal year 2015. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2013, 2012, and 2011, were \$201,531, \$217,921, and \$224,182, respectively, which equal the amount of the required contributions for each fiscal year.

**Note 10. Post-Employment Benefits – State Retiree Health Care Plan**

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

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

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

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

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$29,777, \$29,628 and \$18,425, respectively, which equal the required contributions for each year.

**Note 11. Contingent Liabilities**

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

**Note 12. Non-Cash Assistance**

The District receives USDA Commodities for use in sponsoring National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2013 was \$3,980.

**Note 13. Surety Bond**

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

**Note 14. Other Required Individual Fund Disclosures**

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

- A. Deficit fund balance  
There are no instances of deficit fund balances.
- B. Excess expenditures over budget.  
There are no instances of excess expenditures over budget.

**Note 15. Memorandum of Understanding**

REC

Purpose: To allow the submission of a consolidated application to the State Department of Education for certain funds granted to the State of New Mexico by the USDE under the Education of the Handicapped Act, Part B, PL 94-142 among others.

Participants: Regional Education Cooperative and San Jon Municipal School District

Responsible Party for Operation and Audit: Regional Education Cooperative

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

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

**Note 16. Subsequent Accounting Standard Pronouncements**

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

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

**NOTE 17. Subsequent Events Review**

The District has evaluated subsequent events through October 3, 2013, which is the date the financial statements were dated.



Supplementary Information Related to  
Major Governmental Funds

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL  
Major Capital Projects Fund - Capital Improvements Senate Bill Nine - 31700  
Statement of Revenues, Expenditures, and Changes in Cash  
Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 26,898	\$ 26,898	\$ 27,183	\$ 285
State sources	-	32,879	-	(32,879)
State sources - prior years	32,426	32,426	32,426	-
Total revenues	59,324	92,203	59,609	(32,594)
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	300	300	272	28
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services:				
Food services	-	-	-	-
Community services	-	-	-	-
Capital outlay	78,471	111,350	57,471	53,879
Debt Service				
Principal payment	-	-	-	-
Interest payment	-	-	-	-
Total expenditures	78,771	111,650	57,743	53,907
Excess (deficiency) of revenues over(under) expenditures	(19,447)	(19,447)	1,866	21,313
Other financing sources (uses):				
Operating transfers	-	-	-	-
Interfund payables	-	-	-	-
Designated cash	19,447	19,447	-	(19,447)
Total other financing sources (uses)	19,447	19,447	-	(19,447)
Net change in fund balances	-	-	1,866	1,866
Cash balance, beginning of year	-	-	25,345	25,345
Cash balance, end of year	\$ -	\$ -	\$ 27,211	\$ 27,211
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 1,866	
Adjustment to revenues for accruals & other deferrals			17,871	
Adjustment to expenditures for payables, prepaids & other accruals			(352)	
Net change in fund balance (GAAP Basis)			\$ 19,385	

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

Supplementary Information Related to  
Non-Major Governmental Funds

## Nonmajor Governmental Funds Descriptions

## NONMAJOR GOVERNMENTAL FUNDS

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

### Food Service

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

### Athletics

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

### IDEA-B Preschool

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

### Teacher Principal Training and Recruiting

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

### Rural Education Achievement Program

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

### State Equalization Guarantee

The objective is to provide funding equal to the base year to assist with the budget crises. Authority is the American Recovery and Reinvestment Act of 2009.

### GO Student Library Fund

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

### Formative Assessment Laws of 2012

To account for funds received from a state grant provided to use computer technology to accumulate and report test scores. Funding provided by SB-1 2010Chapter 3, Section 10, Paragraph C-2.

### Computerized Learning

To account for funds received from a state grant provided to use computer technology to accumulate and report test scores. Funding provided by a state grant.

### School Based Health Center / SBHC Value Options

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

STATE OF NEW MEXICO  
 SAN JON MUNICIPAL SCHOOL

All Nonmajor Governmental Funds  
 Combining Balance Sheet  
 June 30, 2013

	Food Service 21000	Athletics 22000	IDEA - B PreSchool 24109	Teacher / Principal Training & Recruiting 24154
<u>ASSETS</u>				
Cash and cash equivalents	\$ 563	\$ 7,369	\$ 1	\$ -
Accounts receivable				
Taxes current	-	-	-	-
Due from other governments	-	-	669	-
Interfund	-	-	-	-
Inventory	3,084	-	-	-
	<u>3,084</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 3,647</u>	<u>\$ 7,369</u>	<u>\$ 670</u>	<u>\$ -</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Interfund payable	-	-	670	-
	<u>-</u>	<u>-</u>	<u>670</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>670</u>	<u>-</u>
<u>FUND BALANCE</u>				
Non-spendable	-	-	-	-
Restricted for:				
General	-	-	-	-
Special revenue	3,647	7,369	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Unassigned for:				
General	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>3,647</u>	<u>7,369</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 3,647</u>	<u>\$ 7,369</u>	<u>\$ 670</u>	<u>\$ -</u>
	-	-	-	-

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

Rural Education Achievement Program 25233	State Equalization Guarantee 25250	GO Student Library Fund 27106	Formative Assessment Laws of 2012 27111	Computerized Learning 27123	School Based Health Center 29130
\$ -	\$ 1	\$ -	\$ -	\$ 400	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>400</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 0	\$ -
-	-	-	-	0	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1	-	-	400	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1	-	-	400	-
<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400</u>	<u>\$ -</u>
-	-	-	-	-	-

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STATE OF NEW MEXICO  
 SAN JON MUNICIPAL SCHOOL

All Nonmajor Governmental Funds  
 Combining Balance Sheet  
 June 30, 2013

	SBHC Value Options 29131	Debt Service 41000	Total Non-major Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 15,079	\$ 23,413
Accounts receivable			
Taxes current	-	2,218	2,218
Due from other governments	-	-	669
Interfund	-	-	-
Inventory	-	-	3,084
	<u>-</u>	<u>-</u>	<u>3,084</u>
Total assets	<u>\$ -</u>	<u>\$ 17,297</u>	<u>\$ 29,384</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 11	\$ 11
Interfund payable	-	-	670
	<u>-</u>	<u>-</u>	<u>670</u>
Total liabilities	<u>-</u>	<u>11</u>	<u>681</u>
<b>FUND BALANCE</b>			
Non-spendable	-	-	-
Restricted for:			
General	-	-	-
Special revenue	-	-	11,417
Capital projects	-	-	-
Debt service	-	17,286	17,286
Unassigned for:			
General	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>17,286</u>	<u>28,703</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 17,297</u>	<u>\$ 29,384</u>
	-	-	-

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

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL

All Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the year ended June 30, 2013

	Food Service 21000	Athletics 22000	IDEA - B PreSchool 24109	Teacher / Principal Training & Recruiting 24154
Revenues:				
Local and county sources	\$ 17,899	\$ 12,546	\$ -	\$ -
State sources	-	-	-	-
Federal sources	29,883	-	4,176	7,864
Total revenues	<u>47,782</u>	<u>12,546</u>	<u>4,176</u>	<u>7,864</u>
Expenditures:				
Current				
Instruction	-	9,564	4,176	7,546
Support services				
Students	-	-	-	318
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services:				
Food services	45,367	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal payment	-	-	-	-
Interest payment	-	-	-	-
Total expenditures	<u>45,367</u>	<u>9,564</u>	<u>4,176</u>	<u>7,864</u>
Excess (deficiency) revenues over expenditures	2,415	2,982	-	-
Other financing sources (uses):				
Interfund payables	-	-	-	-
Operating transfer	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,415	2,982	-	-
Fund balance, beginning	<u>1,232</u>	<u>4,387</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ 3,647</u>	<u>\$ 7,369</u>	<u>\$ -</u>	<u>\$ -</u>

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

Rural Education Achievement Program 25233	State Equalization Guarantee 25250	GO Student Library Fund 27106	Formative Assessment Laws of 2012 27111	Computerized Learning 27123	School Based Health Center 29130
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	6,116	768	-	-
<u>12,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>12,270</u>	<u>-</u>	<u>6,116</u>	<u>768</u>	<u>-</u>	<u>-</u>
14,508	-	-	-	-	-
-	-	6,116	768	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,856
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>14,508</u>	<u>-</u>	<u>6,116</u>	<u>768</u>	<u>-</u>	<u>1,856</u>
(2,238)	-	-	-	-	(1,856)
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(2,238)	-	-	-	-	(1,856)
<u>2,238</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>400</u>	<u>1,856</u>
<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400</u>	<u>\$ -</u>

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL

All Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the year ended June 30, 2013

	SBHC Value Options 29131	Debt Service 41000	Total Non-major Governmental Funds
Revenues:			
Local and county sources	\$ -	\$ 69,031	\$ 99,476
State sources	-	-	6,884
Federal sources	-	-	54,193
<b>Total revenues</b>	<b>-</b>	<b>69,031</b>	<b>160,553</b>
Expenditures:			
Current			
Instruction	-	-	35,794
Support services			
Students	-	-	318
Instruction	-	-	6,884
General administration	-	714	714
School administration	-	-	-
Central services	-	-	-
Operation & maintenance of plant	9,479	-	11,335
Student transportation	-	-	-
Other support services	-	-	-
Operation of non-instructional services:			
Food services	-	-	45,367
Community services	-	-	-
Capital outlay	-	-	-
Debt Service			
Principal payment	-	50,000	50,000
Interest payment	-	20,415	20,415
<b>Total expenditures</b>	<b>9,479</b>	<b>71,129</b>	<b>170,827</b>
Excess (deficiency) revenues over expenditures	(9,479)	(2,098)	(10,274)
Other financing sources (uses):			
Interfund payables	-	-	-
Operating transfer	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(9,479)	(2,098)	(10,274)
Fund balance, beginning	9,479	19,384	38,977
Fund balance, ending	<u>\$ -</u>	<u>\$ 17,286</u>	<u>\$ 28,703</u>

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

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL  
Special Revenue Fund - Food Service - 21000  
Statement of Revenues, Expenditures, and Changes in Cash  
Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 16,500	\$ 16,500	\$ 17,899	\$ 1,399
State sources	-	-	-	-
Federal sources	33,500	33,500	29,883	(3,617)
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>47,782</u>	<u>(2,218)</u>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services:				
Food services	51,037	51,037	48,451	2,586
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal payment	-	-	-	-
Interest payment	-	-	-	-
Total expenditures	<u>51,037</u>	<u>51,037</u>	<u>48,451</u>	<u>2,586</u>
Excess (deficiency) of revenues over(under) expenditures	(1,037)	(1,037)	(669)	368
Other financing sources (uses):				
Operating transfers	-	-	-	-
Interfund receivables	-	-	-	-
Designated cash	1,037	1,037	-	(1,037)
Total other financing sources (uses)	<u>1,037</u>	<u>1,037</u>	<u>-</u>	<u>(1,037)</u>
Net change in fund balances	-	-	(669)	(669)
Cash balance, beginning of year	-	-	1,232	1,232
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 563</u>	<u>\$ 563</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (669)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			<u>3,084</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 2,415</u>	

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

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL  
Special Revenue Fund - Athletics - 22000  
Statement of Revenues, Expenditures, and Changes in Cash  
Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 9,100	\$ 9,100	\$ 12,546	\$ 3,446
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>9,100</u>	<u>9,100</u>	<u>12,546</u>	<u>3,446</u>
Expenditures:				
Current:				
Instruction	13,399	13,399	9,564	3,835
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services:				
Food services	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal payment	-	-	-	-
Interest payment	-	-	-	-
Total expenditures	<u>13,399</u>	<u>13,399</u>	<u>9,564</u>	<u>3,835</u>
Excess (deficiency) of revenues over(under) expenditures	(4,299)	(4,299)	2,982	7,281
Other financing sources (uses):				
Operating transfers	-	-	-	-
Interfund payable	-	-	-	-
Designated cash	4,299	4,299	-	(4,299)
Total other financing sources (uses)	<u>4,299</u>	<u>4,299</u>	<u>-</u>	<u>(4,299)</u>
Net change in fund balances	-	-	2,982	2,982
Cash balance, beginning of year	-	-	4,387	4,387
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,369</u>	<u>\$ 7,369</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 2,982	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ 2,982</u>	

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

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL  
Special Revenue Fund - IDEA-B PreSchool - 24109  
Statement of Revenues, Expenditures, and Changes in Cash  
Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	3,991	5,112	5,795	683
Total revenues	3,991	5,112	5,795	683
Expenditures:				
Current				
Instruction	3,991	5,112	4,175	937
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services:				
Food services	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal payment	-	-	-	-
Interest payment	-	-	-	-
Total expenditures	3,991	5,112	4,175	937
Excess (deficiency) of revenues over(under) expenditures	-	-	1,620	1,620
Other financing sources (uses):				
Operating transfers	-	-	-	-
Interfund payable	-	-	(1,620)	(1,620)
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(1,620)	(1,620)
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	1	1
Cash balance, end of year	\$ -	\$ -	\$ 1	\$ 1
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL  
Special Revenue Funds - Teacher/Principal Training & Recruiting - 24154  
Statement of Revenues, Expenditures, and Changes in Cash  
Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	9,436	18,440	7,864	(10,576)
Total revenues	9,436	18,440	7,864	(10,576)
Expenditures:				
Current				
Instruction	7,976	16,676	7,546	9,130
Support services				
Students	1,000	1,000	318	682
Instruction	250	250	-	250
General administration	210	514	-	514
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services:				
Food services	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal payment	-	-	-	-
Interest payment	-	-	-	-
Total expenditures	9,436	18,440	7,864	10,576
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers	-	-	-	-
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

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



STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL  
Special Revenue Fund - Rural Education Achievement Program - 25233  
Statement of Revenues, Expenditures, and Changes in Cash  
Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	12,270	12,270	-
Total revenues	-	12,270	12,270	-
Expenditures:				
Current				
Instruction	4,706	16,976	14,508	2,468
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services:				
Food services	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal payment	-	-	-	-
Interest payment	-	-	-	-
Total expenditures	4,706	16,976	14,508	2,468
Excess (deficiency) of revenues over(under) expenditures	(4,706)	(4,706)	(2,238)	2,468
Other financing sources (uses):				
Operating transfers	-	-	-	-
Interfund loans	-	-	-	-
Designated cash	4,706	4,706	-	(4,706)
Total other financing sources (uses)	4,706	4,706	-	(4,706)
Net change in fund balances	-	-	(2,238)	(2,238)
Cash balance, beginning of year	-	-	2,238	2,238
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (2,238)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ (2,238)	

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

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL  
Special Revenue Fund - State Equalization Guarantee - 25250  
Statement of Revenues, Expenditures, and Changes in Cash  
Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2013

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

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

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL  
Special Revenue Fund - Go Student Library Fund - 27106  
Statement of Revenues, Expenditures, and Changes in Cash  
Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	6,116	6,116	6,116	-
Federal sources	-	-	-	-
<b>Total revenues</b>	<b>6,116</b>	<b>6,116</b>	<b>6,116</b>	<b>-</b>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	6,116	6,116	6,116	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services:				
Food services	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal payment	-	-	-	-
Interest payment	-	-	-	-
<b>Total expenditures</b>	<b>6,116</b>	<b>6,116</b>	<b>6,116</b>	<b>-</b>
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers	-	-	-	-
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
<b>Net change in fund balance (GAAP Basis)</b>			<u>\$ -</u>	

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

STATE OF NEW MEXICO  
 SAN JON MUNICIPAL SCHOOL  
 Special Revenue Fund - Formative Assessment Laws of 2012 - 27111  
 Statement of Revenues, Expenditures, and Changes in Cash  
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	768	768	-
Federal sources	-	-	-	-
Total revenues	-	768	768	-
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	768	768	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services:				
Food services	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal payment	-	-	-	-
Interest payment	-	-	-	-
Total expenditures	-	768	768	-
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers	-	-	-	-
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL  
Special Revenue Fund - Computerized Learning - 27123  
Statement of Revenues, Expenditures, and Changes in Cash  
Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services:				
Food services	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal payment	-	-	-	-
Interest payment	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers	-	-	-	-
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	400	400
Cash balance, end of year	\$ -	\$ -	\$ 400	\$ 400
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL  
Special Revenue Fund - School Based Health Center - 29130  
Statement of Revenues, Expenditures, and Changes in Cash  
Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	4,763	4,763	4,650	113
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services:				
Food services	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal payment	-	-	-	-
Interest payment	-	-	-	-
<b>Total expenditures</b>	<b>4,763</b>	<b>4,763</b>	<b>4,650</b>	<b>113</b>
Excess (deficiency) of revenues over(under) expenditures	(4,763)	(4,763)	(4,650)	113
Other financing sources (uses):				
Operating transfers	-	-	-	-
Interfund payable	-	-	-	-
Designated cash	4,763	4,763	-	(4,763)
<b>Total other financing sources (uses)</b>	<b>4,763</b>	<b>4,763</b>	<b>-</b>	<b>(4,763)</b>
Net change in fund balances	-	-	(4,650)	(4,650)
Cash balance, beginning of year	-	-	4,650	4,650
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (4,650)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			<u>2,794</u>	
<b>Net change in fund balance (GAAP Basis)</b>			<u>\$ (1,856)</u>	

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

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL  
Special Revenue Fund - SBHC Value Options - 29131  
Statement of Revenues, Expenditures, and Changes in Cash  
Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	9,479	9,479	9,479	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services:				
Food services	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal payment	-	-	-	-
Interest payment	-	-	-	-
Total expenditures	9,479	9,479	9,479	-
Excess (deficiency) of revenues over(under) expenditures	(9,479)	(9,479)	(9,479)	-
Other financing sources (uses):				
Operating transfers	-	-	-	-
Interfund payable	-	-	-	-
Designated cash	9,479	9,479	-	(9,479)
Total other financing sources (uses)	9,479	9,479	-	(9,479)
Net change in fund balances	-	-	(9,479)	(9,479)
Cash balance, beginning of year	-	-	9,479	9,479
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (9,479)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ (9,479)	

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

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL  
Debt Service Fund - Debt Service - 41000  
Statement of Revenues, Expenditures, and Changes in Cash  
Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 70,415	\$ 70,415	\$ 70,387	\$ (28)
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>70,415</u>	<u>70,415</u>	<u>70,387</u>	<u>(28)</u>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	800	800	704	96
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services:				
Food services	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal payment	50,000	50,000	50,000	-
Interest payment	20,415	20,415	20,415	-
Total expenditures	<u>71,215</u>	<u>71,215</u>	<u>71,119</u>	<u>96</u>
Excess (deficiency) of revenues over(under) expenditures	(800)	(800)	(732)	68
Other financing sources (uses):				
Debt service reserve	(12,689)	(12,689)	-	12,689
Interfund payable	-	-	-	-
Designated cash	13,489	13,489	-	(13,489)
Total other financing sources (uses)	<u>800</u>	<u>800</u>	<u>-</u>	<u>(800)</u>
Net change in fund balances	-	-	(732)	(732)
Cash balance, beginning of year	-	-	15,811	15,811
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,079</u>	<u>\$ 15,079</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (732)	
Adjustment to revenues for accruals & other deferrals			(1,356)	
Adjustment to expenditures for payables, prepaids & other accruals			(10)	
Net change in fund balance (GAAP Basis)			<u>\$ (2,098)</u>	

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



## Supplementary Information Related Agency Funds

## AGENCY FUNDS

### Activity Trust Fund

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

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL

Agency Funds  
Statement of Changes in Assets and Liabilities  
June 30, 2013

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>ASSETS</u>				
Student activity groups	\$ 45,955	\$ 50,636	\$ (44,479)	\$ 52,112
Total assets	<u>\$ 45,955</u>	<u>\$ 50,636</u>	<u>\$ (44,479)</u>	<u>\$ 52,112</u>
<u>LIABILITIES</u>				
Funds handled on behalf of: Student activity groups	\$ 45,955	\$ 50,636	\$ (44,479)	\$ 52,112
Total liabilities	<u>\$ 45,955</u>	<u>\$ 50,636</u>	<u>\$ (44,479)</u>	<u>\$ 52,112</u>

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

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL

Agency Funds - Activity  
Statement of Changes in Assets and Liabilities  
June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<b>ASSETS</b>				
Class of 2011	\$ 247	\$ -	\$ -	\$ 247
Class of 2012	209	-	-	209
Class of 2013	804	638	(1,302)	140
Class of 2014	1,557	2,413	(3,345)	625
Class of 2015	2,480	453	-	2,933
Class of 2016	1,933	294	-	2,227
Class of 2017	1,375	219	(91)	1,503
Class of 2018	1,212	267	-	1,479
Class of 2019	701	216	-	917
Class of 2020	766	655	-	1,421
Class of 2021	1,343	424	-	1,767
Class of 2022	673	157	(74)	756
Class of 2023	262	742	-	1,004
Class of 2024	154	457	(185)	426
Class of 2025	-	456	(184)	272
General	3,254	15,392	(13,084)	5,562
Annual	4,336	2,757	(2,969)	4,124
100 + Student Meals	512	-	(231)	281
Cheerleaders	1,522	1,875	(2,934)	463
Library	103	1,767	(1,767)	103
National Honor Society	98	-	(85)	13
BPA	481	-	-	481
Special Travel	2,580	1,038	(828)	2,790
Student Council	3,247	1,299	(1,803)	2,743
Concessions	4,602	250	(1,026)	3,826
FFA	51	5,286	(4,527)	810
Bidegain	1,157	-	(176)	981
Science	2,497	-	(68)	2,429
Girl's Basketball	595	-	-	595
Football	333	-	-	333
Volleyball	1,292	13,581	(9,800)	5,073
Boy's Basketball	79	-	-	79
CD	5,500	-	-	5,500
<b>Total assets</b>	<b>\$ 45,955</b>	<b>\$ 50,636</b>	<b>\$ (44,479)</b>	<b>\$ 52,112</b>
<b>LIABILITIES</b>				
Due to student groups	\$ 45,955	\$ 50,636	\$ (44,479)	\$ 52,112
<b>Total liabilities</b>	<b>\$ 45,955</b>	<b>\$ 50,636</b>	<b>\$ (44,479)</b>	<b>\$ 52,112</b>

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

## Other Supplemental Information

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL

Cash Reconciliation - All Funds  
For the year ended June 30, 2013

	<u>Beginning Cash</u>	<u>Receipts</u>	<u>Distributions</u>	<u>Other</u>
San Jon Municipal School				
Operational	\$ 124,565	\$ 1,425,947	\$ (1,457,641)	\$ (5,272)
Teacherege	14,668	10,271	(15,482)	-
Transportation	3	158,838	(158,840)	(1)
Instructional Materials	1,906	8,273	(9,995)	-
Food Services	1,232	47,782	(48,451)	-
Athletics	4,387	12,546	(9,564)	-
Federal Flowthrough	2	91,551	(96,823)	5,272
Federal Direct	2,239	12,269	(14,507)	-
State Flowthrough	400	6,884	(6,884)	-
Local or State	112,261	86,040	(157,960)	-
Capital Improvement SB-9	25,345	59,609	(57,743)	-
Debt Service	15,811	70,387	(71,119)	-
	<u>302,819</u>	<u>1,990,397</u>	<u>(2,105,009)</u>	<u>(1)</u>
Sub-total governmental funds				
Student Activities	<u>45,955</u>	<u>50,636</u>	<u>(44,479)</u>	
Total San Jon Municipal School	<u>\$ 348,774</u>	<u>\$ 2,041,033</u>	<u>\$ (2,149,488)</u>	<u>\$ (1)</u>

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Statement Balance</u>
San Jon Municipal School			
Operational account	Checking	Citizens Bank	\$ 245,821
Reconciling items-outstanding checks			<u>(64,984)</u>
Sub-total operational account			180,837
Athletics	Checking	First National	7,384
Reconciling items-outstanding checks			<u>(15)</u>
Sub-total athletics			<u>7,369</u>
Total governmental funds			<u>\$ 188,206</u>
Student Activities	Checking	Citizens Bank	\$ 49,222
Student Activities	Certificate of Deposit	Citizens Bank	5,500
Reconciling items-outstanding checks			<u>(2,610)</u>
Total student activities funds			<u>\$ 52,112</u>

<u>Net Cash End of Period</u>	<u>Adjustments to the Report</u>	<u>Total Cash on Report</u>
\$ 87,599	\$ -	\$ 87,599
9,457	-	9,457
-	-	-
184	-	184
563	-	563
7,369	-	7,369
2	-	2
1	-	1
400	-	400
40,341	-	40,341
27,211	-	27,211
15,079	-	15,079
<u>188,206</u>	<u>-</u>	<u>188,206</u>
<u>52,112</u>	<u>-</u>	<u>52,112</u>
<u>\$ 240,318</u>	<u>\$ -</u>	<u>\$ 240,318</u>

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Governmental Funds  
For the year ended June 30, 2013

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
Revenues:				
Local sources				
Taxes levied / assessed	\$ 6,293	\$ -	\$ -	\$ -
In lieu of taxes	-	-	-	-
Investment	575	-	-	-
Fees - activities	3,282	-	-	-
Rentals	-	10,271	-	-
Other	6,609	-	-	-
Royalties	3,215	-	-	-
Total taxes and local sources	19,974	10,271	-	-
State sources				
State equalization guarantee	1,394,223	-	-	-
State flowthrough grants	11,625	-	-	-
Restricted grant	-	-	-	-
Transportation	-	-	158,838	-
Instructional materials - credit and cash	-	-	-	9,200
Total state sources	1,405,848	-	158,838	9,200
Federal sources				
Restricted grants-in-aid from the federal	-	-	-	-
Total federal sources	-	-	-	-
Total revenues	<u>\$ 1,425,822</u>	<u>\$ 10,271</u>	<u>\$ 158,838</u>	<u>\$ 9,200</u>



<u>Food 21000</u>	<u>Athletics 22000</u>	<u>Title I 24101</u>	<u>Entitlement 24106</u>	<u>Preschool 24109</u>	<u>Teacher / Principal 24154</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
17,899	12,546	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>17,899</u>	<u>12,546</u>	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>29,883</u>	<u>-</u>	<u>54,524</u>	<u>30,258</u>	<u>4,176</u>	<u>7,864</u>
<u>29,883</u>	<u>-</u>	<u>54,524</u>	<u>30,258</u>	<u>4,176</u>	<u>7,864</u>
<u>\$ 47,782</u>	<u>\$ 12,546</u>	<u>\$ 54,524</u>	<u>\$ 30,258</u>	<u>\$ 4,176</u>	<u>\$ 7,864</u>

STATE OF NEW MEXICO  
 SAN JON MUNICIPAL SCHOOL

Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances - Governmental Funds  
 For the year ended June 30, 2013

	REAP 25233	Go Student Library 27106	Formative Assessment Law 27111	Wind Farm Projects 29134
Revenues:				
Local sources				
Taxes levied / assessed	\$ -	\$ -	\$ -	\$ -
In lieu of taxes	-	-	-	86,040
Investment	-	-	-	-
Fees - activities	-	-	-	-
Rentals	-	-	-	-
Other	-	-	-	-
Royalties	-	-	-	-
Total taxes and local sources	-	-	-	86,040
State sources				
State equalization guarantee	-	-	-	-
State flowthrough grants	-	6,116	768	-
Restricted grant	-	-	-	-
Transportation	-	-	-	-
Instructional materials - credit and cash	-	-	-	-
Total state sources	-	6,116	768	-
Federal sources				
Access board (e-rate)	12,270	-	-	-
Total federal sources	12,270	-	-	-
Total revenues	<u>\$ 12,270</u>	<u>\$ 6,116</u>	<u>\$ 768</u>	<u>\$ 86,040</u>

<u>Senate Bill 9 31700</u>	<u>Debt Service 41000</u>	<u>Totals</u>
\$ 27,060	\$ 69,031	\$ 102,384
-	-	86,040
-	-	575
-	-	33,727
-	-	10,271
-	-	6,609
-	-	3,215
<u>27,060</u>	<u>69,031</u>	<u>242,821</u>
-	-	1,394,223
-	-	18,509
50,420	-	50,420
-	-	158,838
-	-	9,200
<u>50,420</u>	<u>-</u>	<u>1,631,190</u>
<u>-</u>	<u>-</u>	<u>138,975</u>
<u>-</u>	<u>-</u>	<u>138,975</u>
<u>\$ 77,480</u>	<u>\$ 69,031</u>	<u>\$ 2,012,986</u>

## Compliance Section

Report On Internal Control over Financial Reporting  
And On Compliance and Other Matters Based On An  
Audit of Financial Statements Performed In  
Accordance with *Government Auditing Standards*  
Independent Auditors Report

Hector H. Balderas  
New Mexico State Auditor  
The Office of Management and Budget and  
The Governing Board  
San Jon Municipal Schools  
San Jon, New Mexico

I have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the San Jon Municipal School (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Districts basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplemental information, and have issued my report thereon dated October 3, 2013.

## **Internal Control over Financial Reporting**

In planning and performing my audit, of the financial statements, I considered the Districts internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Districts internal control. Accordingly, I do not express an opinion on the effectiveness of the Districts internal control.

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 function, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did not identify any deficiencies in internal control that I consider to be significant deficiencies

## Compliance and Other Matters

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Districts internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Districts internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Sandra Rush CPA PC

Clovis, New Mexico

October 3, 2013

STATE OF NEW MEXICO  
SAN JON MUNICIPAL SCHOOL

Schedule of Findings and Responses  
June 30, 2013

Prior Year Audit Findings:       None

Current Year Findings:           None

Financial Statement Preparation

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

Exit Conference

The contents of this report were discussed with, Colin Taylor, Superintendent, Cynthia Lee, board member, Lucy Heddlesten, Business Manager, Julie Bryant audit committee, and Sandra Rush, CPA, in an exit conference on October 31, 2013.