

STATE OF NEW MEXICO
TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2009
(WITH AUDITOR'S REPORT THEREON)

RICE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

STATE OF NEW MEXICO

TEXICO MUNICIPAL SCHOOL
DISTRICT NO. 13

AUDIT REPORT

For The Year Ended June 30, 2009

(with Auditor's Report Thereon)

STATE OF NEW MEXICO
TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
TABLE OF CONTENTS
Year Ended June 30, 2009

| | <u>Page</u> |
|--|-------------|
| Introduction Section | |
| Official Roster | i |
| Financial Section | |
| Independent Auditor's Report | 1 |
| Management's Discussion and Analysis | 3 |
| <u>Financial Statements</u> | |
| <u>Statements</u> | |
| 1 Statement of Net Assets | 9 |
| 2 Statement of Activities | 10 |
| 3 Balance Sheet - All Governmental Funds | 11 |
| 4 Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets | 12 |
| 5 Statement of Revenues, Expenditures and Changes In Fund Balances - All Governmental Funds | 13 |
| 6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities | 14 |
| 7 Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) General Fund | 15 |
| 8 Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) Title I Fund | 16 |
| 9 Statement of Fiduciary Asset and Liabilities - Agency Funds | 17 |

Table of Contents (continued)

| | <u>Page</u> |
|---|-------------|
| Notes to Financial Statements | 18 |
| Other Major Funds Budgets: | |
| 10 Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) Bond Building | 39 |
| 11 Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) Debt Service Fund | 40 |
| Non-Major Governmental Funds: | |
| A-1 Combining Balance Sheet - By Fund Type | 41 |
| A-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances - By Fund Type | 42 |
| A-3 Combined Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) Governmental Fund Types - Non Major Special Revenue Funds | 43 |
| A-4 Combined Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) Governmental Fund Types - Non Major Capital Projects Funds | 44 |
| Non-Major Special Revenue Funds: | |
| B-1 Combining Balance Sheet | 45 |
| B-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 47 |
| B-3 REAP: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) | 49 |
| B-4 Core Knowledge: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) | 50 |

Table of Contents (continued)

| | <u>Page</u> |
|---|-------------|
| B-5 Title I: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) | 51 |
| B-6 Wallace Foundation: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) | 52 |
| B-7 Technology for Education: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) | 53 |
| B-8 Incentives for School Improvements: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) | 54 |
| B-9 GO Bond Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) | 55 |
| B-10 Beginning Teacher Mentoring Program: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) | 56 |
| B-11 Improving Teacher Quality: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) | 57 |
| B-12 Athletics: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) | 58 |
| B-13 Cafeteria: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) | 59 |
| Non-Major Capital Projects Fund: | |
| C-1 Combining Balance Sheet | 60 |
| C-2 Combining Statement of Revenues and Expenditures and Changes in Fund Balances | 61 |
| C-3 Special Capital Outlay State: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) | 62 |

Table of Contents (continued)

| | <u>Page</u> |
|--|-------------|
| C-4 Capital Improvements SB-9: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) | 63 |
| General Fund Detail: | |
| General Fund: | |
| D-1 Combining Balance Sheet | 64 |
| D-2 Combining Statement of Revenues, Expenditures And Changes in Fund Balances | 65 |
| D-3 Operational Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) | 66 |
| D-4 Transportation Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) | 67 |
| D-5 Instructional Materials Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) | 68 |
| Supplementary Information: | |
| Schedule of Cash Receipts and Disbursements - All Funds by School District Classification | 69 |
| Schedule of Budgetary Basis to GAAP Basis Reconciliation | 70 |
| Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> | 72 |
| Status of Comments | 74 |
| Exit Conference | 75 |

STATE OF NEW MEXICO
TEXICO MUNICIPAL SCHOOL
DISTRICT NO. 13
Official Roster
Year Ended June 30, 2009

Board of Education

| <u>Name</u> | <u>Title</u> |
|-------------------|----------------|
| Mr. Cary Crist | President |
| Mr. Tim Foote | Vice President |
| Mr. Duwain Hill | Secretary |
| Mr. Jim Pena | Member |
| Mr. Justin Barnes | Member |

School Officials

| | |
|---------------------|------------------|
| Dr. R. L. Richards | Superintendent |
| Ms. Cheryl Whitener | Business Manager |

Rice and Associates, C.P.A.

AUDITING
BOOKKEEPING
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS
11805 Menaul NE
Albuquerque, NM 87112

TAX PLANNING
TAX PREPARATION
FAX (505) 294-8904

INDEPENDENT AUDITOR'S REPORT

Mr. Hector H. Balderas
New Mexico State Auditor
and
Board of Education
Texico Municipal School District No. 13
Texico, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Texico Municipal School District No. 13, as of and for the year ended June 30, 2009, which collectively comprise the School's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Schools' non-major governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009 as listed in the table of contents. These financial statements are the responsibility of Texico Municipal School District No. 13's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Texico Municipal School District No. 13's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Texico Municipal School District No.

13, as of June 30, 2009, and the respective changes in financial position, thereof, and the respective budgetary comparisons for the General and Library Book Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of Texico Municipal School District No. 13, as of June 30, 2009, and the respective changes in financial position, thereof and the respective budgetary comparisons for the Bond Building, Debt Service Funds and the non-major governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2009 on our consideration of Texico Municipal School District No. 13's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis presented on pages 3 through 8 is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements and the combining and individual fund financial statements and the budgetary comparisons of Texico Municipal School District No. 13. The accompanying financial information listed as Schedule of Cash Receipts and Disbursements and the Schedule of Budgetary Basis to GAAP Basis Reconciliation is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic, combining and individual fund financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements of each of the respective individual funds taken as a whole.

Rice & Associates, CPA

August 20, 2009

TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2009

This Management Discussion and Analysis of Texico Municipal School District No. 13's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009, representing Texico Municipal School District No. 13's implementation of the Governmental Accounting Standards Board Statement No. 34 (GASB 34). This written analysis is now a required part of the School District's financial reporting and is an objective and easily readable discussion of the School District's overall financial activities. The discussion and analysis will provide a review of the School District's overall financial activities, using the accrual basis of accounting, for the year ending June 30, 2009. Fund financial statements are reported on a modified accrual basis of accounting. Rather than looking at specific areas of performance, this discussion and analysis focuses on the financial performance of the School District as a whole.

This discussion and analysis of Texico Municipal Schools (TMS) financial performance provides an overview of the organizations financial activities for the fiscal year ended June 30, 2009. TMS is a state and local funded educational institution created under the constitution of the State of New Mexico and authorized by the Public Education Department. TMS provides learning, educational, social, and emotional services to 526 students and the Texico Community in a Pre-K through 12th grade setting.

One of the most important and frequently asked questions about school finance is "will the school district be able to provide salary increases, and still have an adequate cash balance?" The statement of operational equalization funding plus local taxes and review of operational expenditures answers this question clearly. Even though 80% of the revenue is spent on salaries and benefits, TMS has prudently made other expenditures to keep the savings in place. The State of New Mexico's present financial status makes state agencies unsure of the 2009-2010 school year.

This annual report consists of a series of detailed, audited financial statements and the notes to those statements. Also included is the Independent Auditor's Report, and The Independent Auditor's Report on Compliance on Internal Control (Governmental Accounting Standards). These statements and information were included in past reporting by the School District.

Texico Municipal School District No. 13 Accounting and Finance

We believe this written analysis and the accompanying financial reporting will indicate to the reader that Texico Municipal School District No. 13 is in good financial position. Indicators to the reader such as Bond Ratings, fund balances, cash on hand and budget management are indicators of a positive financial direction and management.

Staffing levels and expertise are adequate to meet daily workload demands and to provide the necessary level of internal controls. Financial policies and procedures are in place to guide staff through the daily business routines.

As part of the School District accountability process, the Texico Municipal School District No. 13 School Board is active in the monitoring of expenditures and budgets through a formal, monthly reporting process. This reporting is provided at public meetings and becomes a part of the School Board's permanent, public record.

These reports are public documents and through this public process, the financial reporting information is provided to and are open to public inspections.

Financial Highlights for the Year Ended June 30, 2009

Capital Outlay expenses decreased to \$252,065 in the year ending June 30, 2007. This decrease was due to the previous renovations becoming completed. The decrease in 2008 from \$365,067 to \$344,326 was also due to the previous renovations becoming completed. The capital outlay expenses increased from 2008 to 2009 from \$344,326 to \$464,379. This increase was due to a Bond Issue being passed during the 2009 fiscal year. Texico Schools applied for critical capital outlay money through PSCOC to match the schools bond issue. Due to the timeline, the school invested the bond issue dollars until the awards process (9 months) was completed. Construction will begin by the end of 2009.

The overall fund balance increased to \$760,620 for the year ending June 30, 2008 from June 30, 2007. This increase was due to expenditures decreasing for the year and cash balances resulting in a higher amount at the end of the 2007 fiscal year. The increase in fund balance in 2009 to \$2,450,193 is due to a new bond issue and higher cash balances at the end of the year.

For the year ended June 30, 2008 revenues increased to \$5,965,012 from June 30, 2007. This was due to an increase in State grants and revenues received for the completion of our capital projects. For the year ending June 30, 2009 revenue increased to a total \$6,076,990. This was due to an increase in property taxes.

While Texico Municipal Schools implemented NCLB and HB 212, salaries and benefits increased drastically. To meet salary mandates plus the increase in ERA and health insurance, the personnel function of the budget increased. A vocational arts teacher was added in 2008 to provide more student electives and decrease the cash balance.

Expenditures increased only slightly for the year ending June 30, 2007 to \$5,418,051. This was due to normal increases in salaries and utilities. For the year ending June 30, 2008 expenditures increased significantly due to increases in salaries. Total expenditures were \$5,862,127. The expenditures for 2009 increased again to \$6,287,415, due to an increase in salaries and capital outlay.

GOVERNMENT WIDE FINANCIAL STATEMENTS

Statement of Net Assets

Because of the GASB 34 requirements this overall Statement of Net Assets is new to the financial statements of Texico Municipal School District No. 13 and is prepared using the accrual method of accounting. This statement shows that as of June 30, 2009 the School District has total net assets of \$5,725,796. The School District had \$2,454,812 of cash and cash equivalents on hand as of June 30, 2009 as compared to \$150,585 in current liabilities. Net Assets totaling \$2,036,531 are restricted for debt service and special revenue grants.

ASSET ANALYSIS:

| | <u>FY 2007</u> | <u>FY 2008</u> | <u>FY 2009</u> |
|--|---------------------|---------------------|---------------------|
| ASSETS: | | | |
| Current Assets | \$ 676,674 | \$ 765,155 | \$ 2,454,812 |
| Capital Assets | <u>6,035,720</u> | <u>6,118,667</u> | <u>6,300,457</u> |
| Total Assets | 6,712,394 | 6,883,822 | 8,755,269 |
| LIABILITIES: | | | |
| Current Liabilities | 182,250 | 162,385 | 150,585 |
| Long-Term Liabilities | <u>1,136,044</u> | <u>1,031,403</u> | <u>2,662,888</u> |
| Total Liabilities | 1,318,294 | 1,193,788 | 2,813,473 |
| NET ASSETS: | | | |
| Invested in Capital Assets, Net of Related Debt | 4,825,750 | 5,018,667 | 3,410,457 |
| Restricted | 154,227 | 157,581 | 2,036,531 |
| Unrestricted | <u>414,153</u> | <u>513,786</u> | <u>278,808</u> |
| Total Net Assets | <u>\$ 5,394,100</u> | <u>\$ 5,690,034</u> | <u>\$ 5,725,796</u> |

Statement of Activities

The Statement of Activities is also a new statement required by GASB 34 and is prepared using the accrual method of accounting. This report compliments the Statement of Net Assets by showing the overall change in the School District's net assets for the fiscal year ending June 30, 2007. As of June 30, 2007 the School District had net assets of \$5,394,100 as compared to net assets of \$5,690,034 as of June 30, 2008. The increase of \$295,934 was due primarily to increases in Capital Assets of \$120,053 and a decrease in bonds payable of \$1,900,000.

EXPENSES ANALYSIS:

| | <u>FY2007</u> | <u>FY2008</u> | <u>FY2009</u> |
|--------------------------------------|----------------------|----------------------|----------------------|
| Direct Instruction | \$(3,052,648) | \$(3,284,779) | \$(3,398,120) |
| Instructional Support | (1,702,352) | (1,903,099) | (2,069,967) |
| Food Services | (155,257) | (166,510) | (168,585) |
| Capital Outlay | - | - | - |
| Depreciation - Unallocated | (272,710) | (261,379) | (282,588) |
| Interest on Long-Term Obligations | <u>(53,311)</u> | <u>(53,311)</u> | <u>(121,966)</u> |
| Total Governmental Activities | <u>\$(5,236,278)</u> | <u>\$(5,669,078)</u> | <u>\$(6,041,226)</u> |

FUND FINANCIAL STATEMENTS

Statement of Revenue and Expenditures

Fund financial statements are based on a modified accrual basis of accounting. The Statement of Revenues and Expenditures and Changes in Fund Balances is not new to the School District's annual financial reports. This report guides the reader to a meaningful overall view for the district revenues, expenditures and fund balance and changes to the fund balance. Total revenues from state, local, and federal sources were \$5,454,173. Total expenditures for the School District were \$6,287,415. The total ending fund balance was \$2,450,193, an increase of \$1,689,573 from the prior year.

The District's governmental funds reported a combined fund balance of \$2,450,193. The balances for each fund are listed below.

| | <u>FY2007</u> | <u>FY2008</u> | <u>FY2009</u> |
|--------------------|-------------------|-------------------|--------------------|
| General | \$ 413,310 | \$ 473,617 | \$ 333,993 |
| SB-9 | 78,753 | 103,603 | - |
| Capital Projects | - | - | 1,682,307 |
| Debt Service | 152,831 | 155,491 | 352,503 |
| Other Governmental | <u>12,841</u> | <u>27,909</u> | <u>81,390</u> |
| Total | <u>\$ 657,735</u> | <u>\$ 760,620</u> | <u>\$2,450,193</u> |

The General Fund balance was \$333,993. This is lower than at the end of the prior fiscal year due to a 2007-2008 grant awarded to Texico Schools that decreased general fund salaries and fringe benefit expenditures.

The District had several capital outlay projects that needed additional funding. The District passed a bond issue in September, 2008 and asked for no direct appropriations from the Legislature in 2009.

The Debt Service Fund increased by \$197,012 due to the decrease in funds needed for year ending June 30, 2009 to pay off bonds.

Other governmental funds are made up of Capital Projects and Special Revenue Funds. Other expenses are necessary to support the programs the District currently offers.

The Budget

School District budgets reflect the same growth as seen in the revenue and expenditures of the school district. The State of New Mexico school budget process is defined under New Mexico State Statutes (Section 22) and the New Mexico Administrative Code (Section 6). To enhance the process of developing a budget at the school district level, Texico Municipal School District No. 13 utilized goals and objectives defined by Texico Municipal School District No. 13's Board, community input meetings, long term plans, and input from various staff groups to develop the school district budget. School District priorities that are the goals defined in the district's Education Plan for Student Success are well defined through this process.

GASB 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

Major budgetary funds in these reports are: The General Fund (Operational, Instructional Materials, Transportation and Teacherage), Bond Building, Debt Service and Other Governmental Funds. The following information shows the fiscal relationship of the major funds and the combined non-major funds.

| | |
|--------------------------|-----|
| General Fund | 14% |
| Bond Building | 69% |
| Debt Service Fund | 14% |
| Other Governmental Funds | 3% |

The reader will note that the General Fund represents 14% of the total fund dollars amount. This fund provides the salary and benefits for the significant majority of the Instructional Support and School Support, Maintenance and Administrative staff as well as classroom materials, special education consulting staff and fixed utility costs.

Revenue from this fund is substantially derived from the State Equalization Guarantee, which is the funding formula appropriated for education by the State Legislature.

All funds fell within the regulatory criteria set by the State Department of Education and New Mexico Statute. Both the Manual of Procedures for Public School Accounting and NMSA 9-22-5, Annotated require that budget expenditures be within the authorization of the approved budget.

THE GENERAL FUND BUDGET

The General Fund serves as the School Districts General Fund. Because the General Fund revenue represents \$5,103,431 of the total \$6,076,990 of district revenues (inclusive of bond proceeds), the impact of this fund must be kept in context.

The General Fund is predominately funded by revenues from the State of New Mexico Equalization Guarantee Formula. This fund pays for teaching staff, teaching support staff, special education staff, maintenance staff, and administrative staff. The General Fund also provides the predominant funding for athletics and non-instructional student support.

Because the General Fund is the main fund whose expenditures are significantly related to the educational process, \$5,243,055 was expended in the year ending June 30, 2009. The most significant inter-fund expense was the function noted as "Direct Instruction". This expenditure was \$3,255,750 or 62% of all General expenditures. Expenses included in this function are regular and special education teachers and assistants, benefits, payroll taxes, school supplies, training and miscellaneous instructional related contract services.

The following discussion on the General Fund budget will relate functional expenditures for the year ending June 30, 2009, inclusive of Capital Outlay expenditures, for the General Fund. Direct Instruction represents 62% of all General Fund expenditures. Direct Instruction expenditures account for regular education, special education, kindergarten teachers, educational assistants/salaries, payroll taxes and benefits.

Instructional Support represents 35% of General Fund expenditures and account for expenditures for school principals, program coordinators, counselors, school nursing staff, librarians, special education ancillary staff and significant support to special education programs through contract ancillary support staff and contract programs, salaries and benefits for maintenance staff, school custodians, fixed utility costs, maintenance and repairs, maintenance supplies and custodial supplies. The Office of the Superintendent and the Business Office represent the overhead support for the entire operations of the School District; and are now included in Instructional Support expenditures. Food Service represents 1% of General Fund expenditures and is used to supplement the Cafeteria Fund.

Capital Assets

GASB 34 rules now require public entities to depreciate capital assets. This statement included an adjusted accumulated depreciation of the School District's capital assets in the amount of \$6,300,457. The School District utilizes a "straight line" depreciation method in all cases and standardized lifetime tables in calculating this depreciation.

General Long Term Debt

Article IX, Section 11 of the New Mexico Constitution limits the powers of the school district to incur general obligation debt beyond a school year. The School District can incur such debt for "The purpose of erecting, remodeling, making additions, and furnishing buildings or purchasing or improving school grounds or purchasing computer software or hardware for student use in public classrooms or any combination of these purposes." The approval of the debt is subject to a vote of the local electors and may not exceed 6% of the assessed valuation of the taxable property within the School District.

Agency Funds

The School District, as custodian, maintains and monitors special funds on the behalf of schools and school activity groups. Agency funds maintained by the School District are to benefit a specific activity or interest and are generally raised by students for student use. These proceeds may be used for recreational, cultural or educational activities.

While each school site is responsible for the administration of the agency funds, the custody and use of these funds are in accordance with State Department of Education Regulations and School District Policy.

Future Trends

Despite a slower economy than in previous years, legislative support for public education has remained strong. The district is optimistic that legislative support will provide sufficient funding to meet mandated increases for the three-tiered licensure system and associated benefits along with escalating increases for medical and other insurance related expenses. The funding formula Task Force will present a new funding mechanism during the Legislative Session. Texico has a promising revenue increase with the new formula. New Mexico State funding may be unstable based on recent revenue projections.

Since state funding is based on student population, maintaining current student enrollment is crucial. In rural areas it is hard to predict enrollment due to the high mobility rate and lack of employment opportunities in the community.

Canon Air Force Base has been assigned a Special Operations Mission. A possible 237 new students for Texico has been projected by the school year 2009-2010.

The District has been conservative in the past and had cash balance reserves to rely on for unforeseen expenditures. The District will continue to be conservative and monitor budgets carefully. Additional funding through grants will still be important to our District and will hopefully allow the District to increase cash balance reserves again. Texico Municipal School District No. 13 will continue to strive to meet the educational objectives of the district with funding provided.

FINANCIAL STATEMENTS

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Statement of Net Assets
 June 30, 2009

Statement 1

| | Governmental Activities |
|---|----------------------------|
| ASSETS | |
| Current assets | |
| Cash | \$ 2,440,425 |
| Accounts receivable | 12,666 |
| Inventory | 1,721 |
| Total current assets | 2,454,812 |
| Non-current assets | |
| Land (non-depreciable) | 127,182 |
| Capital assets (depreciable) | 9,374,945 |
| Less accumulated depreciation | (3,201,670) |
| Total non-current assets | 6,300,457 |
| Total assets | 8,755,269 |
| LIABILITIES | |
| Current liabilities | |
| Accounts payable | 2,549 |
| Accrued interest | 121,966 |
| Deferred revenue | 2,070 |
| Current portion of long-term obligations | 240,000 |
| Total current liabilities | 366,585 |
| Long-term obligations: | |
| Compensated absences | 12,888 |
| Non-current portion of long-term obligations | 2,650,000 |
| Total long-term liabilities | 2,662,888 |
| Total liabilities | 3,029,473 |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 3,410,457 |
| Restricted for | |
| Cafeteria fund (inventory) | 1,721 |
| Debt service | 352,503 |
| Capital outlay | 1,682,307 |
| Unrestricted | 278,808 |
| Total net assets | \$ 5,725,796 |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Statement of Activities
 Year Ended June 30, 2009

Statement 2

| Functions/Programs | Program Revenues | | | | Net |
|---|------------------|-------------------------|--|--|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | (Expenses) Revenue and Changes Net Assets |
| EXPENSES: | | | | | |
| Governmental activities: | | | | | |
| Direct instruction | \$ 3,398,120 | \$ 36,395 | \$ 210,439 | \$ 28,749 | \$ (3,122,537) |
| Instructional support | 2,069,967 | - | 421,973 | - | (1,647,994) |
| Food services | 168,585 | 47,742 | 98,481 | - | (22,362) |
| Depreciation - unallocated | 282,588 | - | - | - | (282,588) |
| Interest on long-term obligations | 121,966 | - | - | - | (121,966) |
| Total governmental activities | 6,041,226 | 84,137 | 730,893 | 28,749 | (5,197,447) |
| General revenues: | | | | | |
| Taxes | | | | | |
| Property taxes, levied for general purposes | | | | | 28,900 |
| Property taxes, levied for capital projects | | | | | 124,445 |
| Property taxes, levied for debt service | | | | | 356,051 |
| Federal and State aid not restricted to specific purpose | | | | | 4,694,531 |
| General | | | | | 4,694,531 |
| Interest and investment earnings | | | | | 29,284 |
| Sub-total, general revenues | | | | | 5,233,211 |
| Change in net assets | | | | | 35,764 |
| Net assets - beginning of year | | | | | 5,690,032 |
| Net assets - end of year | | | | | \$ 5,725,796 |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Balance Sheet - All Governmental Funds
 June 30, 2009

Statement 3

| | General | Library Book | Bond Building | Debt Service | Other Governmental | Total |
|---|--------------------------|------------------------|----------------------------|--------------------------|-------------------------|----------------------------|
| ASSETS | | | | | | |
| Cash on deposit | \$ 335,826 | \$ 1,639 | \$ 1,682,307 | \$ 343,640 | \$ 77,013 | \$ 2,440,425 |
| Accounts receivable, collectible | 716 | - | - | 8,863 | 3,087 | 12,666 |
| Inventory, at cost | - | - | - | - | 1,721 | 1,721 |
| Total assets | <u>\$ 336,542</u> | <u>\$ 1,639</u> | <u>\$ 1,682,307</u> | <u>\$ 352,503</u> | <u>\$ 81,821</u> | <u>\$ 2,454,812</u> |
| LIABILITIES | | | | | | |
| Deferred revenues | \$ - | \$ 1,639 | \$ - | \$ - | \$ 431 | \$ 2,070 |
| Accounts payable | 2,549 | - | - | - | - | 2,549 |
| Total liabilities | <u>2,549</u> | <u>1,639</u> | <u>-</u> | <u>-</u> | <u>431</u> | <u>4,619</u> |
| FUND BALANCE | | | | | | |
| Reserved for retirement of long-term debt | - | - | - | 352,503 | - | 352,503 |
| Reserved for capital projects | - | - | 1,682,307 | - | - | 1,682,307 |
| Reserved for inventory | - | - | - | - | 1,721 | 1,721 |
| Unreserved: | | | | | | |
| Designated for subsequent years expenditures | - | - | - | - | - | - |
| Undesignated, reported in: | | | | | | |
| General Fund | 333,993 | - | - | - | - | 333,993 |
| Special Revenue Funds | - | - | - | - | 31,661 | 31,661 |
| Capital Projects Fund | - | - | - | - | 48,008 | 48,008 |
| Total fund balance | <u>333,993</u> | <u>-</u> | <u>1,682,307</u> | <u>352,503</u> | <u>81,390</u> | <u>2,450,193</u> |
| Total liabilities and fund balance | <u>\$ 336,542</u> | <u>\$ 1,639</u> | <u>\$ 1,682,307</u> | <u>\$ 352,503</u> | <u>\$ 81,821</u> | <u>\$ 2,454,812</u> |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Reconciliation of the Balance Sheet - Governmental Funds
 to the Statement of Net Assets
 June 30, 2009

Statement 4

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

| | | |
|--|--|--------------|
| Total fund balances - governmental funds | | \$ 2,450,193 |
|--|--|--------------|

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds

| | | |
|----------------------------|--------------------|-----------|
| The cost of capital assets | 9,502,127 | |
| Accumulated depreciation | <u>(3,201,670)</u> | |
| | | 6,300,457 |

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year-end consist of:

| | | |
|------------------------------|-----------------|--------------------|
| Bonds payable | (2,890,000) | |
| Accrued interest on bonds | (121,966) | |
| Compensated absences payable | <u>(12,888)</u> | |
| | | <u>(3,024,854)</u> |

| | | |
|---------------------------------------|--|---------------------|
| Total net assets - governmental funds | | <u>\$ 5,725,796</u> |
|---------------------------------------|--|---------------------|

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Statement of Revenues, Expenditures and Changes in
 Fund Balances - All Governmental Funds
 Year Ended June 30, 2009

Statement 5

| | General | Library Books | Bond Building | Debt Service | Other Governmental | Total |
|--|-------------------|------------------|---------------------|-------------------|-----------------------|---------------------|
| REVENUES | | | | | | |
| Taxes | \$ 28,900 | \$ - | \$ - | \$ 356,051 | \$ 124,445 | \$ 509,396 |
| Charges for services | - | - | - | - | 84,137 | 84,137 |
| Local sources | 14,707 | - | - | - | 128,000 | 142,707 |
| State sources | 5,047,885 | - | - | - | 45,011 | 5,092,896 |
| Federal sources | - | - | - | - | 218,570 | 218,570 |
| Earnings from investments | 11,939 | - | 14,240 | 2,292 | 813 | 29,284 |
| Total revenues | 5,103,431 | - | 14,240 | 358,343 | 600,976 | 6,076,990 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Direct instruction | 3,255,750 | - | - | - | 170,885 | 3,426,635 |
| Instructional support | 1,837,462 | - | - | 3,481 | 229,024 | 2,069,967 |
| Food services | 25,853 | - | - | - | 142,732 | 168,585 |
| Capital outlay | 123,990 | - | 231,933 | - | 108,455 | 464,378 |
| Debt service: | | | | | | |
| Bonds | - | - | - | 110,000 | - | 110,000 |
| Interest | - | - | - | 47,850 | - | 47,850 |
| Total expenditures | 5,243,055 | - | 231,933 | 161,331 | 651,096 | 6,287,415 |
| Excess (deficiency) of revenue over expenditures | (139,624) | - | (217,693) | 197,012 | (50,120) | (210,425) |
| OTHER FINANCING SOURCES | | | | | | |
| Proceeds from bond sales | - | - | 1,900,000 | - | - | 1,900,000 |
| Net change in fund balances | (139,624) | - | 1,682,307 | 197,012 | (50,120) | 1,689,575 |
| Fund balance beginning of year | 473,617 | - | - | 155,491 | 131,510 | 760,618 |
| Fund balance end of year | \$ 333,993 | \$ - | \$ 1,682,307 | \$ 352,503 | \$ 81,390 | \$ 2,450,193 |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances - Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2009

Statement 6

Total net change in fund balances - governmental funds \$ 1,689,575

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

Capital outlays to purchase or build capital
 assets are reported in governmental funds as
 expenditures. However, for governmental
 activities those costs are shown in the statement
 of net assets and allocated over their estimated
 useful lives as annual depreciation expenses in the
 statement of activities. This is the amount by which
 capital outlays exceed depreciation in the period

| | | |
|--|-----------|---------|
| Capital outlays | 464,378 | |
| Depreciation expense | (282,588) | |
| | | |
| Excess of depreciation expense over capital outlay | | 181,790 |

Revenue in the Statement of Activities that do not provide
 current financial resources are not reported as revenues in
 the funds Property Taxes (net change for the year)

In the Statement of Activities, certain operating
 expenses are measured by the amounts incurred
 during the year. In the fund financial statements,
 however, expenditures are measured by the amount
 of financial resources used (essentially the amounts
 actually paid). The (increases) decreases in the
 liabilities for the year were:

| | | |
|------------------------------|--|----------|
| Accrued interest payable | | (74,116) |
| Compensated absences payable | | 28,515 |

The issuance of long-term debt (e.g. bonds) provides
 current financial resources to governmental funds
 while the repayment of the principal of long-term debt
 consumes the current financial resources of governmental
 funds. Also, governmental funds report the effect of
 issuance costs, premiums and similar items when debt is
 first issued, whereas these amounts are deferred and
 amortized in the Statement of Activities.

| | | |
|-----------------------------|-------------|-------------|
| Proceeds of bond issue | (1,900,000) | |
| Repayment of long-term debt | 110,000 | |
| | | |
| | | (1,790,000) |

Change in net assets of governmental activities \$ 35,764

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 General Fund
 Year Ended June 30, 2009

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|------------------------------|----------------------------|----------------------------|----------------------------|--|
| REVENUES | | | | |
| Taxes | \$ 26,994 | \$ 26,994 | \$ 28,339 | \$ 1,345 |
| Local sources | - | - | 14,707 | 14,707 |
| State sources | 5,052,202 | 5,047,337 | 5,047,885 | 548 |
| Federal sources | - | - | - | - |
| Earnings from investments | 10,000 | 10,000 | 11,939 | 1,939 |
| Total revenues | <u>\$ 5,089,196</u> | <u>\$ 5,084,331</u> | <u>\$ 5,102,870</u> | <u>\$ 18,539</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Direct instruction | \$ 3,242,675 | \$ 3,288,441 | \$ 3,255,750 | \$ 32,691 |
| Instructional support | 2,174,257 | 2,055,727 | 1,847,075 | 208,652 |
| Food services | 44,128 | 33,128 | 25,853 | 7,275 |
| Capital outlay | 68,718 | 183,742 | 115,073 | 68,669 |
| Total expenditures | <u>\$ 5,529,778</u> | <u>\$ 5,561,038</u> | <u>\$ 5,243,751</u> | <u>\$ 317,287</u> |
| BUDGETED CASH BALANCE | <u>\$ 440,582</u> | <u>\$ 476,707</u> | | |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Library Book Fund
 Year Ended June 30, 2009

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------|--------------------|-----------------|-----------------|--|
| REVENUES | | | | |
| State sources | \$ - | \$ 1,639 | \$ 1,639 | \$ - |
| Total revenues | <u>\$ -</u> | <u>\$ 1,639</u> | <u>\$ 1,639</u> | <u>\$ -</u> |
| EXPENDITURES | | | | |
| Direct instruction | \$ - | \$ 1,639 | \$ - | \$ 1,639 |
| Total expenditures | <u>\$ -</u> | <u>\$ 1,639</u> | <u>\$ -</u> | <u>\$ 1,639</u> |

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

STATE OF NEW MEXICO
TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
Statement of Fiduciary
Assets and Liabilities - Agency Funds
June 30, 2009

| | |
|--------------------------|-------------------|
| ASSETS | |
| Cash | \$ 154,893 |
| Total Assets | <u>\$ 154,893</u> |
| LIABILITIES | |
| Deposits held for others | \$ 154,893 |
| Total Liabilities | <u>\$ 154,893</u> |

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

STATE OF NEW MEXICO
TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
Notes to Financial Statements
Year Ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Texico Municipal School District No. 13(District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the District's accounting policies are described below.

In June 1999, the GASB unanimously approved Statement #34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. In June 2001, the GASB approved Statement No. 37, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*. Statement 37 clarifies and modifies Statement No. 34 and should be implemented simultaneously with Statement No. 34. Statement No. 38 modifies, establishes and rescinds certain financial statement disclosure requirements.

The District implemented the provisions of GASB #'s 34, 37 and 38 effective July 1, 2000. As part of Statement No. 34, there is a new reporting requirement regarding the local government's infrastructure (roads, bridges, etc.). The District does not own any infrastructure assets and therefore is unaffected by this requirement.

A. Reporting Entity

The Texico Municipal School District No. 13 School Board was created under the provision of Chapter 22, Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District. The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the State Board of Education and the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years.

Notes to Financial Statements (continued)

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The District also has no *component units* as defined by GASB Statement No. 14 as there are no other legally separate organizations for which the elected School Board members are financially accountable. There are no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the District has a significant relationship.

B. Basis of Presentation

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

The funds of the District are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types.

Governmental Funds

Under the requirements of GASB 34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund):

General Fund - the primary operating fund of the District accounts for all financial resources, except those required to be accounted for in other funds.

Special Revenue Fund - Library Book Fund - to account for monies awarded through 2008 Senate Bill 471 for the purchase of school library books. Financing and authority is provided by the State Legislature.

Capital Projects Fund - Bond Building - to account for resources received from the sale of general obligation bonds for the purpose of constructing and renovating school buildings.

Notes to Financial Statements (continued)

Debt Service Fund - General Obligation Bonds - To account for resources received for the purpose of paying general obligation bonds and interest coupons. Funds are received from property taxes levied against property located within the School District and levied specifically for this purpose.

Agency Funds - account for assets that the government holds for others in an agency capacity. These agency funds are as follows:

School Activity Fund - accounts for assets held by the District as an agent for the individual schools and school organizations.

The District also reports additional Governmental funds as non-major. They include:

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

Capital Project Funds - these funds are used to account for the acquisition of capital assets or construction of major capital projects.

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

C. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

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

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated on the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Fund Financial Statements (FFS)

Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity has been eliminated from the government-wide financial statements.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

REVENUES

Ad valorem taxes (property taxes) are susceptible to full accrual on the government-wide financial statements. Property tax revenues recognize revenues net of estimated refunds and uncollectible accounts (if applicable) in the period for which the taxes are levied. Total delinquent property taxes were not available from the County Treasurer for the current year.

Notes to Financial Statements (continued)

Entitlements and shared revenues (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

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

EXPENDITURES

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

OTHER FINANCING SOURCES (USES)

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

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

Fiduciary Funds

Agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity.

D. Budgets and Budgetary Accounting

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

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

Notes to Financial Statements (continued)

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

1. Prior to April 15, (unless a later date is fixed by the Superintendent of Public Instruction) the local school board submits to the School Budget Planning Unit (SBPU) of the New Mexico Department of Education an estimated budget for the school district for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the State Department of Education (SDE) by the school district shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBPU.
5. No school board or officer or employee of a school district shall make any expenditures or incur any obligation for the expenditure of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division, but this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the SBPU.
7. Legal budget control for expenditures is by function.

Notes to Financial Statements (continued)

8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of Texico Municipal School District No. 13 has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflects the approved budget and amendments thereto.

E. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances lapse at the fiscal year end and are therefore not included as a reservation of fund balance. Authorization for the eventual expenditure will be included in the following years budget appropriations.

F. Assets, Liabilities and Fund Equity

1. **Cash & Cash Equivalentents**

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

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

2. **Investments**

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

(a) Bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within the last five years preceding; or

(b) Securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.

Notes to Financial Statements (continued)

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

If the District is unable to receive payment on public money at the rate of interest set forth by the State Board of Finance (which is no less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of the deposit) from financial institutions within the geographic boundaries of the governmental unit, the District may invest its money with the New Mexico State Treasurer's short-term investment pool.

3. Accounts Receivable

Accounts receivable are recorded in the various governmental funds. They consist of amounts receivable from local governments relating to various grant agreements and property taxes receivable.

Accounts receivable consist of the following:

| | <u>General</u> | <u>Other Major</u> | <u>Other Governmental</u> | <u>Total</u> |
|----------------|----------------|------------------------|-------------------------------|------------------|
| Property taxes | \$ 716 | \$ 8,863 | \$ 3,087 | \$ 12,666 |
| | <u>\$ 716</u> | <u>\$ 8,863</u> | <u>\$ 3,087</u> | <u>\$ 12,666</u> |

4. Inventories and Prepaid Items

Inventory in the Cafeteria Fund consists of purchased food and non-food items and United States Department of Agriculture (USDA) commodities. Commodities are shown at the USDA procurement cost. Costs are recorded as expenditures at the time individual inventory items are used (consumption method). Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

5. Capital Assets

Capital assets are recorded at historical cost and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. This is an increase from the \$1,000 threshold reported in prior years. This is a change in accounting estimate. All previously reported Capital Assets that do not meet the updated amount will be depreciated currently and in future periods until they are fully depreciated. Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The District does not capitalize interest in regards to its capital assets.

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

| | |
|-----------------------------------|-------------|
| Land improvements | 20-40 years |
| Buildings & building improvements | 50 years |
| Auto/Vehicle | 7-10 years |
| Office equipment | 3-10 years |
| Computer equipment | 3-20 years |

GASB Statement 34 requires the recording and depreciation of infrastructure assets, which include roads, bridges, traffic signals, etc. The District did not own any infrastructure assets as of June 30, 2009.

The District does not capitalize computer software or software developed for internal use (if applicable) unless they exceed the \$5,000 threshold. Also, the District does not capitalize library books unless they exceed the \$5,000 threshold.

6. Deferred Revenues

The District reports deferred revenues on its Statement of Net Assets and fund balance sheet. Deferred revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

7. Compensated Absences

It is the policy of Texico Municipal School District No. 13 to permit certain employees to accumulate a limited amount of earned but unused vacation, which will be paid to employees upon separation from the school districts' service. In governmental funds, the cost of vacations is recognized when payments are made to employees.

Sick pay does not vest and is recorded as an expenditure when it is paid.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net assets.

8. Fund Balances of Fund Financial Statements

Reservations of fund balance represent amounts that are not appropriable for expenditures or legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The District designates the portion of the year-end fund balance, not otherwise designated or reserved, for subsequent years' expenditures. These designations are established to earmark resources for specific future use and to indicate that the fund equity does not represent available spendable resources.

9. Restricted Net Assets

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

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

Imposed by law through constitutional provisions or enabling legislation.

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.

Notes to Financial Statements (continued)

10. **Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

11. **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 the reported amounts of assets and liabilities and disclosure of contingent assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. DEPOSITORY COLLATERAL

| | | | |
|---------------------------------------|---------------|-------------|---------------------------|
| Citizens Bank of Clovis | Building Fund | Checking | \$ 25,831 |
| Citizens Bank of Clovis | Investment | Checking | 2,169,254 |
| Citizens Bank of Clovis | Lunch Fund | Checking | 20,809 |
| Citizens Bank of Clovis | Federal | Checking | 3,056 |
| Citizens Bank of Clovis | Payroll | Checking | 305,618 |
| Citizens Bank of Clovis | General | Checking | 323,014 |
| Citizens Bank of Clovis | Activity | Checking | 39,085 |
| Citizens Bank of Clovis | Debt Service | Checking | 94,670 |
| Citizens Bank of Clovis | Payroll Tax | | |
| | Account | Checking | 9 |
| Citizens Bank of Clovis | Activity | Certificate | |
| | | of Deposit | 24,819 |
| Citizens Bank of Clovis | Activity | Certificate | |
| | | of Deposit | <u>23,800</u> |
| | | | <u>\$3,029,965</u> |
| Cash on deposit | | | \$3,029,965 |
| Less outstanding checks | | | (498,497) |
| Deposits in transit | | | - |
| Due from REC | | | 63,849 |
| Rounding | | | <u>1</u> |
| Cash reported on financial statements | | | <u>\$2,595,318</u> |

Notes to Financial Statements (continued)

Custodial Credit Risk - Deposits - Custodial Credit Risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk. As of June 30, 2009, \$2,829,965 of the School's bank balance of \$3,029,965 was exposed to custodial credit risk as follows:

| | | |
|----|--|---------------------------|
| A. | Uninsured and uncollateralized | \$ - |
| B. | Uninsured and collateralized with securities held by the pledging banks trust department, but not in the School's name | <u>2,829,965</u> |
| | Total | <u>\$2,829,965</u> |
| | Cash on deposit at June 30, 2009 | \$3,029,965 |
| | Less F.D.I.C. | <u>(200,000)</u> |
| | Uninsured Funds | 2,829,965 |
| | 50% Collateral Requirement | 1,414,982 |
| | Pledged Collateral | <u>3,089,491</u> |
| | Excess of Pledged Collateral | <u>\$1,674,509</u> |

The remaining \$-0- are comprised of amounts in excess of those required to be collateralized under State law.

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 cooperative for at least one half of the amount on deposit with the institution.

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. The collateral pledged is shown as follows:

| <u>The Independent Bankers Bank (Dallas, Texas)</u> | <u>Maturity Date</u> | <u>Fair Market Value</u> |
|---|----------------------|----------------------------|
| GNMA II Pool CUSIP #80697 | 5-20-33 | \$ 124,642 |
| GNMA II Pool CUSIP #81057 | 9-20-34 | 101,747 |
| GNMA II Pool CUSIP #80969 | 7-20-34 | 127,323 |
| GNMA II Pool CUSIP #424985 | 9-15-36 | 1,234,623 |
| GNR 2008-5-QA CUSIP #782114 | 6-16-38 | <u>1,501,156</u> |
| | | <u>\$ 3,089,491</u> |

3. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

During the year ended June 30, 2009, the following changes occurred in the liabilities reported in the District-Wide Statement of Net Assets:

Notes to Financial Statements (continued)

| | Balance June 30, 2008 | Additions | Deletions | Balance June 30, 2009 | Due Within One Year |
|----------------------|----------------------------|----------------------------|--------------------------|----------------------------|--------------------------|
| 2000 GO Bonds | \$ 695,000 | \$ - | \$ 100,000 | \$ 595,000 | \$ 100,000 |
| 2002 GO Bonds | 405,000 | - | 10,000 | 395,000 | 20,000 |
| 2009 GO Bonds | - | 1,900,000 | - | 1,900,000 | 120,000 |
| Compensated Absences | 41,403 | - | 28,514 | 12,888 | - |
| Total | <u>\$ 1,141,403</u> | <u>\$ 1,900,000</u> | <u>\$ 138,514</u> | <u>\$ 2,902,888</u> | <u>\$ 240,000</u> |

Payments on the general obligation bonds are made by the debt service funds. The compensated absences liability will ultimately be liquidated by several of the Districts governmental funds, with most being paid by the General Fund, Transportation Fund, Cafeteria Fund and Title I Fund.

B. General Obligation Bonds

The general obligation bonds will be paid from taxes levied against property owners living within the School District boundaries. The annual requirements to retire general obligation bonds as of June 30, are as follows:

Date of issue - April 1, 2000
Original amount - \$1,220,000
Interest rate - 4.950% to 5.750%

| <u>Due in Year Ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------|--------------------------|-------------------------|--------------------------|
| 2010 | \$ 100,000 | \$ 29,411 | \$ 129,411 |
| 2011 | 110,000 | 23,871 | 133,871 |
| 2012 | 125,000 | 17,597 | 142,597 |
| 2013 | 125,000 | 7,156 | 132,156 |
| 2014 | 135,000 | 3,712 | 138,712 |
| Total | <u>\$ 595,000</u> | <u>\$ 81,747</u> | <u>\$ 676,747</u> |

Date of issue - August 1, 2002
Original amount - \$600,000
Interest rate - 1.570% to 3.383%

| <u>Due in Year Ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------|--------------------------|-------------------------|--------------------------|
| 2010 | \$ 20,000 | \$ 12,766 | \$ 32,766 |
| 2011 | 15,000 | 12,231 | 27,231 |
| 2012 | 10,000 | 11,842 | 21,842 |
| 2013 | 20,000 | 11,362 | 31,362 |
| 2014 | 20,000 | 10,712 | 30,712 |
| 2015 | 150,000 | 7,899 | 157,899 |
| 2016 | 160,000 | 2,706 | 162,706 |
| Total | <u>\$ 395,000</u> | <u>\$ 69,518</u> | <u>\$ 464,518</u> |

Notes to Financial Statements (continued)

Date of issue - January 1, 2009
 Original amount - \$1,90,000
 Interest rate - 3.55% to 5.40%

| <u>Due in Year Ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------|---------------------|-------------------|---------------------|
| 2010 | \$ 120,000 | \$ 79,789 | \$ 199,789 |
| 2011 | 25,000 | 71,920 | 96,920 |
| 2012 | 30,000 | 70,434 | 100,434 |
| 2013 | 30,000 | 68,815 | 98,815 |
| 2014 | 35,000 | 67,060 | 102,060 |
| 2015 | 50,000 | 64,765 | 114,765 |
| 2016 | 50,000 | 62,065 | 112,065 |
| 2017 | 200,000 | 56,915 | 256,915 |
| 2018 | 200,000 | 49,565 | 249,565 |
| 2019 | 230,000 | 41,760 | 271,760 |
| 2020 | 250,000 | 32,692 | 282,692 |
| 2021 | 340,000 | 21,080 | 361,080 |
| 2022 | 340,000 | 7,140 | 347,140 |
| Total | <u>\$ 1,900,000</u> | <u>\$ 694,000</u> | <u>\$ 2,594,000</u> |

C. Operating Leases

The District did not have any operating leases during the year ended June 30, 2009.

D. Short-Term Liabilities

The District did not have any short-term liabilities during the fiscal year.

4. CAPITAL ASSETS

Capital assets balances and activity for the year ended June 30, 2009 are as follows:

| | <u>Balance July 1, 2008</u> | <u>Additions</u> | <u>Adjustments</u> | <u>Retirements</u> | <u>Balance June 30, 2009</u> |
|--|---------------------------------|-------------------|--------------------|--------------------|----------------------------------|
| Governmental activities: | | | | | |
| Land | \$ 127,182 | \$ - | \$ - | \$ - | \$ 127,182 |
| Land improvements | 804,481 | 17,338 | - | - | 821,819 |
| Buildings | 6,288,706 | 194,825 | - | - | 6,483,531 |
| Building improvements | 710,358 | 200,998 | - | - | 911,356 |
| Vehicles | 451,190 | 30,486 | (67,890) | (27,091) | 386,695 |
| Machinery & equipment | 442,654 | 20,732 | 67,890 | - | 531,276 |
| Total | 8,824,571 | 464,379 | - | (27,091) | 9,261,859 |
| Less accumulated depreciation: | | | | | |
| Land improvements | 117,362 | 40,445 | - | - | 157,807 |
| Buildings | 2,051,664 | 125,212 | - | - | 2,176,876 |
| Building improvements | 126,739 | 34,082 | - | - | 160,821 |
| Vehicles | 158,054 | 36,561 | - | (27,091) | 167,524 |
| Machinery & equipment | 252,085 | 46,288 | - | - | 298,373 |
| Total | 2,705,904 | 282,588 | - | (27,091) | 2,961,401 |
| Governmental activities Capital assets, net | <u>\$ 6,118,667</u> | <u>\$ 181,791</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,300,458</u> |

Notes to Financial Statements (continued)

The District has no infrastructure as of June 30. Depreciation expense was charged to governmental activities as follows.

| | |
|----------------------------|-------------------|
| Unallocated | <u>\$ 282,588</u> |
| Total depreciation expense | <u>\$ 282,588</u> |

5. REVENUES

A. Property Tax Levies

The School District's property taxes are levied each year on the assessed valuation of property located in the School District as of the preceding January 1st. Mill levy rates are set by the State of New Mexico each year for the General Fund and SB-9 Capital Improvement Fund. Taxes are payable in two equal installments on November 10 and April 10 following the levy and become delinquent after 30 days. Taxes on real property are liens on the property on January 1 of the year for which the taxes are imposed.

B. State Equalization Guarantee

Each school district in the State of New Mexico receives 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 8-25, NMSA 1978) "is at least equal to the school district's program cost."

A school district's program costs are determined through the use of various formulas using "program units" which take into consideration (1) early childhood education; (2) basic education; (3) special education; (4) bilingual-multicultural education; (5) size, etc. Payment is made from the public school fund under the authority of the chief (director of public school finance). The District received \$4,694,531 in state equalization guarantee distributions during the year ended June 30, 2009.

C. Transportation Distribution

Money in the transportation distribution of the public school fund 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 the grades K through twelve attending public school within the school district. Except in unusual circumstances as determined by the local school board and confirmed by the state transportation director, midday bus routes for early childhood education students shall not be approved for funding in excess of twenty miles one way.

Notes to Financial Statements (continued)

Money in the vocational education transportation distribution of the public school fund is used for the purpose of making payments to school districts for transportation of students to and from their regular attendance centers and the place where vocation education programs are being offered, pursuant to Section 22-16-4.1 (NMSA 1978) of the Act. The transportation distribution is allocated to each school district according to an objective formula developed by the state transportation director and the director of public school finance.

In the event the sum of the proposed transportation allocations to each school district exceeds the amounts in the transportation distribution, each school district to receive an allocation shares in a reduction in the proportion that each school district's forty-day average daily membership bears to the forty-day average daily membership of all school districts to receive allocations.

Local school boards shall negotiate school bus contracts in accordance with regulations promulgated by the state transportation director with the approval of the State Board of Education.

Local school boards, with the approval of the state transportation director, may provide additional transportation services pursuant to Section 22-16-2 NMSA 1978 to meet established program needs.

The District received \$289,626 in transportation distribution during the year ended June 30, 2009.

D. SB-9 State Match

The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

The District received \$325 in state SB-9 matching during the year ended June 30, 2009.

E. Public School Capital Outlay

Under the provisions of Chapter 22, Article 24, a public school capital outlay fund was created. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program, and the capital outlay expenditures are limited to the purchase, or construction of temporary or permanent classrooms.

The council shall approve an application for grant assistance from the fund when the council determines that:

1. A critical need exists requiring action;
2. The residents of the school district have provided all available resources to the district to meet its capital outlay requirements;
3. The school district has used its resources in a prudent manner.
4. The District is in a county or counties which have participated in the reappraisal program and the reappraised values are on the tax rolls, or will be used for the tax year 1979 as certified by the property tax division; and
5. The school district has provided insurance for buildings of the school district in accordance with the provisions of Section 13-5-3 NMSA 1978.

The council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district has complied with the provisions of this section. The council shall list all applications in order of priority and all allocations shall be made on a priority basis.

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved.

During the year ended June 30, 2009, the District received \$-0- in critical capital outlay funds and \$28,424 in Special Capital Outlay Funds.

Notes to Financial Statements (continued)

F. Instructional Materials

The New Mexico State Department of Education (Department) received 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 State Board of Education "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. Beginning with the fiscal year ended June 30, 2009, Districts received their total allocation at the beginning of the fiscal year, instead of being reimbursed for purchases as was done in the prior year. During the year ended June 30, 2009, the District received \$63,728 in instructional materials allocation.

G. Federal Grants

The District receives revenues from various Federal departments (both direct and indirect) which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program operated under its own budget, which has been approved by the Federal Department or the flowthrough agency (usually the New Mexico Department of Education). The various budgets are approved by the Local School Board and the New Mexico Department of Education.

The District also receives reimbursement under the National School Lunch and Breakfast Programs for its food service operations, and distributions of commodities through the New Mexico Human Services Department.

6. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and Workmens Compensation. For these risks of loss, the School District belongs to a public entity risk pool currently operated as a common risk management and insurance program for 89 member School Districts. (New Mexico Public School Insurance Authority). Amounts of settlement have not exceeded insurance coverage in the past three years.

7. REGION VI EDUCATION COOPERATIVE

Certain special revenue (federal funds of the district were administered by the Region VI Education Cooperative, in Clovis, New Mexico. These funds are audited separately by another IPA. That report may be obtained by writing to: Region VI Education Cooperative, 3001 N. Prince Street, Clovis, New Mexico 88101.

Notes to Financial Statements (continued)

8. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

| | <u>General</u> | <u>Library Books</u> | <u>Bond Building</u> | <u>Debt Service</u> |
|--|---------------------|--|---|-------------------------|
| Revenues per modified accrual basis | \$ 5,103,431 | \$ - | \$ 14,240 | \$ 358,343 |
| Receivables | (561) | - | - | (7,909) |
| Deferred revenues/Due from grantor | <u>-</u> | <u>1,639</u> | <u>-</u> | <u>-</u> |
| Revenues per budgetary basis | <u>\$ 5,102,870</u> | <u>\$ 1,639</u> | <u>\$ 14,240</u> | <u>\$ 350,434</u> |
| Expenditures per modified accrual basis | \$ 5,243,055 | \$ - | \$ 231,933 | \$ 161,331 |
| Accounts payable | 696 | - | - | - |
| Expenditures per budgetary basis | <u>\$ 5,243,751</u> | <u>\$ -</u> | <u>\$ 231,933</u> | <u>\$ 161,331</u> |
| | | <u>Non-Major Special Revenue</u> | <u>Non-Major Capital Projects</u> | |
| Revenues per modified accrual basis | | \$ 447,092 | \$ 153,884 | |
| Receivables | | - | (2,402) | |
| Deferred revenues/Due from grantor | | <u>2,213</u> | <u>-</u> | |
| Revenues per budgetary basis | | <u>\$ 449,305</u> | <u>\$ 151,482</u> | |
| Expenditures per modified accrual basis | | \$ 441,617 | \$ 209,479 | |
| Inventory changes | | (368) | - | |
| Expenditures per budgetary basis | | <u>\$ 441,249</u> | <u>\$ 209,479</u> | |

9. DUE FROM GRANTOR

The amount shown as due from grantor represents federal, state and local expenditures in excess of revenues. Most federal, state or local projects earn revenue as expenditures are incurred and are subsequently reimbursed by the grantor.

10. DEFERRED REVENUE

Deferred revenue represents advances on cost-reimbursement type grants which have not yet been earned.

11. RETIREMENT PLAN

Plan Description. Substantially all of the Texico Municipal School District No. 13's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11 NMSA 1978). The Educational Retirement Board (ERA) is the administrator of the plan, which is a cost-sharing multiple employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (Certified teachers, and other

employees of State public school districts, colleges and universities and beneficiaries). ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, PO Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERB's website at www.nmerb.org.

Funding Policy. Plan members are required to contribute 7.825% of their gross salary. Texico Municipal School District No. 13 is required to contribute 10.9% of the gross covered salary. Effective July 1, 2008, plan members are required to contribute 7.9% of their gross salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. The contribution requirements of plan members and the Texico Municipal School District No. 13 are established in State statute under Chapter 22, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Texico Municipal School District No. 13's contributions to ERB for the years ending June 30, 2009, 2008, and 2007 were \$391,661, \$ 329,330 and \$312,728, respectively, which equal to the amount of the required contributions for each fiscal year.

12. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

Plan Description. Texico Municipal School District No. 13 contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provided 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 employers 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 post-employment healthcare plan. The report and further information can be obtained by writing to Retiree Health Care Authority, 4308 Carlisle Boulevard, Suite 104, Albuquerque, New Mexico 87107.

Notes to Financial Statements (continued)

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorized 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 for the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65 of their salary.

Employers joining the program after 01/01/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

Texico Municipal School District No. 13's contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were \$43,705, \$40,873 and \$40,054, respectively, which equal the required contributions for each year.

13. BUDGETED ACTIVITY FUNDS

The Student Activity Funds, while budgeted under Non-Instructional Support in the financial statements, are considered for reporting purposes as Agency Funds. These monies are retained by the District in a fiduciary capacity. Monies are received from student groups and are expended for purposes determined by the students within guidelines established by the District. The changes in those balances follow:

| | Balance July 1, 2008 | Additions | Retirements | Balance June 30, 2009 |
|--------------------------|-------------------------|-------------------|-------------------|--------------------------|
| ASSETS | | | | |
| Cash and cash equivalent | \$ 149,558 | \$ 256,606 | \$ 251,271 | \$ 154,893 |
| Total assets | <u>\$ 149,558</u> | <u>\$ 256,606</u> | <u>\$ 251,271</u> | <u>\$ 154,893</u> |
| LIABILITIES | | | | |
| Deposits held for others | | | | |
| Elementary | \$ 6,278 | \$ 28,627 | \$ 27,738 | \$ 7,167 |
| Junior High | 9,055 | 4,077 | 7,027 | 6,105 |
| High School | 134,225 | 223,902 | 216,506 | 141,621 |
| Total liabilities | <u>\$ 149,558</u> | <u>\$ 256,606</u> | <u>\$ 251,271</u> | <u>\$ 154,893</u> |

**OTHER MAJOR FUNDS
BUDGETS**

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Bond Building
 Year Ended June 30, 2009

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------------------|--------------------|---------------------|---------------------|--|
| REVENUES | | | | |
| Earnings from investments | \$ - | \$ - | \$ 14,240 | \$ 14,240 |
| Total revenues | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 14,240</u> | <u>\$ 14,240</u> |
| EXPENDITURES | | | | |
| Capital outlay | \$ - | \$ 1,900,000 | \$ 231,933 | \$ 1,668,067 |
| Total expenditures | <u>\$ -</u> | <u>\$ 1,900,000</u> | <u>\$ 231,933</u> | <u>\$ 1,668,067</u> |
| OTHER FINANCING SOURCES | | | | |
| Bond proceeds | \$ - | \$ 1,900,000 | \$ 1,900,000 | \$ - |
| Total other financing sources | <u>\$ -</u> | <u>\$ 1,900,000</u> | <u>\$ 1,900,000</u> | <u>\$ -</u> |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Debt Service Fund
 Year Ended June 30, 2009

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|------------------------------|--------------------------|--------------------------|--------------------------|--|
| REVENUES | | | | |
| Taxes | \$ 159,445 | \$ 159,445 | \$ 348,142 | \$ 188,697 |
| Earnings from investments | 1,700 | 1,700 | 2,292 | 592 |
| Total revenues | <u>\$ 161,145</u> | <u>\$ 161,145</u> | <u>\$ 350,434</u> | <u>\$ 189,289</u> |
| EXPENDITURES | | | | |
| Instructional support | \$ 124,449 | \$ 124,449 | \$ 3,481 | \$ 120,968 |
| Bonds paid | 110,000 | 110,000 | 110,000 | - |
| Coupons paid | 47,850 | 47,850 | 47,850 | - |
| Total expenditures | <u>\$ 282,299</u> | <u>\$ 282,299</u> | <u>\$ 161,331</u> | <u>\$ 120,968</u> |
| BUDGETED CASH BALANCE | <u>\$ 122,749</u> | <u>\$ 122,749</u> | | |

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

NON-MAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Non-Major Governmental Funds
 Combining Balance Sheet - By Fund Type
 June 30, 2009

Statement A-1

| | Special Revenue Funds | Capital Project Funds | Total |
|------------------------------------|-----------------------------|-----------------------------|------------------|
| ASSETS | | | |
| Cash on deposit | \$ 32,092 | \$ 44,921 | \$ 77,013 |
| Taxes receivable | - | 3,087 | 3,087 |
| Inventory, at cost | 1,721 | - | 1,721 |
| Total assets | \$ 33,813 | \$ 48,008 | \$ 81,821 |
| LIABILITIES | | | |
| Deferred revenues | \$ 431 | \$ - | \$ 431 |
| Total liabilities | 431 | - | 431 |
| FUND BALANCE | | | |
| Reserved for inventory | 1,721 | - | 1,721 |
| Unreserved: Undesignated | 31,661 | 48,008 | 79,669 |
| Total fund balance | 33,382 | 48,008 | 81,390 |
| Total liabilities and fund balance | \$ 33,813 | \$ 48,008 | \$ 81,821 |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Non-Major Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes in
 Fund Balances - By Fund Type
 Year Ended June 30, 2009

| | Special Revenue Funds | Capital Project Funds | Total |
|--------------------------------|-----------------------------|-----------------------------|------------------|
| REVENUES | | | |
| Taxes | \$ - | \$ 124,445 | \$ 124,445 |
| Charges for services | 84,137 | - | 84,137 |
| Local sources | 128,000 | - | 128,000 |
| State sources | 16,262 | 28,749 | 45,011 |
| Federal sources | 218,570 | - | 218,570 |
| Earnings from investments | 123 | 690 | 813 |
| | <u>447,092</u> | <u>153,884</u> | <u>600,976</u> |
| | | | |
| EXPENDITURES | | | |
| Current: | | | |
| Direct instruction | 170,885 | - | 170,885 |
| Instructional support | 128,000 | 101,024 | 229,024 |
| Food services | 142,732 | - | 142,732 |
| Capital outlay | - | 108,455 | 108,455 |
| | <u>441,617</u> | <u>209,479</u> | <u>651,096</u> |
| | | | |
| Net change in fund balances | 5,475 | (55,595) | (50,120) |
| Fund balance beginning of year | <u>27,907</u> | <u>103,603</u> | <u>131,510</u> |
| Fund balance end of year | <u>\$ 33,382</u> | <u>\$ 48,008</u> | <u>\$ 81,390</u> |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Combined Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Governmental Fund Types - Non-Major
 Special Revenue Funds
 Year Ended June 30, 2009

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|------------------------------|--------------------------|--------------------------|--------------------------|--|
| REVENUES | | | | |
| Charges for services | \$ 85,587 | \$ 85,587 | \$ 84,137 | \$ (1,450) |
| Local sources | - | 128,000 | 128,000 | - |
| State sources | - | 16,644 | 15,801 | (843) |
| Federal sources | 212,665 | 258,409 | 221,244 | (37,165) |
| Earnings from investments | 100 | 100 | 123 | 23 |
| Total revenues | <u>\$ 298,352</u> | <u>\$ 488,740</u> | <u>\$ 449,305</u> | <u>\$ (39,435)</u> |
| EXPENDITURES | | | | |
| Direct instruction | \$ 155,544 | \$ 217,932 | \$ 170,885 | \$ 47,047 |
| Instructional support | - | 128,000 | 128,000 | - |
| Food services | 157,137 | 157,137 | 142,364 | 14,773 |
| Total expenditures | <u>\$ 312,681</u> | <u>\$ 503,069</u> | <u>\$ 441,249</u> | <u>\$ 61,820</u> |
| BUDGETED CASH BALANCE | <u>\$ 14,329</u> | <u>\$ 14,329</u> | | |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Combined Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Governmental Fund Types - Non-Major
 Capital Projects Funds
 Year Ended June 30, 2009

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|------------------------------|--------------------------|--------------------------|--------------------------|--|
| REVENUES | | | | |
| Taxes | \$ 118,128 | \$ 118,128 | \$ 122,043 | \$ 3,915 |
| Local sources | - | - | - | - |
| State sources | - | 79,584 | 28,749 | (50,835) |
| Earnings from investments | 500 | 500 | 690 | 190 |
| Total revenues | <u>\$ 118,628</u> | <u>\$ 198,212</u> | <u>\$ 151,482</u> | <u>\$ (46,730)</u> |
| EXPENDITURES | | | | |
| Capital outlay | \$ 218,016 | \$ 297,600 | \$ 209,479 | \$ 88,121 |
| Total expenditures | <u>\$ 218,016</u> | <u>\$ 297,600</u> | <u>\$ 209,479</u> | <u>\$ 88,121</u> |
| BUDGETED CASH BALANCE | <u>\$ 99,388</u> | <u>\$ 127,812</u> | | |

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

NON-MAJOR SPECIAL REVENUE FUNDS

ALL FUNDS - All funds were created by the State Department of Education.

RURAL EDUCATIONAL ACHIEVEMENT PROGRAM (REAP) - To account for monies received to provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning. Authority for this program is contained in Title VI, Part B of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by Public Law 107-110.

CORE KNOWLEDGE - To account for monies received to purchase materials for the Core Knowledge related professional development activities. The Fund is authorized by the Public Education Department.

TITLE I - Title I ESEA Fund - The Title I project provides remedial instruction in language arts for educationally deprived students in low income areas. The project is funded by the Federal Government through the New Mexico State Department of Education, under the Elementary and Secondary Education Act of 1965, Title I, Chapter 1, Part A, 20 U.S.C. 2701 et seq.

WALLACE FOUNDATION FUND - To account for revenues received through the Wallace Foundation for Education Leadership Projects that meet the objectives of the "Work Plan".

TECHNOLOGY ACT - To account for monies received to enhance teacher advancement in Technology or to purchase technologically advanced equipment. The fund was created by the authority of the State grant provisions. (22-15A-1 NMSA and State Department of Education Regulation 92-2)

INCENTIVES FOR SCHOOL IMPROVEMENTS ACT - To account for monies received to be used as determined by the school principal and teachers in cooperation with other school employees and the community. It shall not be used for salaries, salary increases or bonuses. Financing and authority is provided by NMSA 22-13A-5.

GO BOND FUND - To account for resources received from the State of New Mexico Public Education Department and the Department of Cultural Affairs through a GO Bond C specifically issued for public school libraries. Laws 2002, Chapter 93 appropriates "funds to acquire library books, equipment and library resources for public school libraries".

NON MAJOR SPECIAL REVENUE FUNDS (continued)

BEGINNING TEACHER MENTORING PROGRAM - To account for monies appropriated by the State Legislature to be used for stipends to mentors, for professional development opportunities, release time; including payment of substitutes, materials and supplies and for minor administrative costs. Financing and authority is provided by the State Legislature.

IMPROVING TEACHER QUALITY - To account for grant funds to increase student academic achievement through strategies such as improving teacher and principal quality. Financing and authority is Elementary and Secondary Education Act of 1965 as amended, Title II, Part A, Public Law 107-110.

ATHLETICS FUND - This fund provides financing for school athletic activities. Funding is provided by fees from patrons. Fund is authorized by 6-20-2 NMAC.

SCHOOL LUNCH FUND - This program provides financing for school hot lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-12, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 Stat. 889, as amended; 84 Stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 Stat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 Stat. 3341; Public Law 100-71, 101 Stat. 430. Also State Law NMSA 22-13-13.

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Non-Major Special Revenue Funds
 Combining Balance Sheet
 June 30, 2009

Statement B-1
 Page 1 of 2

| | REAP | Core Knowledge | Title I | Wallace Foundation | Technology for Education | Incentives for School Improvements |
|--|-------------|-------------------|-------------|-----------------------|--------------------------------|--|
| ASSETS | | | | | | |
| Cash on deposit | \$ - | \$ - | \$ - | \$ - | \$ 360 | \$ 21 |
| Inventory, at cost | - | - | - | - | - | - |
| Total assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 360</u> | <u>\$ 21</u> |
| LIABILITIES | | | | | | |
| Deferred revenue | \$ - | \$ - | \$ - | \$ - | \$ 360 | \$ 21 |
| Total liabilities | - | - | - | - | 360 | 21 |
| FUND BALANCES | | | | | | |
| Reserved for inventory | - | - | - | - | - | - |
| Unreserved: | | | | | | |
| Undesignated | - | - | - | - | - | - |
| Total fund balance | - | - | - | - | - | - |
| Total liabilities and fund balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 360</u> | <u>\$ 21</u> |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Non-Major Special Revenue Funds
 Combining Balance Sheet
 June 30, 2009

Statement B-1
 Page 2 of 2

| | <u>GO Bond</u> | <u>Beginning Teacher Mentoring Program</u> | <u>Improving Teacher Quality</u> | <u>Athletics</u> | <u>Cafeteria</u> | <u>Totals</u> |
|--|--------------------|--|--|------------------------|-------------------------|-------------------------|
| ASSETS | | | | | | |
| Cash on deposit | \$ - | \$ 2 | \$ 48 | \$ 6,650 | \$ 25,011 | \$ 32,092 |
| Inventory, at cost | - | - | - | - | 1,721 | 1,721 |
| Total assets | <u>\$ -</u> | <u>\$ 2</u> | <u>\$ 48</u> | <u>\$ 6,650</u> | <u>\$ 26,732</u> | <u>\$ 33,813</u> |
| LIABILITIES | | | | | | |
| Deferred revenue | \$ - | \$ 2 | \$ 48 | \$ - | \$ - | \$ 431 |
| Total liabilities | <u>-</u> | <u>2</u> | <u>48</u> | <u>-</u> | <u>-</u> | <u>431</u> |
| FUND BALANCES | | | | | | |
| Reserved for inventory | - | - | - | - | 1,721 | 1,721 |
| Unreserved: | | | | | | |
| Undesignated | - | - | - | 6,650 | 25,011 | 31,661 |
| Total fund balance | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,650</u> | <u>26,732</u> | <u>33,382</u> |
| Total liabilities and fund balances | <u>\$ -</u> | <u>\$ 2</u> | <u>\$ 48</u> | <u>\$ 6,650</u> | <u>\$ 26,732</u> | <u>\$ 33,813</u> |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Non-Major Special Revenue Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 Year Ended June 30, 2009

| | REAP | Core Knowledge | Title I | Wallace Foundation | Technology for Education | Incentives For School Improvements |
|-----------------------------------|---------------|-------------------|---------------|-----------------------|--------------------------------|---|
| REVENUES | | | | | | |
| Charges for services | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Local sources | - | - | - | 128,000 | - | - |
| State sources | - | 5,000 | - | - | 10,259 | - |
| Federal sources | 15,621 | - | 76,213 | - | - | - |
| Earnings on investments | - | - | - | - | - | - |
| Total revenues | <u>15,621</u> | <u>5,000</u> | <u>76,213</u> | <u>128,000</u> | <u>10,259</u> | <u>-</u> |
| EXPENDITURES | | | | | | |
| Direct instruction | 15,621 | 5,000 | 76,213 | - | 10,259 | - |
| Instructional support | - | - | - | 128,000 | - | - |
| Food service | - | - | - | - | - | - |
| Total expenditures | <u>15,621</u> | <u>5,000</u> | <u>76,213</u> | <u>128,000</u> | <u>10,259</u> | <u>-</u> |
| Net change in fund balance | - | - | - | - | - | - |
| Fund balance at beginning of year | - | - | - | - | - | - |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2009

| | GO Bond | Beginning Teacher Mentoring Program | Improving Teacher Quality | Athletics | Cafeteria | Totals |
|-----------------------------------|-------------|--|---------------------------------|-----------------|------------------|------------------|
| REVENUES | | | | | | |
| Charges for services | \$ - | \$ - | \$ - | \$ 36,395 | \$ 47,742 | \$ 84,137 |
| Local sources | - | - | - | - | - | 128,000 |
| State sources | - | 1,003 | - | - | - | 16,262 |
| Federal sources | - | - | 28,255 | - | 98,481 | 218,570 |
| Earnings on investments | - | - | - | - | 123 | 123 |
| Total revenues | - | 1,003 | 28,255 | 36,395 | 146,346 | 447,092 |
| EXPENDITURES | | | | | | |
| Direct instruction | - | 1,003 | 28,255 | 34,534 | - | 170,885 |
| Instructional support | - | - | - | - | - | 128,000 |
| Food service | - | - | - | - | 142,732 | 142,732 |
| Total expenditures | - | 1,003 | 28,255 | 34,534 | 142,732 | 441,617 |
| Net change in fund balance | - | - | - | 1,861 | 3,614 | 5,475 |
| Fund balance at beginning of year | - | - | - | 4,789 | 23,118 | 27,907 |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,650</u> | <u>\$ 26,732</u> | <u>\$ 33,382</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Non-Major Special Revenue Fund - REAP
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---------------------|--------------------|------------------|------------------|--|
| REVENUES | | | | |
| Federal sources | \$ - | \$ 15,621 | \$ 15,621 | \$ - |
| Total revenues | <u>\$ -</u> | <u>\$ 15,621</u> | <u>\$ 15,621</u> | <u>\$ -</u> |
| EXPENDITURES | | | | |
| Direct instruction | \$ - | \$ 15,621 | \$ 15,621 | \$ - |
| Total expenditures | <u>\$ -</u> | <u>\$ 15,621</u> | <u>\$ 15,621</u> | <u>\$ -</u> |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Non-Major Special Revenue Fund - Core Knowledge
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------|--------------------|-----------------|-----------------|--|
| REVENUES | | | | |
| State sources | \$ - | \$ 5,000 | \$ 5,000 | \$ - |
| Total revenues | <u>\$ -</u> | <u>\$ 5,000</u> | <u>\$ 5,000</u> | <u>\$ -</u> |
| EXPENDITURES | | | | |
| Direct instruction | \$ - | \$ - | \$ - | \$ - |
| Total expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Non-Major Special Revenue Fund - Title I
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------|--------------------|------------------|------------------|--|
| REVENUES | | | | |
| Federal sources | \$ 82,853 | \$ 82,853 | \$ 78,839 | \$ (4,014) |
| Total revenues | <u>\$ 82,853</u> | <u>\$ 82,853</u> | <u>\$ 78,839</u> | <u>\$ (4,014)</u> |
| EXPENDITURES | | | | |
| Direct instruction | \$ 82,853 | \$ 82,853 | \$ 76,213 | \$ 6,640 |
| Total expenditures | <u>\$ 82,853</u> | <u>\$ 82,853</u> | <u>\$ 76,213</u> | <u>\$ 6,640</u> |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Non-Major Special Revenue Fund - Wallace Foundation
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|-----------------------|--------------------|-------------------|-------------------|--|
| REVENUES | | | | |
| Local sources | \$ - | \$ 128,000 | \$ 128,000 | \$ - |
| Total revenues | <u>\$ -</u> | <u>\$ 128,000</u> | <u>\$ 128,000</u> | <u>\$ -</u> |
| EXPENDITURES | | | | |
| Instructional support | \$ - | \$ 128,000 | \$ 128,000 | \$ - |
| Total expenditures | <u>\$ -</u> | <u>\$ 128,000</u> | <u>\$ 128,000</u> | <u>\$ -</u> |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Non-Major Special Revenue Fund - Technology for Education
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------|--------------------|------------------|------------------|--|
| REVENUES | | | | |
| State sources | \$ - | \$ 10,619 | \$ 9,353 | \$ (1,266) |
| Total revenues | <u>\$ -</u> | <u>\$ 10,619</u> | <u>\$ 9,353</u> | <u>\$ (1,266)</u> |
| EXPENDITURES | | | | |
| Direct instruction | \$ - | \$ 10,619 | \$ 10,259 | \$ 360 |
| Total expenditures | <u>\$ -</u> | <u>\$ 10,619</u> | <u>\$ 10,259</u> | <u>\$ 360</u> |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Non-Major Special Revenue Fund - Incentives for School Improvements
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------|--------------------|-----------------|-------------|--|
| REVENUES | | | | |
| State sources | \$ - | \$ 21 | \$ - | \$ (21) |
| Total revenues | <u>\$ -</u> | <u>\$ 21</u> | <u>\$ -</u> | <u>\$ (21)</u> |
| EXPENDITURES | | | | |
| Direct instruction | \$ - | \$ 21 | \$ - | \$ 21 |
| Total expenditures | <u>\$ -</u> | <u>\$ 21</u> | <u>\$ -</u> | <u>\$ 21</u> |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Non-Major Special Revenue Fund - GO Bond Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|-----------------------|--------------------|-----------------|---------------|--|
| REVENUES | | | | |
| State sources | \$ - | \$ - | \$ 445 | \$ 445 |
| Total revenues | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 445</u> | <u>\$ 445</u> |
| EXPENDITURES | | | | |
| Instructional support | \$ - | \$ - | \$ - | \$ - |
| Total expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Non-Major Special Revenue Fund - Beginning Teacher Mentoring Program
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------|--------------------|-----------------|-----------------|--|
| REVENUES | | | | |
| State sources | \$ - | \$ 1,004 | \$ 1,003 | \$ (1) |
| Total revenues | <u>\$ -</u> | <u>\$ 1,004</u> | <u>\$ 1,003</u> | <u>\$ (1)</u> |
| EXPENDITURES | | | | |
| Direct instruction | \$ - | \$ 1,004 | \$ 1,003 | \$ 1 |
| Total expenditures | <u>\$ -</u> | <u>\$ 1,004</u> | <u>\$ 1,003</u> | <u>\$ 1</u> |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Non-Major Special Revenue Fund - Improving Teacher Quality
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------|--------------------|------------------|------------------|--|
| REVENUES | | | | |
| Federal sources | \$ 30,806 | \$ 60,929 | \$ 28,303 | \$ (32,626) |
| Total revenues | <u>\$ 30,806</u> | <u>\$ 60,929</u> | <u>\$ 28,303</u> | <u>\$ (32,626)</u> |
| EXPENDITURES | | | | |
| Direct instruction | \$ 30,806 | \$ 60,929 | \$ 28,255 | \$ 32,674 |
| Total expenditures | <u>\$ 30,806</u> | <u>\$ 60,929</u> | <u>\$ 28,255</u> | <u>\$ 32,674</u> |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Non-Major Special Revenue Fund - Athletics
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|-----------------------|--------------------|------------------|------------------|--|
| REVENUES | | | | |
| Charges for services | \$ 36,587 | \$ 36,587 | \$ 36,395 | \$ (192) |
| Total revenues | <u>\$ 36,587</u> | <u>\$ 36,587</u> | <u>\$ 36,395</u> | <u>\$ (192)</u> |
| EXPENDITURES | | | | |
| Direct instruction | \$ 41,885 | \$ 41,885 | \$ 34,534 | \$ 7,351 |
| Total expenditures | <u>\$ 41,885</u> | <u>\$ 41,885</u> | <u>\$ 34,534</u> | <u>\$ 7,351</u> |
| BUDGETED CASH BALANCE | <u>\$ 5,298</u> | <u>\$ 5,298</u> | | |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Non-Major Special Revenue Fund - Cafeteria
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---------------------------|--------------------|-------------------|-------------------|--|
| REVENUES | | | | |
| Charges for services | \$ 49,000 | \$ 49,000 | \$ 47,742 | \$ (1,258) |
| Federal sources | 99,006 | 99,006 | 98,481 | (525) |
| Earnings from investments | 100 | 100 | 123 | 23 |
| Total revenues | <u>\$ 148,106</u> | <u>\$ 148,106</u> | <u>\$ 146,346</u> | <u>\$ (1,760)</u> |
| EXPENDITURES | | | | |
| Food service | \$ 157,137 | \$ 157,137 | \$ 142,364 | \$ 14,773 |
| Total expenditures | <u>\$ 157,137</u> | <u>\$ 157,137</u> | <u>\$ 142,364</u> | <u>\$ 14,773</u> |
| BUDGETED CASH BALANCE | <u>\$ 9,031</u> | <u>\$ 9,031</u> | | |

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

NON-MAJOR CAPITAL PROJECTS FUNDS

SPECIAL CAPITAL OUTLAY STATE - To account for resources received from the New Mexico State Highway and Transportation Department for parking lot improvements.

CAPITAL IMPROVEMENTS SB-9 - To account for resources received through Senate Bill 9 and local tax levies obtained for the purpose of building, remodeling, and equipping classroom facilities. Also, for resources received from State of New Mexico Severance Tax Bonds.

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Non-Major Capital Projects Fund
 Combining Balance Sheet
 June 30, 2009

| | Special Capital Outlay State | Capital Improvements SB-9 | Total |
|---|---------------------------------------|---------------------------------|------------------|
| ASSETS | | | |
| Cash on deposit | \$ - | \$ 44,921 | \$ 44,921 |
| Taxes receivable | - | 3,087 | 3,087 |
| | | | |
| Total assets | <u>\$ -</u> | <u>\$ 48,008</u> | <u>\$ 48,008</u> |
| FUND BALANCE | | | |
| Unreserved: | | | |
| Undesignated | \$ - | \$ 48,008 | \$ 48,008 |
| Designated for subsequent year's expenditures | - | - | - |
| | | | |
| Total fund balance | <u>\$ -</u> | <u>\$ 48,008</u> | <u>\$ 48,008</u> |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Non-Major Capital Projects Fund
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 Year Ended June 30, 2009

| | Special Capital Outlay State | Capital Improvements SB-9 | Total |
|--------------------------------------|---------------------------------------|---------------------------------|------------------|
| REVENUES | | | |
| Taxes | \$ - | \$ 124,445 | \$ 124,445 |
| State sources | 28,424 | 325 | 28,749 |
| Earnings from investments | - | 690 | 690 |
| Total revenues | <u>28,424</u> | <u>125,460</u> | <u>153,884</u> |
| EXPENDITURES | | | |
| Instructional support | - | 101,024 | 101,024 |
| Capital outlay | <u>28,424</u> | <u>80,031</u> | <u>108,455</u> |
| Total expenditures | <u>28,424</u> | <u>181,055</u> | <u>209,479</u> |
| Net change in fund balances | - | (55,595) | (55,595) |
| Fund balance at beginning of year | <u>-</u> | <u>103,603</u> | <u>103,603</u> |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 48,008</u> | <u>\$ 48,008</u> |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Non-Major Capital Projects Fund - Special Capital Outlay State
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------|--------------------|------------------|------------------|--|
| REVENUES | | | | |
| State sources | \$ - | \$ 28,424 | \$ 28,424 | \$ - |
| Total revenues | <u>\$ -</u> | <u>\$ 28,424</u> | <u>\$ 28,424</u> | <u>\$ -</u> |
| EXPENDITURES | | | | |
| Capital outlay | \$ - | \$ 28,424 | \$ 28,424 | \$ - |
| Total expenditures | <u>\$ -</u> | <u>\$ 28,424</u> | <u>\$ 28,424</u> | <u>\$ -</u> |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Non-Major Capital Projects Fund - Capital Improvements SB-9
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---------------------------|--------------------|-------------------|-------------------|--|
| REVENUES | | | | |
| Taxes | \$ 118,128 | \$ 118,128 | \$ 122,043 | \$ 3,915 |
| State sources | - | 51,160 | 325 | (50,835) |
| Earnings from investments | 500 | 500 | 690 | 190 |
| Total revenues | <u>\$ 118,628</u> | <u>\$ 169,788</u> | <u>\$ 123,058</u> | <u>\$ (46,730)</u> |
| EXPENDITURES | | | | |
| Capital outlay | 218,016 | 269,176 | 181,055 | 88,121 |
| Total expenditures | <u>\$ 218,016</u> | <u>\$ 269,176</u> | <u>\$ 181,055</u> | <u>\$ 88,121</u> |
| BUDGETED CASH BALANCE | <u>\$ 99,388</u> | <u>\$ 99,388</u> | | |

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

GENERAL FUND

OPERATIONAL FUND - This fund is the chief operating fund of the School District. It is used to account for all financial resources of the School District except for those required to be accounted for in another fund.

TRANSPORTATION FUND - To account for resources received from the Public Education Department to be used only for eligible to and from school transportation costs.

INSTRUCTIONAL MATERIALS FUND - to account for resources received from the Public Education Department to be used to purchase materials used as the basis for instruction.

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Combining Balance Sheet
 General Fund
 June 30, 2009

| | <u>Operational</u> | <u>Transportation</u> | <u>Instructional Materials</u> | <u>Total</u> |
|---|------------------------------|------------------------|------------------------------------|------------------------------|
| ASSETS | | | | |
| Cash on deposit | \$ 332,903 | \$ - | \$ 2,923 | \$ 335,826 |
| Accounts receivable, collectible | <u>716</u> | <u>-</u> | <u>-</u> | <u>716</u> |
| Total assets | <u>\$ 333,619</u> | <u>\$ -</u> | <u>\$ 2,923</u> | <u>\$ 336,542</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 2,549 | \$ - | \$ - | \$ 2,549 |
| Total liabilities | <u>2,549</u> | <u>-</u> | <u>-</u> | <u>2,549</u> |
| FUND BALANCES | | | | |
| Unreserved: | | | | |
| Undesignated | <u>331,070</u> | <u>-</u> | <u>2,923</u> | <u>333,993</u> |
| Total fund balance | <u>331,070</u> | <u>-</u> | <u>2,923</u> | <u>333,993</u> |
| Total liabilities and fund balance | <u>\$ 333,619</u> | <u>\$ -</u> | <u>\$ 2,923</u> | <u>\$ 336,542</u> |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 General Fund
 Year Ended June 30, 2009

| | <u>Operational</u> | <u>Transportation</u> | <u>Instructional Materials</u> | <u>Total</u> |
|-----------------------------------|--------------------|-----------------------|------------------------------------|-------------------|
| REVENUES | | | | |
| Taxes | \$ 28,900 | \$ - | \$ - | \$ 28,900 |
| Charges for services | - | - | - | - |
| Local sources | 14,707 | - | - | 14,707 |
| State sources | 4,694,531 | 289,621 | 63,728 | 5,047,880 |
| Federal sources | - | - | - | - |
| Earnings from investments | 11,939 | - | - | 11,939 |
| | <u>4,750,077</u> | <u>289,621</u> | <u>63,728</u> | <u>5,103,426</u> |
| Total revenues | | | | |
| EXPENDITURES | | | | |
| Direct instruction | 3,189,481 | - | 66,269 | 3,255,750 |
| Instructional support | 1,543,489 | 289,621 | 4,347 | 1,837,457 |
| Food service | 25,853 | - | - | 25,853 |
| Capital outlay | 123,990 | - | - | 123,990 |
| | <u>4,882,813</u> | <u>289,621</u> | <u>70,616</u> | <u>5,243,050</u> |
| Total expenditures | | | | |
| Net change in fund balance | (132,736) | - | (6,888) | (139,624) |
| Fund balance at beginning of year | 463,806 | - | 9,811 | 473,617 |
| | <u>463,806</u> | <u>-</u> | <u>9,811</u> | <u>473,617</u> |
| Fund balance at end of year | <u>\$ 331,070</u> | <u>\$ -</u> | <u>\$ 2,923</u> | <u>\$ 333,993</u> |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 General Fund - Operational Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|------------------------------|----------------------------|----------------------------|----------------------------|--|
| REVENUES | | | | |
| Taxes | \$ 26,994 | \$ 26,994 | \$ 28,339 | \$ 1,345 |
| Local sources | - | - | 14,707 | 14,707 |
| State sources | 4,704,684 | 4,693,841 | 4,694,531 | 690 |
| Federal sources | - | - | - | - |
| Earnings from investments | 10,000 | 10,000 | 11,939 | 1,939 |
| Total revenues | <u>\$ 4,741,678</u> | <u>\$ 4,730,835</u> | <u>\$ 4,749,516</u> | <u>\$ 18,681</u> |
| EXPENDITURES | | | | |
| Direct instruction | \$ 3,193,106 | \$ 3,219,106 | \$ 3,189,481 | \$ 29,625 |
| Instructional support | 1,871,865 | 1,761,754 | 1,553,102 | 208,652 |
| Food services | 44,128 | 33,128 | 25,853 | 7,275 |
| Capital outlay | 68,718 | 183,742 | 115,073 | 68,669 |
| Total expenditures | <u>\$ 5,177,817</u> | <u>\$ 5,197,730</u> | <u>\$ 4,883,509</u> | <u>\$ 314,221</u> |
| BUDGETED CASH BALANCE | <u>\$ 436,139</u> | <u>\$ 466,895</u> | | |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 General Fund - Transportation Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|------------------------------|--------------------------|--------------------------|--------------------------|--|
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Charges for services | - | - | - | - |
| Local sources | - | - | - | - |
| State sources | 299,532 | 289,626 | 289,626 | - |
| Federal sources | - | - | - | - |
| Earnings from investments | - | - | - | - |
| Total revenues | <u>\$ 299,532</u> | <u>\$ 289,626</u> | <u>\$ 289,626</u> | <u>\$ -</u> |
| EXPENDITURES | | | | |
| Direct instruction | \$ - | \$ - | \$ - | \$ - |
| Instructional support | 299,532 | 289,626 | 289,626 | - |
| Food services | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | <u>\$ 299,532</u> | <u>\$ 289,626</u> | <u>\$ 289,626</u> | <u>\$ -</u> |
| BUDGETED CASH BALANCE | <u>\$ -</u> | <u>\$ -</u> | | |

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

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 General Fund - Instructional Materials Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2009

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|------------------------------|-------------------------|-------------------------|-------------------------|--|
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Charges for services | - | - | - | - |
| Local sources | - | - | - | - |
| State sources | 47,986 | 63,870 | 63,728 | (142) |
| Federal sources | - | - | - | - |
| Earnings from investments | - | - | - | - |
| Total revenues | <u>\$ 47,986</u> | <u>\$ 63,870</u> | <u>\$ 63,728</u> | <u>\$ (142)</u> |
| EXPENDITURES | | | | |
| Direct instruction | \$ 49,569 | \$ 69,335 | \$ 66,269 | \$ 3,066 |
| Instructional support | 2,860 | 4,347 | 4,347 | - |
| Food services | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | <u>\$ 52,429</u> | <u>\$ 73,682</u> | <u>\$ 70,616</u> | <u>\$ 3,066</u> |
| BUDGETED CASH BALANCE | <u>\$ 4,443</u> | <u>\$ 9,812</u> | | |

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

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Schedule of Cash Receipts and
 Disbursements - All Funds by
 School District Classification
 Year Ended June 30, 2009

| | <u>Operational</u> | <u>Transportation</u> | <u>Instructional Materials</u> | <u>Athletics</u> | <u>Food Services</u> | <u>Non- Instructional</u> |
|-------------------------------|-----------------------------|-------------------------|------------------------------------|---|--------------------------|---|
| Cash balance, June 30, 2008 | \$ 218,171 | \$ - | \$ 9,811 | \$ 4,789 | \$ 10,897 | \$ 149,558 |
| Investments June 30, 2008 | 248,724 | - | - | - | 10,132 | - |
| Cash Receipts, 2008-2009 | 4,749,516 | 289,626 | 63,728 | 36,395 | 146,346 | 256,606 |
| Cash Disbursements, 2008-2009 | (4,883,509) | (289,626) | (70,616) | (34,534) | (142,364) | (251,271) |
| Investments June 30, 2009 | <u>(10,662)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(4,255)</u> | <u>-</u> |
| Cash balance, June 30, 2009 | <u>\$ 322,240</u> | <u>\$ -</u> | <u>\$ 2,923</u> | <u>\$ 6,650</u> | <u>\$ 20,756</u> | <u>\$ 154,893</u> |
| | <u>Federal Projects</u> | <u>Local/ State</u> | <u>Bond Building</u> | <u>Capital Improvement SB-9</u> | <u>Debt Service</u> | <u>Special Capital Outlay State</u> |
| Cash balance, June 30, 2008 | \$ (2,626) | \$ 844 | \$ - | \$ 102,918 | \$ 37,860 | \$ - |
| Investments June 30, 2008 | - | - | - | - | 116,677 | - |
| Cash Receipts, 2008-2009 | 127,763 | 140,440 | 1,914,240 | 123,058 | 350,434 | 28,424 |
| Cash Disbursements, 2008-2009 | (125,089) | (139,262) | (231,933) | (181,055) | (161,331) | (28,424) |
| Investments June 30, 2009 | <u>-</u> | <u>-</u> | <u>(1,805,640)</u> | <u>(13,386)</u> | <u>(248,970)</u> | <u>-</u> |
| Cash balance, June 30, 2009 | <u>\$ 48</u> | <u>\$ 2,022</u> | <u>\$ (123,333)</u> | <u>\$ 31,535</u> | <u>\$ 94,670</u> | <u>\$ -</u> |

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Schedule of Budgetary Basis
 To GAAP Basis Reconciliation
 Non-Major Funds
 Year Ended June 30, 2009

| | REAP | Core Knowledge | Title I | Wallace Foundation | Technology for Education | Incentives for School Improvements | GO Bond | Beginning Teacher Mentoring Program |
|-----------------------------------|------------------|-------------------|------------------|-----------------------|--------------------------------|--|---------------|--|
| Revenues per modified | | | | | | | | |
| accrual basis | \$ 15,621 | \$ 5,000 | \$ 76,213 | \$ 128,000 | \$ 10,259 | \$ - | \$ - | \$ 1,003 |
| Receivables | - | - | - | - | - | - | - | - |
| E-Rate Contributions | - | - | - | - | - | - | - | - |
| Deferred revenue/Due from grantor | - | - | 2,626 | - | (906) | - | 445 | - |
| Revenues per budgetary basis | <u>\$ 15,621</u> | <u>\$ 5,000</u> | <u>\$ 78,839</u> | <u>\$ 128,000</u> | <u>\$ 9,353</u> | <u>\$ -</u> | <u>\$ 445</u> | <u>\$ 1,003</u> |
| Expenditures per modified | | | | | | | | |
| accrual basis | \$ 15,621 | \$ 5,000 | \$ 76,213 | \$ 128,000 | \$ 10,259 | \$ - | \$ - | \$ 1,003 |
| E-Rate Contributions | - | - | - | - | - | - | - | - |
| Inventory changes | - | - | - | - | - | - | - | - |
| Accounts payable | - | - | - | - | - | - | - | - |
| Expenditures per budgetary basis | <u>\$ 15,621</u> | <u>\$ 5,000</u> | <u>\$ 76,213</u> | <u>\$ 128,000</u> | <u>\$ 10,259</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,003</u> |

STATE OF NEW MEXICO
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13
 Schedule of Budgetary Basis
 To GAAP Basis Reconciliation
 Non-Major Funds
 Year Ended June 30, 2009

| | Improving Teacher Quality | Athletics | Cafeteria | Total Special Revenue Funds | Special Capital Outlay State | Capital Improvements SB-9 | Total Capital Projects Funds |
|--|---------------------------------|------------------|-------------------|--------------------------------------|---------------------------------------|---------------------------------|---------------------------------------|
| Revenues per modified accrual basis | \$ 28,255 | \$ 36,395 | \$ 146,346 | \$ 447,092 | \$ 28,424 | \$ 125,460 | \$ 153,884 |
| Receivables | - | - | - | - | - | (2,402) | (2,402) |
| E-Rate Contributions | - | - | - | - | - | - | - |
| Deferred revenue/Due from grantor | 48 | - | - | 2,213 | - | - | - |
| Revenues per budgetary basis | <u>\$ 28,303</u> | <u>\$ 36,395</u> | <u>\$ 146,346</u> | <u>\$ 449,305</u> | <u>\$ 28,424</u> | <u>\$ 123,058</u> | <u>\$ 151,482</u> |
| Expenditures per modified accrual basis | \$ 28,255 | \$ 34,534 | \$ 142,732 | \$ 441,617 | \$ 28,424 | \$ 181,055 | \$ 209,479 |
| E-Rate Contributions | - | - | - | - | - | - | - |
| Inventory changes | - | - | (368) | (368) | - | - | - |
| Accounts payable | - | - | - | - | - | - | - |
| Expenditures per budgetary basis | <u>\$ 28,255</u> | <u>\$ 34,534</u> | <u>\$ 142,364</u> | <u>\$ 441,249</u> | <u>\$ 28,424</u> | <u>\$ 181,055</u> | <u>\$ 209,479</u> |

Rice and Associates, C.P.A.

AUDITING
BOOKKEEPING
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS
11805 Menaul NE
Albuquerque, NM 87112

TAX PLANNING
TAX PREPARATION
FAX (505) 294-8904

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

Mr. Hector T. Balderas
New Mexico State Auditor
and
Board of Education
Texico Municipal School District No. 13
Texico, New Mexico

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the General and Library Book Funds of Texico Municipal School District No. 13, as of and for the year ended June 30, 2009, and have issued our report thereon dated August 20, 2009. We also have audited the financial statements of each of the Schools' non-major governmental funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a

control deficiency, or combination of control deficiencies, that adversely affects the Schools ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Schools financial statements that is more than inconsequential will not be prevented or detected by the Schools internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Schools internal control.

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

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Office of the State Auditor, the New Mexico State Legislature and the Public Education Department and is not intended to be used by anyone other than these specified parties.

Rio & Associates, C.P.A.

August 20, 2009

STATUS OF COMMENTS

Prior Year Audit Findings:

NONE

Current Year Audit Findings:

NONE

FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2009 were prepared by Rice & Associates, CPA, based on managements chart of accounts and trial balances including any adjusting, correcting or closing entries approved by management. These services are allowable under SAS 112.

EXIT CONFERENCE

An exit conference was held at the School District on August 5, 2009, to discuss the current audit report. In attendance were Dr. R. L. Richards, Superintendent, Ms. Cheryl Whitener, Business Manager, Mr. Cary Crist, Board President and Ms. Pamela A. Rice, CPA, Contract Auditor.