

***STATE OF NEW MEXICO***  
***TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13***  
***AUDIT REPORT***  
***For the Year Ended June 30, 2012***  
***(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, 2012

(with Auditor's Report Thereon)

STATE OF NEW MEXICO  
TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13  
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STATE OF NEW MEXICO  
TEXICO MUNICIPAL SCHOOL  
DISTRICT NO. 13  
Official Roster  
Year Ended June 30, 2012

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, and the budgetary comparison for the General, Title I and IDEA-B Preschool Funds of Texico Municipal School District No. 13, as of and for the year ended June 30, 2012, 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 and fiduciary funds and the budgetary comparisons for the major Capital Project Funds and Debt Service Fund and all non-major funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012 as listed in the table of contents. These financial statements are the responsibility of 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, 2012, and the respective changes in financial position, thereof, and the respective budgetary comparisons for the General, Title I and IDEA-B Preschool 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

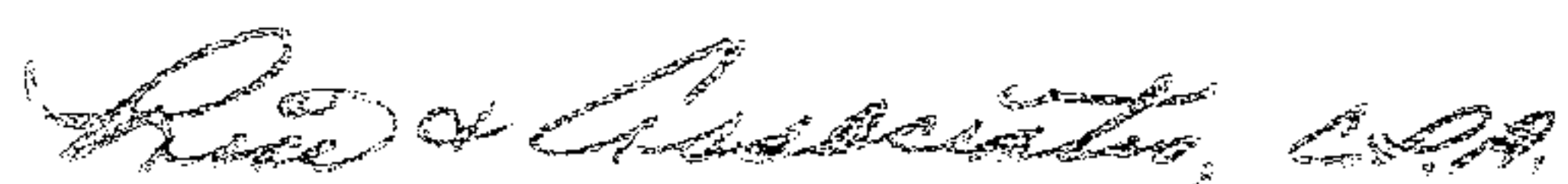


financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental and fiduciary funds of Texico Municipal School District No. 13, as of June 30, 2012, and the respective changes in financial position, thereof and the respective budgetary comparisons for the Capital Project Funds and 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 September 19, 2012 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.

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

Our audit was conducted for the purpose of forming 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 is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



September 19, 2012

**FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13  
 Statement of Net Assets  
 June 30, 2012

Statement 1

	Governmental Activities
<b>ASSETS</b>	
Current assets	
Cash	\$ 920,447
Accounts receivable	34,014
Due from grantor	34,727
Inventory	1,685
Total current assets	990,873
Non-current assets	
Land (non-depreciable)	127,182
Captial assets (depreciable)	15,833,107
Less accumulated depreciation	(4,029,388)
Total non-current assets	11,930,901
<b>Total assets</b>	<b>12,921,774</b>
<b>LIABILITIES</b>	
Current liabilities	
Cash overdraft	1,121
Accounts payable	7,582
Accrued interest	106,854
Deferred revenue	23
Current portion of long-term obligations	230,000
Total current liabilities	345,580
Long-term obligations:	
Compensated absences	21,733
Non-current portion of long-term obligations	2,905,000
Total long-term liabilities	2,926,733
<b>Total liabilities</b>	<b>3,272,313</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	8,795,901
Restricted for	
Cafeteria fund (inventory)	1,685
Debt service	325,778
Capital outlay	179,988
Unrestricted	346,109
<b>Total net assets</b>	<b>\$ 9,649,461</b>

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, 2012

Statement 2

<u>Functions/Programs</u>	Program Revenues			Net (Expenses) Revenue and Changes Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
EXPENSES:					
Governmental activities:					
Direct instruction	\$ 3,502,739	\$ 54,276	\$ 260,762	\$ 15,754	\$ (3,171,947)
Instructional support	2,001,433	-	346,451	374,453	(1,280,529)
Food services	176,470	36,409	130,282	-	(9,779)
Depreciation - unallocated	511,381	-	-	-	(511,381)
Interest on long-term obligations	106,854	-	-	-	(106,854)
Total governmental activities	6,298,877	90,685	737,495	390,207	(5,080,490)
General revenues:					
Taxes					
Property taxes, levied for general purposes					31,483
Property taxes, levied for capital projects					141,983
Property taxes, levied for debt service					380,651
Federal and State aid not restricted to specific purpose General					4,768,015
Interest and investment earnings					9,599
Sub-total, general revenues					5,331,731
Change in net assets					251,241
Net assets - beginning of year					9,398,220
<b>Net assets - end of year</b>					<b>\$ 9,649,461</b>

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, 2012

Statement 3

	General	Title I	IDEA-B Preschool	Public School Capital Outlay	Capital Improvements SB-9	Debt Service	Other Governmental	Total
<b>ASSETS</b>								
Cash on deposit	\$ 415,681	\$ -	\$ -	\$ -	\$ 160,704	\$ 312,145	\$ 31,917	\$ 920,447
Accounts receivable, collectible	1,117	-	-	-	19,264	13,633	-	34,014
Inventory, at cost	-	-	-	-	-	-	1,685	1,685
Due from other funds	33,606	-	-	-	-	-	-	33,606
Due from grantor	-	26,879	6,727	-	-	-	1,121	34,727
<b>Total assets</b>	<b>\$ 450,404</b>	<b>\$ 26,879</b>	<b>\$ 6,727</b>	<b>\$ -</b>	<b>\$ 179,968</b>	<b>\$ 325,778</b>	<b>\$ 34,723</b>	<b>\$ 1,024,479</b>
<b>LIABILITIES</b>								
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,121	\$ 1,121
Deferred revenues	-	-	-	-	-	-	23	23
Accounts payable	7,582	-	-	-	-	-	-	7,582
Due to other funds	-	26,879	6,727	-	-	-	-	33,606
<b>Total liabilities</b>	<b>7,582</b>	<b>26,879</b>	<b>6,727</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,144</b>	<b>42,332</b>
<b>FUND BALANCE</b>								
Nonspendable	-	-	-	-	-	-	1,685	1,685
Restricted	3,584	-	-	-	179,968	325,778	31,894	541,224
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	439,238	-	-	-	-	-	-	439,238
<b>Total fund balance</b>	<b>442,822</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>179,968</b>	<b>325,778</b>	<b>33,579</b>	<b>982,147</b>
<b>Total liabilities and fund balance</b>	<b>\$ 450,404</b>	<b>\$ 26,879</b>	<b>\$ 6,727</b>	<b>\$ -</b>	<b>\$ 179,968</b>	<b>\$ 325,778</b>	<b>\$ 34,723</b>	<b>\$ 1,024,479</b>

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, 2012

Statement 4

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

Total fund balances - governmental funds		\$ 982,147
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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	15,960,289	
Accumulated depreciation	<u>(4,029,388)</u>	
		11,930,901

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	(3,135,000)	
Accrued interest on bonds	(106,854)	
Compensated absences payable	<u>(21,733)</u>	
		<u>(3,263,587)</u>

Total net assets - governmental funds		<u><u>\$ 9,649,461</u></u>
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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, 2012

Statement 5

	General	Title I	JDEA-B Preschool	Public School Capital Outlay	Capital Improvements SB-9	Debt Service	Other Governmental	Total
<b>REVENUES</b>								
Taxes	\$ 31,483	\$ -	\$ -	\$ -	\$ 141,983	\$ 380,651	\$ -	\$ 554,117
Charges for services	9,348	-	-	-	-	-	81,337	90,685
Local sources	23,652	-	-	-	-	-	2,500	26,152
State sources	5,013,792	-	-	374,453	-	-	9,788	5,398,033
Federal sources	-	81,323	10,025	-	-	-	364,430	455,778
Earnings from investments	6,594	-	-	-	1,215	925	865	9,599
<b>Total revenues</b>	<b>5,084,869</b>	<b>81,323</b>	<b>10,025</b>	<b>374,453</b>	<b>143,198</b>	<b>381,576</b>	<b>458,920</b>	<b>6,534,364</b>
<b>EXPENDITURES</b>								
<b>Current:</b>								
Direct instruction	3,210,417	81,323	8,489	-	-	-	202,720	3,502,949
Instructional support	1,810,142	-	1,536	-	73,174	3,784	112,797	2,001,433
Food services	7,947	-	-	-	-	-	168,523	176,470
Capital outlay	139,523	-	-	374,453	51,838	-	226,659	792,473
<b>Debt service:</b>								
Bonds	-	-	-	-	-	215,000	-	215,000
Interest	-	-	-	-	-	120,054	-	120,054
<b>Total expenditures</b>	<b>5,168,029</b>	<b>81,323</b>	<b>10,025</b>	<b>374,453</b>	<b>125,012</b>	<b>338,838</b>	<b>710,699</b>	<b>6,808,379</b>
Net change in fund balances	(83,160)	-	-	-	18,186	42,738	(251,779)	(274,015)
Fund balance beginning of year	525,982	-	-	-	161,782	283,040	285,358	1,256,162
<b>Fund balance end of year</b>	<b>\$ 442,822</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 179,968</b>	<b>\$ 325,778</b>	<b>\$ 33,579</b>	<b>\$ 982,147</b>

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, 2012

Statement 6

Total net change in fund balances - governmental funds \$ (274,015)

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	808,227	
Depreciation expense	<u>(511,381)</u>	

Excess of depreciation expense over capital outlay		296,846
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Revenue in the Statement of Activities that do not provide  
 current financial resources are not reported as revenues in  
 the funds 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		13,200
Compensated absences payable		210

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	-	
Repayment of long-term debt	<u>215,000</u>	
		<u>215,000</u>

Change in net assets of governmental activities		<u>\$ 251,241</u>
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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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 31,904	\$ 31,904	\$ 31,442	\$ (462)
Charges for services	-	-	9,348	9,348
Local sources	13,000	13,000	23,652	10,652
State sources	4,979,968	5,010,328	5,013,792	3,464
Federal sources	-	-	-	-
Earnings from investments	5,000	5,000	6,594	1,594
Total revenues	<u>\$ 5,029,872</u>	<u>\$ 5,060,232</u>	<u>\$ 5,084,828</u>	<u>\$ 24,596</u>
EXPENDITURES				
Current:				
Direct instruction	\$ 3,545,589	\$ 3,429,240	\$ 3,210,417	\$ 218,823
Instructional support	1,988,100	2,039,632	1,874,740	164,892
Food services	21,068	21,068	7,947	13,121
Capital outlay	-	95,177	76,803	18,374
Total expenditures	<u>\$ 5,554,757</u>	<u>\$ 5,585,117</u>	<u>\$ 5,169,907</u>	<u>\$ 415,210</u>
BUDGETED CASH BALANCE	<u>\$ 524,885</u>	<u>\$ 524,885</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)  
 Title I  
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 76,762	\$ 81,333	\$ 54,444	\$ (26,889)
Total revenues	<u>\$ 76,762</u>	<u>\$ 81,333</u>	<u>\$ 54,444</u>	<u>\$ (26,889)</u>
EXPENDITURES				
Direct instruction	\$ 76,762	\$ 81,333	\$ 81,323	\$ 10
Total expenditures	<u>\$ 76,762</u>	<u>\$ 81,333</u>	<u>\$ 81,323</u>	<u>\$ 10</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)  
 IDEA-B Preschool  
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 8,794	\$ 10,784	\$ 3,298	\$ (7,486)
Total revenues	<u>\$ 8,794</u>	<u>\$ 10,784</u>	<u>\$ 3,298</u>	<u>\$ (7,486)</u>
EXPENDITURES				
Direct instruction	\$ 7,245	\$ 8,642	\$ 8,489	\$ 153
Instructional support	<u>1,549</u>	<u>2,142</u>	<u>1,536</u>	<u>606</u>
Total expenditures	<u>\$ 8,794</u>	<u>\$ 10,784</u>	<u>\$ 10,025</u>	<u>\$ 759</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, 2012

ASSETS	
Cash	\$ 200,125
	<u>                    </u>
Total Assets	<u><u>\$ 200,125</u></u>
LIABILITIES	
Deposits held for others	\$ 200,125
	<u>                    </u>
Total Liabilities	<u><u>\$ 200,125</u></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, 2012

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.

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.

IDEA-B - Preschool - To account for monies received for the operation and maintenance of meeting the special education needs of children with disabilities. Financing and authority is the Individual With Disabilities Act, Part B, Sec. 611, as amended; Public Law 105-17.

Capital Projects Fund - Public School Capital Outlay - To account for resources received from PSCOC Year 2009-2010, and LGOB for planning, design and construction to bring existing buildings to adequacy with a design capacity of 560 students (K-12). Financing provided by the Public School Facilities Authority in accordance with Sections 22-20-2 and 22-30-3 and 13-1-40 of the NMSA, 1978.

Notes to Financial Statements (continued)

Capital Projects Fund - 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.

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:

Notes to Financial Statements (continued)

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.

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.



Notes to Financial Statements (continued)

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.

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.

Notes to Financial Statements (continued)

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.
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 Equivalents**

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



Notes to Financial Statements (continued)

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

(c) In contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be 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	\$ 1,117	\$ 32,897	\$ -0-	\$ 34,014
	<u>\$ 1,117</u>	<u>\$ 32,897</u>	<u>\$ -0-</u>	<u>\$ 34,014</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



Notes to Financial Statements (continued)

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.

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 Balance**

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (School District ordinances).

Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party - such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purpose specified by the legislation.



Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the School District Board. Those committed amounts cannot be used for any other purpose unless the School District's Board removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School District's Board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District Board or a School District official delegated that authority by the School District Board or ordinance.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**9. Restricted Net Assets**

The governmental activities financial statements utilize a net assets presentation. Net assets are categorized as follows:

Investment in capital assets, net of related debt - This category reflects the portion of net assets that are associated with capital assets less outstanding capital asset related debt.

Restricted net assets - This category reflects the portion of net assets that have third party limitations on their use.

Unrestricted net assets - This category reflects net assets of the Village not restricted for any project or other purposes.

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

**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.



Notes to Financial Statements (continued)

2. DEPOSITORY COLLATERAL

Citizens Bank of Clovis	Building Fund	Checking	\$	32,662
Citizens Bank of Clovis	Investment	Checking		459,926
Citizens Bank of Clovis	Lunch Fund	Checking		17,143
Citizens Bank of Clovis	Federal	Checking		8,414
Citizens Bank of Clovis	Payroll	Checking		431,682
Citizens Bank of Clovis	General	Checking		465,364
Citizens Bank of Clovis	Activity	Checking		86,596
Citizens Bank of Clovis	Debt Service	Checking		134,317
Citizens Bank of Clovis	Payroll Tax	Checking		9
Citizens Bank of Clovis	Activity	Certificate of Deposit		23,390
Citizens Bank of Clovis	Activity	Certificate of Deposit		20,202
				<u><b>\$ 1,679,705</b></u>
Cash on deposit			\$	1,679,705
Less outstanding checks				(560,254)
Deposits in transit				-
Due from REC				-
				<u><b>\$ 1,119,451</b></u>

Cash reported on financial statements

*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, \$1,386,113 of the School's bank balance of \$1,679,705 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		1,679,705
		<u><b>\$ 1,679,705</b></u>
Cash on deposit at June 30	\$	1,679,705
Less F.D.I.C.		(293,592)
Uninsured Funds		1,386,113
50% Collateral Requirement		693,057
Pledged Collateral		2,294,211
Excess of Pledged Collateral		<u><b>\$ 1,601,154</b></u>

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

Notes to Financial Statements (continued)

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	\$ 70,447
GNMA II Pool CUSIP #81057	9-20-34	86,438
GNMA II Pool CUSIP #80969	7-20-34	77,497
GNMA II Pool CUSIP #782114	9-15-36	598,901
GNMA II Pool CUSIP #4540	9-20-39	1,460,928
		<u>\$ 2,294,211</u>

As of June 30, the School District had the following cash and investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>
Checking accounts	<u>\$1,679,705</u>	Less than 6 months

*Interest Rate Risk* - As a means of limiting its exposure to fair value losses arising from rising interest rates, the School District's investment policy limits the School District's investment portfolio to maturities of less than one year.

### 3. CAPITAL ASSETS

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

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2012</u>
Governmental activities:				
Land	\$ 127,182	\$ -	\$ -	\$ 127,182
Land improvements	1,089,600	40,191	-	1,129,791
Buildings	9,619,972	363,416	-	9,983,388
Building improvements	3,416,627	329,524	-	3,746,151
Vehicles	386,695	27,972	30,128	384,539
Machinery & equipment	542,114	47,126	-	589,240
Total	<u>15,182,190</u>	<u>808,229</u>	<u>30,128</u>	<u>15,960,291</u>
Less accumulated depreciation:				
Land improvements	251,318	59,605	-	310,923
Buildings	2,437,716	258,754	-	2,696,470
Building improvements	261,270	132,967	-	394,237
Vehicles	233,816	21,467	(30,128)	225,155
Machinery & equipment	364,015	38,588	-	402,603
Total	<u>3,548,135</u>	<u>511,381</u>	<u>(30,128)</u>	<u>4,029,388</u>
Governmental activities Capital assets, net	<u>\$ 11,634,055</u>	<u>\$ 296,848</u>	<u>\$ -</u>	<u>\$ 11,930,903</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>\$ 511,381</u>
Total depreciation expense	<u><b>\$ 511,381</b></u>

The School District had a fundraiser in one of their Activity Funds to buy the girls track/football scoreboard in the amount of \$15,754.

4. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

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

	Balance June 30, 2011	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 2012	Due Within One Year
2000 GO Bonds	\$ 385,000	\$ -	\$ 125,000	\$ 260,000	\$ 125,000
2002 GO Bonds	360,000	-	10,000	350,000	20,000
2009 GO Bonds	1,755,000	-	30,000	1,725,000	30,000
2010 GO Bonds	850,000	-	50,000	800,000	55,000
Compensated Absences	21,943	-	210	21,733	-
Total	<u><b>\$ 3,371,943</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 215,210</b></u>	<u><b>\$ 3,156,733</b></u>	<u><b>\$ 230,000</b></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 School District has pledged future property taxes to repay the outstanding bonds of \$3,135,000 as of June 30, 2012. Total annual principal and interest payments for all General Obligation Bonds are expected to require 100% of gross revenue in the Debt Service Fund. 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>
2013	\$ 125,000	\$ 7,156	\$ 132,156
2014	135,000	3,712	138,712
Total	<u><b>\$ 260,000</b></u>	<u><b>\$ 10,868</b></u>	<u><b>\$ 270,868</b></u>

Notes to Financial Statements (continued)

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>
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>\$ 350,000</u>	<u>\$ 32,679</u>	<u>\$ 382,679</u>

Date of issue - January 1, 2009  
 Original amount - \$1,900,000  
 Interest rate - 3.55% to 5.40%

<u>Due in Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 1,725,000</u>	<u>\$ 471,857</u>	<u>\$ 2,196,857</u>

Date of issue - December 4, 2009  
 Original amount - \$900,000  
 Interest rate - .81% to 3.18%

<u>Due in Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 55,000	\$ 19,521	\$ 74,521
2014	55,000	18,657	73,657
2015	65,000	17,515	82,515
2016	70,000	16,063	86,063
2017	95,000	14,132	109,132
2018	90,000	11,845	101,845
2019	90,000	9,521	99,521
2020	90,000	7,072	97,072
2021	90,000	4,468	94,468
2022	50,000	2,360	52,360
2023	50,000	795	50,795
Total	<u>\$ 800,000</u>	<u>\$ 121,949</u>	<u>\$ 921,949</u>

C. Operating Leases

The District did not have any operating leases during the fiscal year.

Notes to Financial Statements (continued)

D. Short-Term Liabilities

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

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 \$4,768,015 in state equalization guarantee distributions during the fiscal year.

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.

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



Notes to Financial Statements (continued)

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 \$222,703 in transportation distribution during the fiscal year.

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 \$0 in state SB-9 matching during the fiscal year.

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:

Notes to Financial Statements (continued)

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 fiscal year the District received \$374,453 in Critical Capital Outlay Funds and \$0 in Special Capital Outlay Funds.

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 fiscal year the District received \$23,074 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



Notes to Financial Statements (continued)

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.

8. 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.

9. DEFERRED REVENUE

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

10. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

	<u>General</u>	<u>Title I</u>	<u>IDEA-B Preschool</u>	<u>Public School Capital Outlay</u>
Revenues per modified accrual basis	\$ 5,084,869	\$ 81,323	\$ 10,025	\$ 374,453
Receivables	(41)	-	-	-
Deferred revenues/Due from grantor	-	(26,879)	(6,727)	-
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Revenues per budgetary basis	<u>\$ 5,084,828</u>	<u>\$ 54,444</u>	<u>\$ 3,298</u>	<u>\$ 374,453</u>
Expenditures per modified accrual basis	\$ 5,168,029	\$ 81,323	\$ 10,025	\$ 374,453
Accounts payable	1,878	-	-	-
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Expenditures per budgetary basis	<u>\$ 5,169,907</u>	<u>\$ 81,323</u>	<u>\$ 10,025</u>	<u>\$ 374,453</u>

Notes to Financial Statements (continued)

	<u>Capital Improvements SB-9</u>	<u>Debt Service</u>	<u>Non-Major Special Revenue</u>	<u>Non-Major Capital Projects</u>
Revenues per modified accrual basis	\$ 143,198	\$ 381,576	\$ 458,208	\$ 712
Receivables	(14,915)	(2,248)	-	-
Deferred revenues/Due from grantor	-	-	13,657	41,850
Revenues per budgetary basis	<u>\$ 128,283</u>	<u>\$ 379,328</u>	<u>\$ 471,865</u>	<u>\$ 42,562</u>
Expenditures per modified accrual basis	\$ 125,012	\$ 338,838	\$ 469,803	\$ 240,896
Inventory changes	-	-	286	-
Expenditures per budgetary basis	<u>\$ 125,012</u>	<u>\$ 338,838</u>	<u>\$ 470,089</u>	<u>\$ 240,896</u>

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](http://www.nmerb.org).

*Funding Policy.* Plan members earning \$20,000 or less annually are required by statute to contribute 7.9% of their gross salary. Plan members earning over \$20,000 annually were required to contribute 11.15% of their gross salary in fiscal year 2012 and will be required to contribute 9.40% of their gross salary in fiscal year 2013. Texico Municipal School District No. 13 has been and is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, in fiscal years 2012 and 2013. In fiscal year 2012 Texico Municipal School District No. 13 contributed 9.15% of the gross covered salary of employees earning more than \$20,000 annually. In fiscal year 2013 Texico Municipal School District No. 13 will contribute 10.9% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and 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. Texico Municipal School District No. 13's contributions to ERB for the fiscal years ending June 30, 2012, 2011 and 2010 were \$317,748, 379,893 and \$379,389, respectively, which equal 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 provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the 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.

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

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

Notes to Financial Statements (continued)

30, 2013 the contribution rate for employees and employers will rise as follows:

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

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY 13	2.000%	1.000%

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

Texico Municipal School District No. 13's contributions to the RHCA for the years ended June 30, 2012, 2011 and 2010 were \$62,152, \$56,859, and \$43,743, 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:

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2012</u>
ASSETS				
Cash and cash equivalent	\$ 191,858	\$ 285,019	\$ 276,752	\$ 200,125
Total assets	<u>\$ 191,858</u>	<u>\$ 285,019</u>	<u>\$ 276,752</u>	<u>\$ 200,125</u>
LIABILITIES				
Deposits held for others				
Elementary	\$ 7,861	\$ 19,563	\$ 16,255	\$ 11,169
Junior High	2,024	4,992	5,917	1,099
High School	181,973	260,464	254,580	187,857
Total liabilities	<u>\$ 191,858</u>	<u>\$ 285,019</u>	<u>\$ 276,752</u>	<u>\$ 200,125</u>

Notes to Financial Statements (continued)

14. FUND BALANCES CLASSIFIED

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented here.

Fund Balances	General Fund	Capital Improvements SB-9	Debt Service	Non-Major Governmental Fund	Total
Nonspendable:					
Interfund loans	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	1,685	1,685
Total nonspendable	-	-	-	1,685	1,685
Restricted for:					
Transportation services	-	-	-	-	-
Instructional materials	3,584	-	-	-	3,584
Capital improvements	-	179,968	-	20	179,988
Debt service payments	-	-	325,778	-	325,778
Athletic services	-	-	-	9,641	9,641
Special grants	-	-	-	-	-
Cafeteria services	-	-	-	22,233	22,233
Total restricted	3,584	179,968	325,778	31,894	541,224
Committed to:					
Other purposes	-	-	-	-	-
Total committed	-	-	-	-	-
Unassigned:	439,238	-	-	-	439,238
Total Fund Balances	<u>\$ 442,822</u>	<u>\$ 179,968</u>	<u>\$ 325,778</u>	<u>\$ 33,579</u>	<u>\$ 982,147</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)  
 Public School Capital Outlay  
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 457,469	\$ 457,469	\$ 374,453	\$ (83,016)
Total revenues	<u>\$ 457,469</u>	<u>\$ 457,469</u>	<u>\$ 374,453</u>	<u>\$ (83,016)</u>
EXPENDITURES				
Capital outlay	\$ 457,469	\$ 457,469	\$ 374,453	\$ 83,016
Total expenditures	<u>\$ 457,469</u>	<u>\$ 457,469</u>	<u>\$ 374,453</u>	<u>\$ 83,016</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)  
 Capital Improvements SB-9  
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 128,724	\$ 128,724	\$ 127,068	\$ (1,656)
State sources	-	72,859	-	(72,859)
Earnings from investments	1,200	1,200	1,215	15
Total revenues	<u>\$ 129,924</u>	<u>\$ 202,783</u>	<u>\$ 128,283</u>	<u>\$ (74,500)</u>
EXPENDITURES				
Capital outlay	\$ 368,235	\$ 441,094	\$ 125,012	\$ 316,082
Total expenditures	<u>\$ 368,235</u>	<u>\$ 441,094</u>	<u>\$ 125,012</u>	<u>\$ 316,082</u>
BUDGETED CASH BALANCE	<u>\$ 238,311</u>	<u>\$ 238,311</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 335,055	\$ 335,055	\$ 378,403	\$ 43,348
Earnings from investments	900	900	925	25
<b>Total revenues</b>	<b><u>\$ 335,955</u></b>	<b><u>\$ 335,955</u></b>	<b><u>\$ 379,328</u></b>	<b><u>\$ 43,373</u></b>
<b>EXPENDITURES</b>				
Instructional support	\$ 3,800	\$ 3,800	\$ 3,784	\$ 16
Bonds paid	215,000	215,000	215,000	-
Coupons paid	120,054	120,054	120,054	-
<b>Total expenditures</b>	<b><u>\$ 338,854</u></b>	<b><u>\$ 338,854</u></b>	<b><u>\$ 338,838</u></b>	<b><u>\$ 16</u></b>
<b>BUDGETED CASH BALANCE</b>	<b><u>\$ 2,899</u></b>	<b><u>\$ 2,899</u></b>		

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, 2012

Statement A-1

	Special Revenue Funds	Capital Project Funds	Total
<b>ASSETS</b>			
Cash on deposit	\$ 31,897	\$ 20	\$ 31,917
Taxes receivable	-	-	-
Due from grantor	1,121	-	1,121
Inventory, at cost	1,685	-	1,685
Total assets	<b>\$ 34,703</b>	<b>\$ 20</b>	<b>\$ 34,723</b>
<b>LIABILITIES</b>			
Cash overdraft	\$ 1,121	\$ -	\$ 1,121
Deferred revenues	23	-	23
Total liabilities	1,144	-	1,144
<b>FUND BALANCE</b>			
Nonspendable	1,685	-	1,685
Restricted	31,874	20	31,894
Total fund balance	33,559	20	33,579
Total liabilities and fund balance	<b>\$ 34,703</b>	<b>\$ 20</b>	<b>\$ 34,723</b>

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, 2012

	Special Revenue Funds	Capital Project Funds	Total
REVENUES			
Taxes	\$ -	\$ -	\$ -
Charges for services	81,337	-	81,337
Local sources	2,500	-	2,500
State sources	9,788	-	9,788
Federal sources	364,430	-	364,430
Earnings from investments	153	712	865
	<u>458,208</u>	<u>712</u>	<u>458,920</u>
Total revenues			
EXPENDITURES			
Current:			
Direct instruction	202,720	-	202,720
Instructional support	98,560	14,237	112,797
Food services	168,523	-	168,523
Capital outlay	-	226,659	226,659
	<u>469,803</u>	<u>240,896</u>	<u>710,699</u>
Total expenditures			
Net change in fund balances	(11,595)	(240,184)	(251,779)
Fund balance beginning of year	<u>45,154</u>	<u>240,204</u>	<u>285,358</u>
Fund balance end of year	<u>\$ 33,559</u>	<u>\$ 20</u>	<u>\$ 33,579</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Charges for services	\$ 67,000	\$ 80,000	\$ 81,337	\$ 1,337
Local sources	-	7,500	2,500	(5,000)
State sources	6,489	11,285	9,788	(1,497)
Federal sources	254,787	351,564	375,262	23,698
Earnings from investments	200	200	153	(47)
<b>Total revenues</b>	<b><u>\$ 328,476</u></b>	<b><u>\$ 450,549</u></b>	<b><u>\$ 469,040</u></b>	<b><u>\$ 18,491</u></b>
<b>EXPENDITURES</b>				
Direct instruction	\$ 110,735	\$ 225,235	\$ 202,720	\$ 22,515
Instructional support	92,371	99,944	98,560	1,384
Food services	155,598	155,598	168,809	(13,211)
<b>Total expenditures</b>	<b><u>\$ 358,704</u></b>	<b><u>\$ 480,777</u></b>	<b><u>\$ 470,089</u></b>	<b><u>\$ 10,688</u></b>
<b>BUDGETED CASH BALANCE</b>	<b><u>\$ 30,228</u></b>	<b><u>\$ 30,228</u></b>		

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-
State sources	-	-	41,850	41,850
Earnings from investments	-	-	712	712
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,562</u>	<u>\$ 42,562</u>
<b>EXPENDITURES</b>				
Capital outlay	\$ 274,499	\$ 274,499	\$ 240,896	\$ 33,603
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	<u>\$ 274,499</u>	<u>\$ 274,499</u>	<u>\$ 240,896</u>	<u>\$ 33,603</u>
<b>BUDGETED CASH BALANCE</b>	<u>\$ 274,499</u>	<u>\$ 274,499</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.

**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.

**IDEA-B - ENTITLEMENT** - To account for resources received for the operation and maintenance of meeting special education needs of children with disabilities. Financing and authority is the Individuals With Disabilities Act, Part B, Sec. 611, as amended; Public Law 105-17.

**IDEA-B - DISCRETIONARY** - To account for resources received to provide for special educational needs for handicapped children 6-21 years old. Financing and authority is the Individuals With Disabilities Act, Part B, Sec. 611, as amended; Public Law 105-17.

**IDEA-B - "RISK POOL"** - To account for resources received to provide for special educational needs for handicapped children 6-21 years old. Financing and authority is the Individuals With Disabilities Act, Part B, Sec. 611, as amended; Public Law 105-17.

**REAP (RURAL EDUCATIONAL ACHIEVEMENT PROGRAM)** - 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.

**EDUCATION JOBS FUND** - To account for resources received to assist local educational agencies in saving or creating education jobs during the 2010-2011 school year. Financing and authority for this program are the American Recovery and Reinvestment Act of 2009, Public Law 111-5 and 111-226.

**DUAL CREDIT** - To account for resources received from House Bill 2, 2009, to be used for dual credit instructional materials through a course approved by Higher Education Department and through a college/university for which the district has an approved agreement.

NON MAJOR SPECIAL REVENUE FUNDS (continued)

**GO BOND STUDENT LIBRARY** - To account for monies received from the SB333, Laws 2008 Appropriation to be used to improve the library, acquire library books or library resources that support the library program.

**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.

**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.

**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, 2012

Statement B-1  
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	Improving Teacher Quality	IDEA-B Entitlement	IDEA-B "Risk Pool"	REAP	Education Jobs Fund	Dual Credit
<b>ASSETS</b>						
Cash on deposit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from grantor	35	86	1,000	-	-	-
Inventory, at cost	-	-	-	-	-	-
<b>Total assets</b>	<b><u>\$ 35</u></b>	<b><u>\$ 86</u></b>	<b><u>\$ 1,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>LIABILITIES</b>						
Cash overdraft	\$ 35	\$ 86	\$ 1,000	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b><u>35</u></b>	<b><u>86</u></b>	<b><u>1,000</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
<b>Total fund balance</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 35</u></b>	<b><u>\$ 86</u></b>	<b><u>\$ 1,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

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, 2012

Statement B-1  
 Page 2 of 2

	GO Bond Student Library	Beginning Teacher Mentoring Program	Incentive for School Improvement	Athletics	Cafeteria	Totals
<b>ASSETS</b>						
Cash on deposit	\$ -	\$ 2	\$ 21	\$ 9,641	\$ 22,233	\$ 31,897
Due from grantor	-	-	-	-	-	1,121
Inventory, at cost	-	-	-	-	1,685	1,685
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u><u>\$ -</u></u>	<u><u>\$ 2</u></u>	<u><u>\$ 21</u></u>	<u><u>\$ 9,641</u></u>	<u><u>\$ 23,918</u></u>	<u><u>\$ 34,703</u></u>
<b>LIABILITIES</b>						
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,121
Deferred revenue	-	2	21	-	-	23
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>          </u>	<u>          2</u>	<u>          21</u>	<u>          -</u>	<u>          -</u>	<u>          1,144</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	1,685	1,685
Restricted	-	-	-	9,641	22,233	31,874
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balance	<u>          </u>	<u>          -</u>	<u>          -</u>	<u>          9,641</u>	<u>          23,918</u>	<u>          33,559</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u><u>\$ -</u></u>	<u><u>\$ 2</u></u>	<u><u>\$ 21</u></u>	<u><u>\$ 9,641</u></u>	<u><u>\$ 23,918</u></u>	<u><u>\$ 34,703</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, 2012

Statement B-2  
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	Improving Teacher Quality	IDEA-B Entitlement	IDEA-B "Risk Pool"	REAP	Education Jobs Fund
<b>REVENUES</b>					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	26,727	174,997	1,000	29,470	1,954
Earnings on investments	-	-	-	-	-
<b>Total revenues</b>	<u>26,727</u>	<u>174,997</u>	<u>1,000</u>	<u>29,470</u>	<u>1,954</u>
<b>EXPENDITURES</b>					
Direct instruction	17,325	93,328	-	29,470	1,954
Instructional support	9,402	81,669	1,000	-	-
Food service	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<u>26,727</u>	<u>174,997</u>	<u>1,000</u>	<u>29,470</u>	<u>1,954</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>	<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, 2012

Statement B-2  
 Page 2 of 2

	Dual Credit	GO Bond Student Library	Athletics	Cafeteria	Totals
<b>REVENUES</b>					
Charges for services	\$ -	\$ -	\$ 44,928	\$ 36,409	\$ 81,337
Local sources	-	-	2,500	-	2,500
State sources	3,299	6,489	-	-	9,788
Federal sources	-	-	-	130,282	364,430
Earnings on investments	-	-	102	51	153
<b>Total revenues</b>	<u>3,299</u>	<u>6,489</u>	<u>47,530</u>	<u>166,742</u>	<u>458,208</u>
<b>EXPENDITURES</b>					
Direct instruction	3,299	-	57,344	-	202,720
Instructional support	-	6,489	-	-	98,560
Food service	-	-	-	168,523	168,523
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<u>3,299</u>	<u>6,489</u>	<u>57,344</u>	<u>168,523</u>	<u>469,803</u>
Net change in fund balance	-	-	(9,814)	(1,781)	(11,595)
Fund balance at beginning of year	-	-	19,455	25,699	45,154
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,641</u>	<u>\$ 23,918</u>	<u>\$ 33,559</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 27,184	\$ 27,184	\$ 38,949	\$ 11,765
Total revenues	<u>\$ 27,184</u>	<u>\$ 27,184</u>	<u>\$ 38,949</u>	<u>\$ 11,765</u>
EXPENDITURES				
Direct instruction	\$ 17,782	\$ 17,782	\$ 17,325	\$ 457
Instructional support	9,402	9,402	9,402	-
Total expenditures	<u>\$ 27,184</u>	<u>\$ 27,184</u>	<u>\$ 26,727</u>	<u>\$ 457</u>
REVENUES				
Budgetary basis			\$ 38,949	
Decrease in due from grantor			<u>(12,222)</u>	
Modified accrual basis			<u>\$ 26,727</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 - IDEA-B Entitlement  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Federal sources	\$ 118,081	\$ 182,434	\$ 174,607	\$ (7,827)
Total revenues	<u>\$ 118,081</u>	<u>\$ 182,434</u>	<u>\$ 174,607</u>	<u>\$ (7,827)</u>
EXPENDITURES				
Direct instruction	\$ 41,601	\$ 99,382	\$ 93,328	\$ 6,054
Instructional support	<u>76,480</u>	<u>83,052</u>	<u>81,669</u>	<u>1,383</u>
Total expenditures	<u>\$ 118,081</u>	<u>\$ 182,434</u>	<u>\$ 174,997</u>	<u>\$ 7,437</u>
REVENUES				
Budgetary basis			\$ 174,607	
Decrease in deferred revenue			304	
Increase in due from grantor			<u>86</u>	
Modified accrual basis			<u>\$ 174,997</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 - IDEA-B Discretionary  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ -	\$ 2,825	\$ 2,825
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,825</u>	<u>\$ 2,825</u>
EXPENDITURES				
Instructional support	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
REVENUES				
Budgetary basis			\$ 2,825	
Decrease in due from grantor			<u>(2,825)</u>	
Modified accrual basis			<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 - IDEA-B "Risk Pool"  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ 1,000	\$ -	\$ (1,000)
Total revenues	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ (1,000)</u>
EXPENDITURES				
Instructional support	\$ -	\$ 1,000	\$ 1,000	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ -</u>
REVENUES				
Budgetary basis			\$ -	
Increase in due from grantor			<u>1,000</u>	
Modified accrual basis			<u>\$ 1,000</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ 29,470	\$ 29,470	\$ -
Total revenues	<u>\$ -</u>	<u>\$ 29,470</u>	<u>\$ 29,470</u>	<u>\$ -</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 29,470	\$ 29,470	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ 29,470</u>	<u>\$ 29,470</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 - Education Jobs Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ 1,954	\$ 1,954	\$ -
Total revenues	<u>\$ -</u>	<u>\$ 1,954</u>	<u>\$ 1,954</u>	<u>\$ -</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 1,954	\$ 1,954	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ 1,954</u>	<u>\$ 1,954</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 - Dual Credit  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ 4,795	\$ 3,299	\$ (1,496)
Total revenues	<u>\$ -</u>	<u>\$ 4,795</u>	<u>\$ 3,299</u>	<u>\$ (1,496)</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 4,795	\$ 3,299	\$ 1,496
Total expenditures	<u>\$ -</u>	<u>\$ 4,795</u>	<u>\$ 3,299</u>	<u>\$ 1,496</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 Student Library  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 6,489	\$ 6,490	\$ 6,489	\$ (1)
Total revenues	<u>\$ 6,489</u>	<u>\$ 6,490</u>	<u>\$ 6,489</u>	<u>\$ (1)</u>
EXPENDITURES				
Instructional support	\$ 6,489	\$ 6,490	\$ 6,489	\$ 1
Total expenditures	<u>\$ 6,489</u>	<u>\$ 6,490</u>	<u>\$ 6,489</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 - Athletics  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 30,000	\$ 43,000	\$ 44,928	\$ 1,928
Local sources	-	7,500	2,500	(5,000)
Earnings from investments	100	100	102	2
Total revenues	<u>\$ 30,100</u>	<u>\$ 50,600</u>	<u>\$ 47,530</u>	<u>\$ (3,070)</u>
EXPENDITURES				
Direct instruction	\$ 51,352	\$ 71,852	\$ 57,344	\$ 14,508
Total expenditures	<u>\$ 51,352</u>	<u>\$ 71,852</u>	<u>\$ 57,344</u>	<u>\$ 14,508</u>
BUDGETED CASH BALANCE	<u>\$ 21,252</u>	<u>\$ 21,252</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 37,000	\$ 37,000	\$ 36,409	\$ (591)
Federal sources	109,522	109,522	130,282	20,760
Earnings from investments	100	100	51	(49)
Total revenues	<u>\$ 146,622</u>	<u>\$ 146,622</u>	<u>\$ 166,742</u>	<u>\$ 20,120</u>
EXPENDITURES				
Food service	\$ 155,598	\$ 155,598	\$ 168,809	\$ (13,211)
Total expenditures	<u>\$ 155,598</u>	<u>\$ 155,598</u>	<u>\$ 168,809</u>	<u>\$ (13,211)</u>
BUDGETED CASH BALANCE	<u>\$ 8,976</u>	<u>\$ 8,976</u>		
EXPENDITURES				
Budgetary basis			\$ 168,809	
Increase in inventory			<u>(286)</u>	
Modified accrual basis			<u>\$ 168,523</u>	

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

NON-MAJOR CAPITAL PROJECTS FUNDS

**BOND BUILDING** - To account for resources received from the sale of general obligation bonds for the purpose of constructing and renovating school buildings.

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

STATE OF NEW MEXICO  
 TEXICO MUNICIPAL SCHOOL DISTRICT NO. 13  
 Non-Major Capital Projects Fund  
 Combining Balance Sheet  
 June 30, 2012

	<u>Bond Building</u>	<u>Special Capital Outlay State</u>	<u>Total</u>
ASSETS			
Cash on deposit	\$ 20	\$ -	\$ 20
Taxes receivable	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><b>\$ 20</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 20</b></u>
FUND BALANCE			
Restricted	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ 20</u>
Total fund balance	<u><b>\$ 20</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 20</b></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, 2012

	<u>Bond Building</u>	<u>Special Capital Outlay State</u>	<u>Total</u>
REVENUES			
State sources	\$ -	\$ -	\$ -
Earnings from investments	<u>712</u>	<u>-</u>	<u>712</u>
Total revenues	<u>712</u>	<u>-</u>	<u>712</u>
EXPENDITURES			
Instructional support	14,237	-	14,237
Capital outlay	<u>226,659</u>	<u>-</u>	<u>226,659</u>
Total expenditures	<u>240,896</u>	<u>-</u>	<u>240,896</u>
Net change in fund balances	(240,184)	-	(240,184)
Fund balance at beginning of year	<u>240,204</u>	<u>-</u>	<u>240,204</u>
Fund balance at end of year	<u><u>\$ 20</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 20</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 - Bond Building  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings from investments	\$ -	\$ -	\$ 712	\$ 712
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 712</u>	<u>\$ 712</u>
EXPENDITURES				
Capital outlay	\$ 274,499	\$ 274,499	\$ 240,896	\$ 33,603
Total expenditures	<u>\$ 274,499</u>	<u>\$ 274,499</u>	<u>\$ 240,896</u>	<u>\$ 33,603</u>
BUDGETED CASH BALANCE	<u>\$ 274,499</u>	<u>\$ 274,499</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ -	\$ 41,850	\$ 41,850
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,850</u>	<u>\$ 41,850</u>
EXPENDITURES				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
REVENUES				
Budgetary basis			\$ 41,850	
Decrease in accounts receivable			<u>(41,850)</u>	
Modified accrual basis			<u>\$ -</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, 2012

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Total</u>
ASSETS				
Cash on deposit	\$ 445,703	\$ -	\$ 3,584	\$ 449,287
Accounts receivable, collectible	<u>1,117</u>	<u>-</u>	<u>-</u>	<u>1,117</u>
Total assets	<u><b>\$ 446,820</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 3,584</b></u>	<u><b>\$ 450,404</b></u>
LIABILITIES				
Accounts payable	<u>\$ 7,582</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,582</u>
Total liabilities	<u>7,582</u>	<u>-</u>	<u>-</u>	<u>7,582</u>
FUND BALANCES				
Restricted	-	-	3,584	3,584
Unassigned	<u>439,238</u>	<u>-</u>	<u>-</u>	<u>439,238</u>
Total fund balance	<u>439,238</u>	<u>-</u>	<u>3,584</u>	<u>442,822</u>
Total liabilities and fund balance	<u><b>\$ 446,820</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 3,584</b></u>	<u><b>\$ 450,404</b></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, 2012

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Total</u>
<b>REVENUES</b>				
Taxes	\$ 31,483	\$ -	\$ -	\$ 31,483
Charges for services	9,348	-	-	9,348
Local sources	23,652	-	-	23,652
State sources	4,768,015	222,703	23,074	5,013,792
Federal sources	-	-	-	-
Earnings from investments	6,594	-	-	6,594
	<u>4,839,092</u>	<u>222,703</u>	<u>23,074</u>	<u>5,084,869</u>
<b>EXPENDITURES</b>				
Direct instruction	3,174,081	-	36,336	3,210,417
Instructional support	1,587,439	222,703	-	1,810,142
Food service	7,947	-	-	7,947
Capital outlay	139,523	-	-	139,523
	<u>4,908,990</u>	<u>222,703</u>	<u>36,336</u>	<u>5,168,029</u>
Net change in fund balance	(69,898)	-	(13,262)	(83,160)
Fund balance at beginning of year	<u>509,136</u>	<u>-</u>	<u>16,846</u>	<u>525,982</u>
Fund balance at end of year	<u>\$ 439,238</u>	<u>\$ -</u>	<u>\$ 3,584</u>	<u>\$ 442,822</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 31,904	\$ 31,904	\$ 31,442	\$ (462)
Charges for services	-	-	9,348	9,348
Local sources	13,000	13,000	23,652	10,652
State sources	4,750,809	4,767,986	4,768,015	29
Federal sources	-	-	-	-
Earnings from investments	5,000	5,000	6,594	1,594
<b>Total revenues</b>	<b>\$ 4,800,713</b>	<b>\$ 4,817,890</b>	<b>\$ 4,839,051</b>	<b>\$ 21,161</b>
<b>EXPENDITURES</b>				
Direct instruction	\$ 3,509,104	\$ 3,392,755	\$ 3,174,081	\$ 218,674
Instructional support	1,778,580	1,816,929	1,652,037	164,892
Food services	21,068	21,068	7,947	13,121
Capital outlay	-	95,177	76,803	18,374
<b>Total expenditures</b>	<b>\$ 5,308,752</b>	<b>\$ 5,325,929</b>	<b>\$ 4,910,868</b>	<b>\$ 415,061</b>
<b>BUDGETED CASH BALANCE</b>	<b>\$ 508,039</b>	<b>\$ 508,039</b>		

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Local sources	-	-	-	-
State sources	209,520	222,703	222,703	-
Federal sources	-	-	-	-
Earnings from investments	-	-	-	-
<b>Total revenues</b>	<b><u>\$ 209,520</u></b>	<b><u>\$ 222,703</u></b>	<b><u>\$ 222,703</u></b>	<b><u>\$ -</u></b>
EXPENDITURES				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Instructional support	209,520	222,703	222,703	-
Food services	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b><u>\$ 209,520</u></b>	<b><u>\$ 222,703</u></b>	<b><u>\$ 222,703</u></b>	<b><u>\$ -</u></b>
<b>BUDGETED CASH BALANCE</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>		

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Local sources	-	-	-	-
State sources	19,639	19,639	23,074	3,435
Federal sources	-	-	-	-
Earnings from investments	-	-	-	-
<b>Total revenues</b>	<b><u>\$ 19,639</u></b>	<b><u>\$ 19,639</u></b>	<b><u>\$ 23,074</u></b>	<b><u>\$ 3,435</u></b>
<b>EXPENDITURES</b>				
Direct instruction	\$ 36,485	\$ 36,485	\$ 36,336	\$ 149
Instructional support	-	-	-	-
Food services	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b><u>\$ 36,485</u></b>	<b><u>\$ 36,485</u></b>	<b><u>\$ 36,336</u></b>	<b><u>\$ 149</u></b>
<b>BUDGETED CASH BALANCE</b>	<b><u>\$ 16,846</u></b>	<b><u>\$ 16,846</u></b>		

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, 2012

	Operational	Transportation	Instructional Materials	Athletics	Food Services	Non- Instructional	
Cash balance, June 30, 2011	\$ 468,044	\$ -	\$ 16,846	\$ 9,269	\$ 19,245	\$ 41,372	
Investments June 30, 2011	49,476	-	-	10,186	5,055	150,486	
Cash Receipts, 2011-2012	4,839,051	222,703	23,074	47,530	166,742	285,019	
Cash Disbursements, 2011-2012	(4,910,868)	(222,703)	(36,336)	(57,344)	(168,809)	(276,752)	
Investments June 30, 2012	(31,070)	-	-	(10,288)	(5,105)	(149,619)	
Cash balance, June 30, 2012	<u>\$ 414,633</u>	<u>\$ -</u>	<u>\$ 3,584</u>	<u>\$ (647)</u>	<u>\$ 17,128</u>	<u>\$ 50,506</u>	
	Local/ State	Federal Projects	Bond Building	Public School Capital Outlay	Special Capital Outlay State	Capital Improvement SB-9	Debt Service
Cash balance, June 30, 2011	\$ 23	\$ (14,778)	\$ (4,453)	\$ -	\$ (41,850)	\$ 64,033	\$ 107,752
Investments June 30, 2011	-	-	244,657	-	-	93,400	163,903
Cash Receipts, 2011-2012	3,299	305,547	712	374,453	41,850	128,283	379,328
Cash Disbursements, 2011-2012	(3,299)	(325,496)	(240,896)	(374,453)	-	(125,012)	(338,838)
Investments June 30, 2012	-	-	-	-	-	(129,608)	-
Cash balance, June 30, 2012	<u>\$ 23</u>	<u>\$ (34,727)</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,096</u>	<u>\$ 312,145</u>

*Rice and Associates, C.P.A.*

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

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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the General, Title I and IDEA-B Preschool Funds of Texico Municipal School District No. 13, as of and for the year ended June 30, 2012, and have issued our report thereon dated September 19, 2012. We also have audited the financial statements of each of the Schools' non-major governmental and fiduciary 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, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Texico Municipal School District No. 13 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Texico Municipal School District No. 13'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 Texico Municipal School District No. 13's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Schools' internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not be designed to identify all deficiencies in



internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Texico Municipal School District No. 13'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 one instance of non-compliance or other matters that are required to be reported under Government Auditing Standards, which is described in the accompanying Status of Findings as Budget Overruns (12-02).

We also noted certain other matters that are required to be reported pursuant to *Government Auditing Standards* paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying Status of Findings as Direct Payments Not Posted (12-01).

Texico Municipal School District No. 13's responses to the findings identified in our audit are described in the accompanying Status of Findings. We did not audit Texico Municipal School District No. 13's responses and, accordingly, we express no opinion on them.

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

*Rice & Associates, LLP*

September 19, 2012

## STATUS OF COMMENTS

Prior Year Audit Findings:

NONE

Current Year Audit Findings:

1. Direct Payments Not Posted - (12-01)
2. Budget Overruns - (12-02)

Direct Payments Not Posted  
(12-01)

CONDITION	The School District had \$7,254 worth of E-Rate monies and \$374,453 monies from PSFA paid directly to vendors, however, never shown on the School Districts books of record.
CRITERIA	All transactions of the School District are to be posted to the books of record.
CAUSE	Management was not completing this procedure.
EFFECT	The total \$381,707 was not being included in the original books of record. Thus, if not posted could have understated revenues and capital assets.
RECOMMENDATION	Management should implement procedures to ensure these transactions are included in the 2013 books of record.
RESPONSE	The District will review all monies paid directly to vendors on behalf of Texico Schools and ensure these transactions are posted to the District records in revenue and expenditures.

Budget Overruns

(12-02)

CONDITION                    The School District had a budget overrun. The overrun is in the Cafeteria Fund in the amount of \$13,211.

CRITERIA                     NMSA 1978 Section 22-8-11 requires all funds to be spent within the established guidelines set for budgets.

CAUSE                        The School District received more monies during the year from USDA for school lunches/breakfasts than originally budgeted. However, Management did not submit to PED a budget adjustment request in time for it to be approved before the end of the year. So the extra monies received were spent without budget authority from PED.

EFFECT                      The School District did not have the proper budget authority to spend the extra monies that were received.

RECOMMENDATION            Management should ensure that all monies received have proper budget authority before they are spent.

RESPONSE                    The District will monitor expenditures closely to ensure budget adjustments are submitted timely and expenditures are not in excess of budget line items.



## FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2012 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 115.

## EXIT CONFERENCE

An exit conference was held at the School District on September 19, 2012, to discuss the current audit report. In attendance were Mr. Miles Mitchell, Superintendent, Ms. Cheryl Whitener, Business Manager, Mr. Cary Crist, Board President, Mr. Tim Foote, Board Vice-President, Mr. Duwain Hill, Board Secretary and Ms. Pamela A. Rice, CPA, Contract Auditor. A properly closed regular session was held.