

STATE OF NEW MEXICO



TULAROSA MUNICIPAL SCHOOLS

ANNUAL FINANCIAL REPORT

JUNE 30, 2012

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
Tularosa Municipal Schools

OFFICIAL ROSTER
June 30, 2012

<u>Name</u>		<u>Title</u>
	<u>Board of Education</u>	
Brenda Yousif		President
Samuel Sanchez		Vice President
Kim Chavez (resigned May 20, 2012)		Secretary
Lillian Duran		Member
Mike Mackechnie		Member
	<u>School Officials</u>	
Brenda Vigil		Superintendent
Kathleen Richardson		Business Manager

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STATE OF NEW MEXICO
Tularosa Municipal Schools
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2012

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Tularosa Municipal Schools
Tularosa, 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 statement of the General Fund and the major special revenue fund activities of Tularosa Municipal Schools (the "District") as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds and the budgetary comparisons of the Bond Building, and Debt Service fund and the remaining nonmajor governmental 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 Tularosa Municipal Schools 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 the District'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 Tularosa Municipal Schools, as of June 30, 2012, and the respective changes in financial position, thereof and the respective budgetary comparison statements for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of Tularosa Municipal Schools as of June 30, 2012, and the respective changes in financial position thereof and the respective budgetary comparison statements for each nonmajor governmental fund and the budgetary comparison of the Bond Building, and Debt Service fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Where Quality & Accuracy Count

6565 Americas Parkway NE, Ste 670
Albuquerque, NM 87110

Office: 505-563-5525
Fax: 505-563-5524

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In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2012 on our consideration of the Tularosa Municipal Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 15-22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards (Schedule IV) is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information 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 statement 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.



Precision Accounting, LLC
Albuquerque, New Mexico
August 20, 2012

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**State of New Mexico Tularosa Municipal School District No. 47
Management's Discussion and Analysis**

As management of the Tularosa Municipal School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2012. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

In June 1999, GASB approved Statement #34 "Basic Financial Statements and Management Discussion and Analysis for State and Local Government". In June 2001, the GASB approved Statement #37 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus" and Statement #38 "Certain Financial Statement Note Disclosures". Statement #37 clarifies and modifies Statement #34 and should be implemented simultaneously with Statement #34. Statement #38 modifies, establishes and rescinds certain financial statement disclosure requirements. The District implemented the provisions of the above statements effective July 1, 2003.

Financial Highlights

Key financial highlights for fiscal year ended June 30, 2012 are as follows:

- The assets of the District exceeded its liabilities at the end of the fiscal year by \$21,676,033 (net assets). Of this amount, \$16,115,615 is invested in capital assets, \$3,462,054 is restricted for Capital Projects, \$533,557 is restricted for Debt Service, \$330,337 for Special Revenue Funds and \$1,227,571 is unrestricted and may be used to meet the District's ongoing obligations.
- The District's total net assets decreased by \$(34,313), which is reflected in the District's Statement of Activities.
- The District's liabilities decreased by \$525,459 in fiscal year 2012. This decrease is a product of a decrease in current liabilities of \$395,459 and a decrease in long-term liabilities of \$130,000 due to the retirement of two old bonds and the issuance of new bonds for this fiscal year.
- At June 30, 2012, the unreserved and undesignated fund balance for the general fund was \$1,224,020, which reflects an increase of \$359,968 from the previous fiscal year.
- As part of the implementation of GASB 34, total accumulated depreciation on capital assets as of June 30, 2012 is \$22,766,049. This includes current year depreciation in the amount of \$793,875.
- Capital Outlay expenditures decreased from \$1,289,360 in the year ending June 30, 2011 to \$294,504 in the year ending June 30, 2012. The decrease in capital outlay expenditures was associated with the district having no major ongoing construction projects within the district for this school year. The Capital Outlay expenditures in this fiscal year included improvements to the District's computer network infrastructure, purchase and installation of video conferencing equipment, purchase of a computer server, purchase of a floor scrubber, and final payment to the contractor for the replacement of the roof project at the Tularosa Middle School as well as closeout payments for the remodeling/renovation project at the Tularosa High School. These projects were funded utilizing Capital Outlay funds, such as Bond Building and SB-9.
- The District's general obligation bond debt balance is \$4,450,000 which reflects a \$285,000 decrease due to the net offset of paying principle payments on old bonds and issuing new debt. Voters authorized new bonds in the amounts of \$305,000 sold during the fiscal year. These bond sales were authorized by voters in an election which allows the District to issue the debt over an eight year period.

Basic Financial Statements

In general, the purpose of financial reports is to provide external parties reading the financial statements with information that will help them to make decisions or draw conclusions about the reporting entity. There are many external parties that read and use the District's financial statements; however, these parties do not always have the same objectives. This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader may understand the District's overall financial position. In accordance with required reporting requirements, the District presents (1) government-wide financial statements and (2) fund financial statements.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to that of a private sector business.

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (e.g. uncollected taxes).

Both the *statement of net assets* and the *statement of activities* distinguish functions of the District that are primarily supported by property taxes and state revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through fees and charges. The governmental activities of the District include education, pupil transportation, food service and community service. The District does not have any business-type activities.

The *government-wide financial statements* can be found on Exhibits A-1 and A-2 on pages 24 through 27 of the financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities of objectives. The District, like other school districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Government Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available as the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. A reconciliation to facilitate the comparison of the governmental funds and governmental activities has been provided.

The District has four individual governmental fund groups. Information is presented separately in the governmental fund balance sheets and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the following funds:

General Fund
Debt Service Fund

Capital Projects Fund
Special Revenue Funds

The basic governmental fund financial statements can be found on Exhibits B-1 and B-2 on pages 28 through 35 of the financial statements.

Fiduciary Funds

Fiduciary Funds are used to account for resources held in trust for the benefit of parties outside the District. Fiduciary fund financial statements consist of a statement of fiduciary net assets and a statement of changes in fiduciary net assets. These funds are not reported in the government-wide financial statements.

The fiduciary fund financial statements can be found in Exhibit D on page 43 of the financial statements.

Overview of the District's Financial Position and Operations the District's overall financial position and operations for the current year as compared to the previous fiscal year are as follows:

TULAROSA MUNICIPAL SCHOOL DISTRICT'S NET ASSETS COMPARATIVE DATA

TULAROSA MUNICIPAL SCHOOL DISTRICT'S NET ASSETS
COMPARATIVE DATA

	Current Year 2012	Prior Year 2011
Assets		
Cash and Other Equivalents	\$ 5,071,346	\$ 5,490,985
Current and Other Assets	\$ 1,103,174	\$ 851,502
Capital Assets, Net	<u>\$20,311,868</u>	<u>\$20,704,141</u>
TOTAL ASSETS	\$26,486,388	\$27,046,628
Liabilities		
Current Liabilities	\$ 795,355	\$ 1,191,282
Noncurrent Liabilities	<u>\$ 4,015,000</u>	<u>\$ 4,145,000</u>
TOTAL LIABILITIES	\$ 4,810,355	\$ 5,336,282
Net Assets		
Invested in Capital Assets, net related of debt	\$16,115,615	\$15,732,371
Restricted:		
Debt Services	\$ 533,557	\$ 292,865
Capital Projects	\$ 3,462,054	\$ 4,393,988
Special Revenue Funds	\$ 330,337	\$ 375,841
General Funds	\$ 6,899	\$ 46,223
Unrestricted	<u>\$ 1,227,571</u>	<u>\$ 869,058</u>
TOTAL NET ASSETS	<u>\$21,676,033</u>	<u>\$21,710,346</u>

As noted in the schedule above, 5% of the District's net assets are unrestricted in nature and can be used at the *discretion* of the District and to meet ongoing obligations to creditors and stakeholders. 21% is restricted for the stated purposes. The remaining 74% of the District's net assets are invested in capital assets, net of related debt. This indicates that the accumulated depreciation along with the asset values exceed existing debt.

Governmental activities decreased the District's overall net assets by \$34,313. This increase was the affect of the decrease in total assets of \$560,240 and the decrease in total liabilities of \$525,459. Nonetheless, the District's liquidity, the ability to convert assets into cash to pay for obligations and commitments, remains secure. Cash and cash equivalents represent almost 19 % of the District's current assets indicating a highly liquid position.

The major elements of the District's governmental activities contributing to the increase in the change in net assets are listed on the next page.

**TULAROSA MUNICIPAL SCHOOL DISTRICT'S CHANGES IN NET ASSETS
COMPARATIVE DATA**

Revenues:	2012	2011
Program Revenues		
Charges for Services	\$ 93,507	\$ 129,689
Operating Grants & Contributions	\$ 3,098,246	\$ 3,401,154
Capital Grants & Contributions	<u>\$ 156,470</u>	<u>\$ 163,977</u>
Total Program Revenues	\$ 3,348,223	\$ 3,694,820
General Revenues:		
Property Taxes		
General Purpose	\$ 33,287	\$ 33,745
Debt Service	\$ 686,849	\$ 672,493
Capital Projects	\$ 162,740	\$ 161,299
Grants & Contributions, not restricted	\$ 6,842,998	\$ 6,882,655
Unrestricted Investment Earnings	\$ 3,653	\$ 4,985
Bond Proceeds	\$ 46,177	\$ 17,428
Miscellaneous Income	<u>\$ 10,319</u>	<u>\$ 461,955</u>
Total General Revenues	<u>\$ 7,786,023</u>	<u>\$ 8,234,560</u>
TOTAL REVENUES	\$ 11,134,246	\$ 11,929,380
Expenditures:		
Direct Instruction	\$ 6,052,719	\$ 6,693,533
Students	\$ 767,020	\$ 737,935
Instruction	\$ 256,418	\$ 280,036
General Administration	\$ 301,065	\$ 373,065
School Administration	\$ 657,303	\$ 685,234
Central Services	\$ 220,759	\$ 247,041
Operation & Maintenance of Plant	\$ 1,128,456	\$ 1,089,152
Student Transportation	\$ 507,940	\$ 525,113
Other Support Services	\$ -	\$ -
Food Services	\$ 469,143	\$ 467,650
Capital Outlay	\$ 591,330	\$ 102,787
Interest on Long term debt	<u>\$ 215,862</u>	<u>\$ 194,696</u>
TOTAL EXPENDITURES	<u>\$ 11,168,559</u>	<u>\$ 11,396,242</u>
Change in Net Assets	\$ (34,313)	\$ 533,138
Net Assets, Beginning of Year	<u>\$ 21,710,346</u>	<u>\$ 21,177,208</u>
Net Assets, End of Year	<u>\$ 21,676,033</u>	<u>\$ 21,710,346</u>

State of New Mexico Tularosa Municipal School District No. 47

As noted above, the District is heavily dependent on federal and state aid, which comprises 89% of its total revenues. Correspondingly, it spends 58% of total revenues on direct instruction and instructional support the two primary functions that indicate direct school spending.

General Fund Budgetary Highlights

Budget to actual comparison schedules are presented for all major funds and non major funds individually in Exhibit C-1 through C-3 and Schedules A-3 to A-28. In addition, budget to actual comparison schedules were presented for each individual fund in the supplementary information section of this report. These schedules are prepared on a cash basis which is the format allowed by the District's oversight agency, the New Mexico Public Education Department.

The original expenditure budget for the District's general fund was increased by \$25,550. Due to an increase in expected revenues, the State issued a 0.36% increase in the final unit value for the state equalization guarantee funding (\$12.90 per funding unit) for the 2011-2012 school year. The final general fund expenditure budget was \$8,007,276 of which \$7,048,860 was expended in the current year. Budgets were not exceeded in any of the functions in the general fund.

Of the \$14,291,354 total District revenue budget, only \$11,317,931 (79%) of the budget was actually received during the year. However, the under-budget amount of revenues received includes the \$2,199,532 PSFA award the District budgeted for the Tularosa High School remodeling/renovation project. This amount was paid directly to the contractor by the State and did not pass through the District's financial system. Therefore, the District actually received 94% of its total budgeted revenues. The other 6% of budgeted revenues not received were largely due to decreases in the final awards received from federal sources.

The original expenditure budget in the District's debt service fund did not increase for this year. Surplus cash balances were used to pay bond principal payments on old bond series. Even with this use of cash, the District maintains a strong financial position in the debt service fund.

Capital Assets and Debt Administration

Capital Assets

The District's current year investment in capital assets as of June 30, 2012 is \$156,757. The District's assets include land and land improvements, building and building improvements, equipment and furniture, and vehicles. The renovation and upgrade to the high school facilities construction project was completed in the District in the prior fiscal year but the State is determining the final payment owed by the District for their share. The funds to be utilized for this final payment will be the District's Bond Building Fund.

Depreciation calculated as a result of GASB 34 implementation resulted in an accumulated depreciation balance of \$22,766,049, of which \$793,875 is for depreciation in the current year. Additional information of the District's capital assets is presented in Note 7 on page 58 of the financial statements.

Long-term obligations

At the end of the current year, the district had \$4,450,000 in long-term debt related to governmental activities. Of this debt, 100% was related to general obligation bonds still outstanding at the end of the year. The debt position of the District is summarized below and is more fully analyzed in Note 8 on page 60 of the financial statements.

TULAROSA MUNICIPAL SCHOOL DISTRICT'S LONG-TERM OBLIGATION

Governmental Activities:

General Obligation Debt

	<u>Bal @7-1-11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Bal @ 6-30-12</u>	<u>Due W/in One Year</u>
<i>TOTAL</i>	\$4,735,000	\$305,000	\$590,000	\$4,450,000	\$435,000

During FY 2012, the District issued \$305,000 in new General Obligation School Building Bonds Series 2011. During the fiscal year, the District reduced total bond debt principle by \$590,000 in accordance with schedule bond payments.

The most recent issuances by the District have received the following credit ratings:

- The \$305,000 bonds issued during 2011 received an enhanced AA2 rating.

The enhanced rating is partly due to recent legislative action that guarantees payment to the bondholders in the event of default by the District.

Relevant Current Economic Factors, Decisions and Conditions

In the prior year, the District experienced a decrease in student population; however, this year's enrollment did increase slightly. The increase was due to the District's acceptance of special needs children from nearby community. Since the District, like all other New Mexico school districts, is funded on a prior year funding formula, (the student population from this year will determine the amount of funding received in the following year), it must maintain tight budgetary controls in order to meet current year needs with last year's funding. The District's primary general source of revenue is derived from the formula. The District does anticipate that the student population will continue to decrease from its approximate 900 students in the next few years due to a decrease in student enrollment in the lower grades.

Additionally, the state has experienced revenue shortfalls and continues to decrease funding to the Public Education Department which decreases the unit value provided to school districts in their state equalization guarantee funding. These reductions in funding continue to be a challenge to the District as we attempt to maintain current programs with the continued decreases in funding from the state legislature.

With respect to property taxes, the District's tax rate has remained stable over the last few years due to the bond program implemented by the District. In general, as old debt is retired, new debt is issued, thereby maintaining a non-residential rate of approximately \$2.00 per \$1,000 assessed valuation. On February 7th, 2012, the voters approved a \$2.2 million bond election which allows a \$2.00 mill levy for capital improvements. During the fiscal year, the final \$305,000 of the bonds approved by the voters in the previous bond election held in 2009 was sold. The funds will be used to improve school grounds, buildings and school furnishings, as well as the need to upgrade equipment and technology adequacy. In order to accomplish this, the District requires funding from taxpayers as well as continued support through direct legislative appropriations.

Request for Information

This financial report is designed to provide various interested parties with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or require additional information, contact the District's Finance Department as follows:

Kathleen Richardson Business Manager 505-585-8819
Physical and Mailing Address:
504 First Street
Tularosa, NM 88352
e-mail: krichardson@tularosa.k12.nm.us

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
STATEMENT OF NET ASSETS
JUNE 30, 2012

Exhibit A-1
(Page 1 of 2)

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 5,071,346
Taxes Receivables	165,023
Due from other Governments	696,060
Inventory	13,920
Total current assets	<u>5,946,349</u>
Noncurrent assets:	
Bond issuance costs (net of amortization of \$163,906)	228,171
Capital assets:	
Other capital assets	43,077,917
Less accumulated depreciation	<u>(22,766,049)</u>
Total Capital assets	<u>20,311,868</u>
Total noncurrent assets	<u>20,540,039</u>
Total assets	<u><u>\$ 26,486,388</u></u>

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
STATEMENT OF NET ASSETS
JUNE 30, 2012

Exhibit A-1
(Page 2 of 2)

	Governmental Activities
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	\$ 87,293
Accrued salaries and benefits	-
Accrued compensated absences	20,696
Accrued interest	55,148
Deferred revenue	197,218
Current portion of long-term debt	435,000
Total current liabilities	795,355
Noncurrent liabilities:	
Bonds, loans and other payables:	
Due in more than one year	4,015,000
Total noncurrent liabilities	4,015,000
Total liabilities	4,810,355
Net assets:	
Invested in capital assets, net of related debt	16,115,615
Unrestricted	1,227,571
Restricted for General Funds	6,899
Restricted for Special Revenue Funds	330,337
Restricted for Capital Projects Funds	3,462,054
Restricted for Debt Service Funds	533,557
Total net assets	21,676,033
Total liabilities and net assets	\$ 26,486,388

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Service</u>
Governmental activities:		
Instruction:		
Direct instruction	\$ 6,052,719	\$ 1,795
Support services:		
Students	767,019	-
Instruction	256,418	-
General Administration	301,065	-
School Administration	657,303	-
Central Services	220,759	-
Operation & Maintenance of Plant	1,128,456	-
Student Transportation	507,940	-
Other Support Services	-	91,712
Food Services	469,143	-
Capital Outlay	591,330	-
Interest on long-term debt	216,407	-
Total governmental activities	<u>\$ 11,168,559</u>	<u>\$ 93,507</u>

Program Revenues		Net
Operating Grants and Contributions	Capital Grants and Contributions	(Expenses) Revenues and Changes in Net Assets
\$ 2,180,014	\$ -	\$ (3,870,910)
-	156,470	(610,549)
-	-	(256,418)
-	-	(301,065)
-	-	(657,303)
-	-	(220,759)
-	-	(1,128,456)
460,499	-	(47,441)
-	-	91,712
457,733	-	(11,410)
-	-	(591,330)
-	-	(216,407)
<u>\$ 3,098,246</u>	<u>\$ 156,470</u>	<u>(7,820,336)</u>

General Revenues:

Property taxes:	
Levied for general purposes	33,287
Levied for debt service	686,849
Levied for capital projects	162,740
State aid not restricted	6,842,998
Bond proceeds to be adjusted	46,177
Miscellaneous	10,319
Unrestricted investment earnings	3,653
	<u>7,786,023</u>
Total general revenues	
	<u>7,786,023</u>
Change in net assets	(34,313)
Net assets - beginning	21,710,346
Net assets - ending	<u>\$ 21,676,033</u>

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	General Fund		
	Operational	Transportation	Instructional Materials
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 419,381	\$ 555	\$ 6,464
Investments	122,156	-	-
Accounts receivable			
Taxes	6,244	-	-
Due from other governments	-	-	-
Other accounts receivable	-	-	-
Interfund receivable	689,544	-	-
Inventory	-	-	-
<i>Total assets</i>	<u>\$ 1,237,325</u>	<u>\$ 555</u>	<u>\$ 6,464</u>
LIABILITIES AND FUND BALANCES			
<i>Current Liabilities</i>			
Accounts payable	\$ 7,589	\$ 120	\$ -
Accrued salaries and benefits	-	-	-
Interfund payable	-	-	-
Deferred revenue	5,716	-	-
<i>Total liabilities</i>	<u>13,305</u>	<u>120</u>	<u>-</u>
<i>Fund Balances</i>			
Fund Balance			
Non-spendable	-	-	-
Restricted for:			
General Fund	-	435	6,464
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	1,224,020	-	-
<i>Total fund balances</i>	<u>1,224,020</u>	<u>435</u>	<u>6,464</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,237,325</u>	<u>\$ 555</u>	<u>\$ 6,464</u>

Bond Building	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 2,976,564	\$ 441,537	\$ 748,740	\$ 4,593,241
291,272	14,888	49,789	478,105
-	128,144	30,635	165,023
-	-	696,060	696,060
-	-	-	-
-	-	-	689,544
-	-	13,920	13,920
<u>3,267,836</u>	<u>584,569</u>	<u>1,539,144</u>	<u>6,635,893</u>
\$ 61,867	\$ -	\$ 17,717	\$ 87,293
-	-	-	-
-	116,571	689,544	689,544
-	-	158,889	281,176
<u>61,867</u>	<u>116,571</u>	<u>866,150</u>	<u>1,058,013</u>
-	-	13,920	13,920
-	-	659,074	665,973
-	-	-	-
3,205,969	-	-	3,205,969
-	467,998	-	467,998
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	1,224,020
<u>3,205,969</u>	<u>467,998</u>	<u>672,994</u>	<u>5,577,880</u>
<u>3,267,836</u>	<u>584,569</u>	<u>1,539,144</u>	<u>6,635,893</u>

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STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS

Exhibit B-1
(Page 2 of 2)

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
June 30, 2012

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

Fund balances - total governmental funds	\$ 5,577,880
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets	20,311,868
Other assets are not available to pay for current-period expenditures and therefore, are deferred in the funds:	
Property taxes	83,958
Bond issuance costs (net of amortization)	228,171
Other liabilities are not due and payable in the current period and therefore are not reported in the funds - accrued interest payable	(20,696) (55,148)
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported in the funds	<u>(4,450,000)</u>
Net Assets of Governmental Activities in the Statement of Net Assets:	<u>\$ 21,676,033</u>

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	General Fund		
	Operational	Transportation	Instructional Materials
<i>Revenues:</i>	\$	\$	\$
Taxes			
Taxes levied/assessed	32,603	-	-
Local sources			
Tuition	-	-	-
Investment income	1,193	160	-
Food services	-	-	-
District activities	(2,925)	-	-
Other revenue	13,665	-	1,275
State sources			
Unrestricted Grants	6,842,998	-	-
Restricted Grants	-	460,339	37,907
Federal sources			
Unrestricted Grants	320,805	-	-
Unrestricted -state passthrough	74,600	-	-
Restricted Grants	-	-	-
Restricted -state passthrough	-	-	-
Department of Interior	-	-	-
Other items	128,629	-	-
<i>Total revenues</i>	<u>7,411,568</u>	<u>460,499</u>	<u>39,182</u>
<i>Expenditures:</i>			
Current:			
Instruction	3,996,510	-	35,065
Support Services			
Students	609,890	-	-
Instruction	157,687	-	-
General Administration	259,128	-	-
School Administration	640,593	-	-
Central Services	212,193	-	-
Operation & maintenance of plant	1,128,456	-	-
Student transportation	47,143	460,797	-
Other Support Services	-	-	-
Operation of Non-instructional Services			
Food services operations	-	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>7,051,600</u>	<u>460,797</u>	<u>35,065</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>359,968</u>	<u>(298)</u>	<u>4,117</u>
<i>Other financing sources (uses)</i>			
Transfers (In) Out	-	-	-
Bond Premium	-	-	-
Bond Proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	359,968	(298)	4,117
<i>Fund balances - beginning of year</i>	864,052	733	2,347
<i>Fund balances - end of year</i>	<u>\$ 1,224,020</u>	<u>\$ 435</u>	<u>\$ 6,464</u>

Bond Building	Debt Service	Other Governmental Funds	Total Governmental Funds
\$	\$	\$	\$
-	672,892	159,641	865,136
-	-	-	-
2,234	110	166	3,863
-	-	34,761	34,761
-	-	91,712	88,787
-	-	-	14,940
-	-	-	-
-	-	-	6,842,998
-	-	200,537	698,783
99	-	-	320,904
-	-	-	74,600
-	-	50,917	50,917
-	-	1,920,161	1,920,161
-	-	-	-
-	-	25,851	154,480
<u>2,333</u>	<u>673,002</u>	<u>2,483,746</u>	<u>11,070,330</u>
-	-	1,472,466	5,504,041
-	-	157,129	767,019
-	-	98,732	256,419
-	6,865	35,072	301,065
-	-	16,710	657,303
-	-	8,566	220,759
-	-	-	1,128,456
-	-	-	507,940
-	-	-	-
-	-	-	-
-	-	469,143	469,143
480,197	-	267,890	748,087
-	590,000	-	590,000
-	175,186	-	175,186
<u>480,197</u>	<u>772,051</u>	<u>2,525,708</u>	<u>11,325,418</u>
<u>(477,864)</u>	<u>(99,049)</u>	<u>(41,962)</u>	<u>(255,088)</u>
-	-	-	-
-	-	-	-
<u>305,000</u>	<u>-</u>	<u>-</u>	<u>305,000</u>
<u>305,000</u>	<u>-</u>	<u>-</u>	<u>305,000</u>
(172,864)	(99,049)	(41,962)	49,912
3,378,833	567,047	714,956	5,527,968
<u>\$ 3,205,969</u>	<u>\$ 467,998</u>	<u>\$ 672,994</u>	<u>\$ 5,577,880</u>

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STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Exhibit B-2
 (Page 2 of 2)

For the year Ended June 30, 2012

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

Net change in fund balances - total governmental funds	\$	49,912
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures:		
Current year capital expenditures		156,757
Depreciation expense , net of current deletions		(549,029)

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

Property taxes		11,235
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The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Increase in accrued interest		2,980
Bond Premium		46,177
Decrease in compensated absences		351
Amortization of bond issuance costs		(37,696)
Issuance of new debt		(305,000)
Principal payments on bonds		590,000

Changes in Net Assets of Governmental Activities	\$	<u><u>(34,313)</u></u>
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STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
OPERATIONAL FUND

Exhibit C-1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ 33,420	\$ 33,420	\$ 45,500	\$ 12,080
State sources	6,874,873	6,900,423	6,842,998	(57,425)
Federal sources	283,098	283,098	395,405	112,307
Interest	-	-	129,705	129,705
<i>Total revenues</i>	<u>7,191,391</u>	<u>7,216,941</u>	<u>7,413,608</u>	<u>196,667</u>
<i>Expenditures:</i>				
Current:				
Instruction	4,571,844	4,538,844	3,995,556	543,288
Support Services				
Students	626,069	684,619	610,040	74,579
Instruction	215,645	215,645	157,687	57,958
General Administration	353,576	353,576	255,813	97,763
School Administration	660,224	660,224	640,980	19,244
Central Services	236,794	236,794	211,857	24,937
Operation & maintenance of plant	1,205,889	1,205,889	1,129,784	76,105
Student transportation	59,758	59,758	47,143	12,615
Other Support Services	51,927	51,927	-	51,927
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>7,981,726</u>	<u>8,007,276</u>	<u>7,048,860</u>	<u>958,416</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(790,335)</u>	<u>(790,335)</u>	<u>364,748</u>	<u>1,155,083</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Designated Cash	790,335	790,335	-	(790,335)
<i>Total other financing sources (uses)</i>	<u>790,335</u>	<u>790,335</u>	<u>-</u>	<u>(790,335)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>364,748</u>	<u>364,748</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>866,333</u>	<u>866,333</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,231,081</u>	<u>\$ 1,231,081</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ 364,748	
<i>Adjustment to revenue for accruals and other deferrals</i>			1,100	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			(5,880)	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ 359,968</u>	

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STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	419,018	460,339	460,339	-
Federal sources	-	-	-	-
Interest	-	-	160	160
<i>Total revenues</i>	<u>419,018</u>	<u>460,339</u>	<u>460,499</u>	<u>160</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	419,018	460,734	460,733	1
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>419,018</u>	<u>460,734</u>	<u>460,733</u>	<u>1</u>
<i>Excess (deficiency) of revenues</i>				
<i>over (under) expenditures</i>	<u>-</u>	<u>(395)</u>	<u>(234)</u>	<u>161</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Designated Cash	-	395	-	(395)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>395</u>	<u>-</u>	<u>(395)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(234)</u>	<u>(234)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>789</u>	<u>789</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 555</u>	<u>\$ 555</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ (234)	
<i>Adjustment to revenue for accruals and other deferrals</i>			-	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			(64)	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ (298)</u>	

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STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
INSTRUCTIONAL MATERIALS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ 702	\$ 1,275	\$ 573
State sources	32,222	37,907	37,907	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>32,222</u>	<u>38,609</u>	<u>39,182</u>	<u>573</u>
<i>Expenditures:</i>				
Current:				
Instruction	34,569	40,956	35,065	5,891
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>34,569</u>	<u>40,956</u>	<u>35,065</u>	<u>5,891</u>
<i>Excess (deficiency) of revenues</i> <i>over (under) expenditures</i>	<u>(2,347)</u>	<u>(2,347)</u>	<u>4,117</u>	<u>6,464</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Designated Cash	2,347	2,347	-	(2,347)
<i>Total other financing sources (uses)</i>	<u>2,347</u>	<u>2,347</u>	<u>-</u>	<u>(2,347)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>4,117</u>	<u>4,117</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,347</u>	<u>2,347</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,464</u>	<u>\$ 6,464</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ 4,117	
<i>Adjustment to revenue for accruals and other deferrals</i>			-	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			-	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ 4,117</u>	

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STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
AGENCY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2012

Exhibit D

ASSETS

Current Assets

Cash \$ 180,359

Total assets \$ 180,359

LIABILITIES

Current Liabilities

Deposits held in trust for others \$ 180,359

Total liabilities \$ 180,359

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STATE OF NEW MEXICO
Tularosa Municipal Schools
Notes to the Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies

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

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Tularosa Municipal School's management who is responsible for their integrity and objectivity. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the government's accounting policies are described below.

A. *Financial Reporting Entity*

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14 and No. 39. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

STATE OF NEW MEXICO
Tularosa Municipal Schools
Notes to the Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

B. *Government-wide and fund financial statements*

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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

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

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

STATE OF NEW MEXICO
Tularosa Municipal Schools
Notes to the Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by district school tax levy, state equalization and earnings from investments. Expenditures include all costs associated with the daily operations of the schools except for those items included in other funds.

The *Transportation Fund* is used to account for the State Equalization received from the State Department of Education which is used to pay for the costs associated with transporting school age children.

The *Instructional Materials Fund* is used to account for the monies received from the State Department of Education for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

The *Bond Building Fund* is used to account for the accumulation of resources for the funds provided from the District's bond issues. Resources are used for the purpose of erecting, remodeling, making additions to, or furnishing public school buildings and purchasing or improving public school grounds. Financing is provided by ad valorem taxes as specified by Article 15 of the Finance of Counties, Municipalities, and School Districts Act., and the payment of, general long-term debt principal, interest and related costs.

The *Debt Service Fund* – The purpose of this fund is to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Additionally, the government reports the following fund types:

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. There were no such transactions during the fiscal year ended June 30, 2012.

STATE OF NEW MEXICO
Tularosa Municipal Schools
Notes to the Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

Investments for the District are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables: Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in Otero County. The funds are collected by the County Treasurers and are remitted to the School District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurers in July and August 2012 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2012.

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

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

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

STATE OF NEW MEXICO
Tularosa Municipal Schools
Notes to the Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

D. *Assets, Liabilities and Net Assets or Equity (continued)*

Inventory: Inventory is valued at cost utilizing the purchase basis of accounting. Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed. The U.S.D.A. commodities are recorded at year-end by audit adjusting entries. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Building improvements	20
Furniture, fixtures and equipment	5-20
Vehicles	10-20

Deferred Revenues: Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be “available” under the current financial resources measurement focus are reported as deferred revenues in the governmental fund financial statements.

Compensated Absences: The District permits administrative employees to accumulate a limited amount of earned but unused vacation, which will be paid if not used, upon termination from the District. Accumulated sick leave benefits vest with each employee in accordance with District policy. All vacation pay and applicable accumulated sick leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is reported for unpaid accumulated sick leave, as no payment is required upon termination of service by employees.

STATE OF NEW MEXICO
Tularosa Municipal Schools
Notes to the Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

D. *Assets, Liabilities and Net Assets or Equity* (continued)

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

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

Fund Equity: In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. These designations are established to earmark resources for specific future use and to indicate that the fund equity does not represent available spendable resources.

Invested in capital assets, net of related debt consists of net assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

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

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

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

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

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

Reclassifications: Certain amounts presented in prior year data have been reclassified in order to be consistent with the current year's presentation.

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

STATE OF NEW MEXICO
Tularosa Municipal Schools
Notes to the Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

E. *Revenues*

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$6,842,998 in state equalization guarantee distributions during the year ended June 30, 2012.

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The District recognized \$865,136 in tax revenues in the governmental fund financial statements during the year ended June 30, 2012. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$460,339 in transportation distributions during the year ended June 30, 2012.

Instructional Materials: The District had allocations allowed by the State for the current year of \$37,907. Of the allocation, the District used \$ 37,907 to purchase textbooks during the year. Allocations received and utilized are reflected in revenue and expenditures of the General Fund.

STATE OF NEW MEXICO
Tularosa Municipal Schools
Notes to the Financial Statements
June 30, 2012

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

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

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

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

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

STATE OF NEW MEXICO
Tularosa Municipal Schools
Notes to the Financial Statements
June 30, 2012

NOTE 3. Cash and Temporary Investments

State statutes authorize the investment of the District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2012.

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

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

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

The collateral pledged is listed on Schedule I of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, District or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution until December 31, 2012. The Dodd Frank Act of 2010 required that all funds in a non-interest bearing bank account be fully insured by the FDIC through December 31, 2012. Tularosa Municipal Schools' funds are in an interest bearing account and therefore are not subject to the Dodd Frank Act.

Deposits

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

STATE OF NEW MEXICO
Tularosa Municipal Schools
Notes to the Financial Statements
June 30, 2012

NOTE 3. Cash and Temporary Investments (continued)

<u>Type</u>	<u>First National Bank</u>	<u>Western Bank</u>
General	\$ 5,217,619	\$ 206,049
Total Deposits	5,217,619	206,049
Less: FDIC Coverage	<u>(250,000)</u>	<u>(206,049)</u>
Uninsured Amount	4,967,619	-
50% Collateral requirement	2,483,810	-
Pledged Securities	<u>5,758,854</u>	<u>47,809</u>
(Over) Under collateralized	<u>\$ (3,275,045)</u>	<u>\$ (47,809)</u>
Custodial Credit Risk-Deposits		
Account Balance	\$ 5,423,668	
FDIC Insured	456,049	
Collateral:		
Collateral held by the pledging bank, not in the District's name	5,806,663	
Uninsured and uncollateralized	<u>(839,044)</u>	
Total Deposits	<u>\$ 5,423,668</u>	

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2012, \$4,967,619 of the District's bank balance of \$5,423,668 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ (839,044)
FDIC Insurance	456,049
Collateral held by pledging bank's trust department not in the District's name	<u>5,806,663</u>
Total	<u>\$ 5,423,668</u>

Reconciliation of Cash and Temporary Investments

Governmental Funds - Balance Sheet	
Cash and cash equivalents per Exhibit A-1	\$ 5,071,758
Cash per Exhibit D-1	180,359
Less Investments in LGIP	(478,105)
Add outstanding checks and other reconciling items	<u>649,656</u>
	<u>\$ 5,423,668</u>

STATE OF NEW MEXICO
Tularosa Municipal Schools
Notes to the Financial Statements
June 30, 2012

NOTE 3. Cash and Temporary Investments (continued)

Custodial Credit Risk- Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk. New Mexico State Statutes require collateral pledged to be delivered for the securities underlying an overnight repurchase agreement, or a joint safekeeping receipt to be issued to the District for at least on hundred two percent of the fair value of the securities underlying overnight repurchase accounts invested with the institution.

As of June 30, 2012, the Districts' investment balances were exposed to custodial credit risk as follows:

Investment in the State Treasurer Local Government

Investment Pool	\$ <u>478,105</u>
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The New MexiGrow Local Governmental Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The new Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, In accordance with Sections 6-10-10 I though 6-10-10-P and Section 6-10-10.1 A and E, NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 19078, as the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

Interest Rate Risk and Credit Rating- Investment in State Treasurer's LGIP

The District does not have a formal policy limiting investment maturities to manage its exposure to fair value losses from increasing interest rates. The District's investments at June 30, 2012 include the following:

State Treasurer LGIP	AAAm	60-day WAM	\$ <u>478,105</u>
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STATE OF NEW MEXICO
Tularosa Municipal Schools
Notes to the Financial Statements
June 30, 2012

NOTE 4. Accounts Receivable

Accounts receivable as of June 30, 2012, are as follows:

	General Fund	Debt Service Fund	Other Governmental Funds	Total
Property taxes	\$ 6,244	\$ 128,144	\$ 30,635	\$ 165,023
Due from other governments:				
General Fund	-	-	-	-
Title I	-	-	473,010	473,010
IDEA B Entitlement	-	-	142,910	142,910
IDEA B Preschool	-	-	3,976	3,976
IDEA B Allocation	-	-	366	366
Teacher/Principal Training	-	-	70,054	70,054
Rural & Low Income Schools	-	-	4,620	4,620
Dual Credit	-	-	413	413
Gear Up Che	-	-	711	711
	<u>\$ 6,244</u>	<u>\$ 128,144</u>	<u>\$ 726,695</u>	<u>\$ 861,083</u>

The above receivables are deemed 100% collectible.

Deferred Revenues

Deferred revenue represents advances on grants which have not been earned at June 30, 2012.

	General Fund	Debt Service	Other Governmental	Total
Property Taxes	\$ 5,716	\$ 116,571	\$ 27,889	\$ 150,176
Impact Aid Special Ed	-	-	\$ 34,014	\$ 34,014
Impact Aid	-	-	\$ 86,914	\$ 86,914
Beginning Teacher Mentoring	-	-	<u>\$ 10,072</u>	<u>\$ 10,072</u>
Total	<u>\$ 5,716</u>	<u>\$ 116,571</u>	<u>\$ 158,889</u>	<u>\$ 281,176</u>

STATE OF NEW MEXICO
Tularosa Municipal Schools
Notes to the Financial Statements
June 30, 2012

NOTE 5. Accounts Payables

Accounts payable as of June 30, 2012, are as follows:

Payable to suppliers	\$ 87,293
Accrued interest	<u>55,148</u>
 Total accounts payable and accrued expenses	 <u><u>\$ 142,441</u></u>

NOTE 6. Interfund Receivables, Payables, and Transfers

The District records temporary interfund receivables and payables to enable the funds to operate until grant monies are received.

The composition of interfund balances during the year ended June 30, 2012 is as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 689,544	\$ -
Nonmajor Funds:		
Title I Entitlement	-	466,494
IDEA B Entitlement	-	142,910
IDEA B Preschool	-	3,976
IDEA B Allocation	-	366
Teacher Principal Training	-	70,054
Rural & Low Income Schools	-	4,620
Dual Credit	-	413
Gear Up Che	-	711
	<u>\$ 689,544</u>	<u>\$ 689,544</u>

STATE OF NEW MEXICO
Tularosa Municipal Schools
Notes to the Financial Statements
June 30, 2012

NOTE 8. Long-term Debt

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2012 are for governmental activities. The following bonds were issued for the purpose of erecting, furnishing, remodeling and making additions to District buildings and improving District grounds. A tax is annually assessed, levied and collected upon all taxable property within the District for the purpose of providing the necessary funds to meet the interest and principal payments as they become due.

Bonds outstanding at June 30, 2012, are comprised of the following:

Series	Date of Issue	Original Amount	Interest Rate	Balance
Series 2002	10/1/2002	\$ 345,000	4%	\$ 145,000
Series 2003	9/15/2003	\$ 400,000	3%	100,000
Series 2004	9/1/2004	\$ 345,000	3%	120,000
Series 2005b	9/1/2005	\$ 255,000	4%	140,000
Series 2005b	3/15/2006	\$ 310,000	4%	95,000
Series 2006	10/15/2006	\$ 340,000	4%	340,000
Series 2007	7/1/2007	\$ 365,000	4.125%	365,000
Series 2008	11/1/3008	\$ 500,000	2.75-4.1%	460,000
Series 2009	1/13/09	\$ 485,000	5%	485,000
Series 9/2009	9/15/2009	\$ 770,000	3.65-5.65%	770,000
Series 5/1/10	5/10/2010	\$ 525,000	2.85-3.55%	525,000
Series 1/15/11	1/15/2011	\$ 600,000	2.5 to 2.875%	600,000
Series 1/15/11A	1/15/2011	\$ 305,000	2.0 to 3.0%	<u>305,000</u>
Total				<u>\$4,450,000</u>

The following is a summary of the long-term debt and the activity for the year ended June 30, 2012:

STATE OF NEW MEXICO
Tularosa Municipal Schools
Notes to the Financial Statements
June 30, 2012

NOTE 8. Long-term Debt (continued)

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year
General obligation bonds					
Series 2001	40,000	-	40,000	-	-
Series 2001	120,000	-	120,000	-	-
Series 2002	245,000	-	100,000	145,000	145,000
Series 2003	145,000	-	45,000	100,000	50,000
Series 2004	220,000	-	100,000	120,000	100,000
Series 2005b	165,000	-	25,000	140,000	25,000
Series 2005b	245,000	-	150,000	95,000	95,000
Series 2006	340,000	-	-	340,000	-
Series 2007	365,000	-	-	365,000	-
Series 2008	470,000	-	10,000	460,000	20,000
Series 2009	485,000	-	-	485,000	-
Series 9/2009	770,000	-	-	770,000	-
Series 5/2010	525,000	-	-	525,000	-
Series 1/15/2011	600,000	-	-	600,000	-
Series 1/15/2011A Compensated Absences	-	305,000	-	305,000	-
	21,047	20,696	21,047	20,696	20,696
	<u>\$ 4,756,047</u>	<u>\$ 325,696</u>	<u>\$ 611,047</u>	<u>\$ 4,470,696</u>	<u>\$ 455,696</u>

STATE OF NEW MEXICO
Tularosa Municipal Schools
Notes to the Financial Statements
June 30, 2012

NOTE 8. Long-term Debt (continued)

The annual requirements to amortize the General Obligation Bonds as of June 30, 2012, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2012	435,000	153,909	588,909
2013	535,000	133,746	668,746
2014	880,000	112,773	992,773
2015	535,000	82,514	617,574
2016	635,000	59,664	694,664
2017-2021	1,430,000	54,543	1,484,543
	\$ 4,450,000	\$ 597,149	\$ 5,047,209

The general fund is typically used to liquidate long-term liabilities other than debt. The debt service fund liquidates general obligation bonds.

Reconciliation of Long-Term Debt to the Statement of Net Assets

Total Long term debt	\$ 4,450,000
Net Issue Costs/Premium/Discounts on Bond Issues	(392,077)
Accumulated Amortization	163,906
	\$ 4,221,829

NOTE 9. Risk Management

The District is a member of the New Mexico Public School Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance.

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible to each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2012, there have been no claims that have exceeded insurance coverage.

STATE OF NEW MEXICO
Tularosa Municipal Schools
Notes to the Financial Statements
June 30, 2012

NOTE 10. Other Required Individual Fund Disclosures

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

- A. Deficit fund balance of individual funds.

None

Deficit Fund Balances will be funded by general fund transfers or additional grant funds.

- B. Excess of expenditures over appropriations by fund and function.

None

NOTE 11. ERA Pension Plan

Plan Description. Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at www.nmerb.org.

Funding Policy. Effective July 1, 2011, plan members are required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually are required to contribute 11.15% of their gross salary. The District is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 9.15% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The contributions to the ERB for the years ended June 30, 2012, 2011 and 2010 were \$1,079,753 \$1,147,984, and \$1,211,488, respectively, which equal the required contributions for each year.

NOTE 12. Post-Employment Benefits

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

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

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

STATE OF NEW MEXICO
Tularosa Municipal Schools
Notes to the Financial Statements
June 30, 2012

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 RCHA 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 RCHA or viewed on their website at www.nmrhca.stat.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2012, the statute required 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 June 30, 2013 the contribution rates for employees and employers will rise as follows:

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
2013	2.00%	1.00%

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 requirement for the contributions can be changed by the New Mexico State Legislature.

The District's contributions to the RHCA for the years ended June 30, 2012, 2011 and 2010 were \$ 97,657, \$ 94,308, and \$77,659, respectively, which equal the required contributions for each year.

NOTE 13. Contingent Liabilities

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

The District is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

NOTE 14. Surety Bond

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

NOTE 15. Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2012 was \$25,851.

STATE OF NEW MEXICO
Tularosa Municipal Schools
Notes to the Financial Statements
June 30, 2012

NOTE 16. Memorandum of Understanding/Joint Powers Agreement

REC

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

Participants: Regional Education Cooperative and Tularosa Municipal Schools

Responsible Party for Operation and Audit: Regional Education Cooperative

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

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

Public School Facilities Authority

Purpose: To complete the public school capital outlay projects pursuant to the provisions of the PSCOA and in accordance with rules adopted by the PSCOC. The parties will cooperate to provide for an on-going inventory of school facilities and equipment, their condition, and maintenance activities related to them.

Participants: Public School Facilities Authority and Tularosa Municipal Schools

Responsible Party for Operation and Audit: Tularosa Municipal Schools

Beginning and Ending Date of Agreement: October 4, 2010 and shall remain in effect indefinitely

Total Estimated Amount of Project and Actual Amount Contributed: Undetermined

Mescalero Apache Head Start Program

Purpose: to establish cooperative working procedures and relationships between TMSD, MAECP, MAHS, MAS and REC IX in the provision of child find, special education and related services to eligible children with disabilities ages 3-5 in compliance with applicable federal regulations under the Individuals with Disabilities Education Act, federal laws governing the Mescalero Apache Tribe, and the State of New Mexico laws and regulations.

Participants: Tularosa Municipal School District, Mescalero Apache Early Childhood Programs, Mescalero Apache Head Start, Mescalero Apache Schools, and Region IX Education Cooperative

Responsible Party for Operation and Audit: Each agency will maintain their own records

Beginning and Ending Date of Agreement: July 1, 2011 to June 30, 2012

Total Estimated Amount of Project and Actual Amount Contributed: Undetermined

STATE OF NEW MEXICO
Tularosa Municipal Schools
Notes to the Financial Statements
June 30, 2012

NOTE 17. Construction Commitments

Wooten Construction for the High School Construction Project. The contract amount is \$2,067,294. At June 30, 2012 which had an outstanding balance due of \$2,067,294.

Beaudin Ganze Consulting Eng for the Performance Assurance Contracting Service. The contract amount is \$ 5,785. At June 30, 2012, Tularosa Municipal Schools had an outstanding balance due of \$ 4,822.

National Construction, Inc. for the Emergency Water Line Repair. The contract amount is \$ 12,000. At June 30, 2012, Tularosa Municipal Schools had an outstanding balance due of \$ 10,102.

CES for Miscellaneous Projects. The contract amount is \$ 309,590. At June 30, 2012, Tularosa Municipal Schools had an outstanding balance due of \$ 247,541.

NOTE 18. Subsequent Accounting Standard Pronouncements

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

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

NOTE 19. Subsequent Events Review

Tularosa Municipal Schools has evaluated subsequent events through August 20, 2012, which is the date the financial statements were dated.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

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**STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOL
NONMAJOR GOVENMENTAL FUNDS
SPECIAL REVENUE FUNDS**

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

Food Services – This fund is utilized to account for Federal and Local sources of income relating to the food service programs. The Food Services Fund is segregated into two categories, one being the Federal funds and the other being Non-Federal funds. Federal funds consist of the National School Lunch Program, which is administered by the State of New Mexico for the purpose of making breakfast and lunch available to all school children and to encourage the domestic consumption of agricultural commodities and other food components. The Non-Federal funds consist of income derived from Snack-Bar facilities located in the District. Authority for the creation of this fund is NMSA 22-13-13.

Athletics - This fund is used to account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC.

Non-Instructional Support - This fund is used to account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC.

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

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

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

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

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

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STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOL
NONMAJOR GOVENMENTAL FUNDS
SPECIAL REVENUE FUNDS

Safe and Drug Free Schools and Community – The purpose of this fund is to account for a federal grant restricted to the establishment and implementation of substance abuse education and prevention programs in the elementary and secondary schools. The Authority for the creation of this fund is ESEA 1965, Title IV, Part A, as amended, 20 USC 71112-7143.

Rural and Low Income Schools – The purpose of this fund is to account for monies to rural schools to enhance the education program in technology, career readiness, and summer school and after school tutoring programs. The authority for this program is under CFDA 84.3580, Title II.

Title I Stimulus – The purpose of this fund is to provide supplemental funding for the Title I funding. The authority for this program is under CFDA 84.101 and the American Recovery and Reinvestment Act of 2009.

IDEA B Preschool Federal Stimulus – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. The Authority for this program is the American Recovery and Reinvestment Act of 2009.

Elementary School Breakfast - The objective of these funds is to assist in state breakfast program assistance for select school districts within New Mexico. Authority for creation of this fund is the American Recovery and reinvestment Act of 2009.

Impact Aid Special Education – The purpose of these grants are to provide financial assistance to local educational agencies (LEA's) where enrollments or availability of revenue are adversely affected by Federal activities, i.e. where the tax base of a district is reduced through the Federal acquisition of real property (Section 2), where there is a significant number of children who reside on Federal lands and/or children whose parents are employed on Federal property or in the Uniformed Services (Section 3 (2a) and 3 (b)). The authorization for this fund is PL 81-874.

Impact Aid Education Fund – The purpose of these grants are to provide financial assistance to local educational agencies (LEA's) where enrollments or availability of revenue are adversely affected by Federal activities, i.e. where the tax base of a district is reduced through the Federal acquisition of real property (Section 2), where there is a significant number of children who reside on Federal lands and/or children whose parents are employed on Federal property or in the Uniformed Services (Section 3 (2a) and 3 (b)). The authorization for this fund is PL 81-874.

Title XIX Medicaid – The objective of this program is to provide federal funds for the implementation of the Medical Assistance Program Medicaid providing payments for medical assistance to low-income persons who are age 65 or over, blind, disabled, or members of families with dependent children or qualified pregnant women or children. Authority for creation of the Title XIX Medical Assistance Program is the Medicaid Title XIX of the Social Security Act, as amended, (42 USC 1396, et seq.)

Indian Ed Formula Grant – The purpose of these grants are to provide financial assistance to local educational agencies (LEA's) where enrollments or availability of revenue are adversely affected by Federal activities, i.e. where the tax base of a district is reduced through the Federal acquisition of real property (Section 2), where there is a significant number of children who reside on Federal lands and/or children whose parents are employed on Federal property or in the Uniformed Services (Section 3 (2a) and 3 (b)). The authorization for this fund is PL 81-874.

Education Job Fund- The objective is to provide funding for educational jobs and related services for early childhood, elementary, and secondary education at the school level. Authority is the federal Education Jobs Fund Program.

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STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOL
NONMAJOR GOVENMENTAL FUNDS

Dual Credit (PED) – The purpose of this fund is to provide college credit for courses provided by high schools that meet the requirements.

Beginning Teacher Mentoring – The objective of this program is to provide beginning teachers an effective transition into the teaching profession, retain capable teachers, improve the achievement of students and improve the overall success of the school. Funding is provided by the New Mexico Public Education Department. Authority for creation of this fund is NMSA 22-2-8-10.

Gear Up-CHE – The objective of this program to help low income, first generation students prepare for and succeed in post secondary education. This fund was created by the Higher Education Department and NM Gear up.

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STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOL
NONMAJOR GOVENMENTAL FUNDS

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The District has four separate funds classified as non-major Capital Projects Funds as follows:

Special Capital Outlay State – The District was selected to receive special capital outlay appropriations. The appropriations are funded by State Severance Tax Bonds, the State General Fund, or the State Highway Division.

Capital Improvements SB-9 – This fund is used to account for expenditures of property taxes levied and stat matching funds restricted to maintenance and capital improvement projects as adopted by school board resolution. Authority for the creation of this fund is NMSA 22-25-1 to 22-25-10.

Public Schools Capital Outlay 20% – The purpose of this fund is to account for resources received from the local ad valorem tax levy for use in remodeling and equipping classroom facilities.

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012

ASSETS	Food Service	Athletics	Non-Instructional Support
<i>Current Assets</i>			
Cash and cash equivalents	\$ 99,956	\$ 3,049	\$ 21,602
Investments	-	-	-
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	-
Other accounts receivable	-	-	-
Interfund receivable	-	-	-
Inventory	13,920	-	-
	<u>13,920</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 113,876</u>	<u>\$ 3,049</u>	<u>\$ 21,602</u>
 LIABILITIES AND FUND BALANCES			
<i>Current Liabilities</i>			
Accounts payable	\$ -	\$ -	\$ 690
Accrued salaries and benefits	-	-	-
Interfund payable	-	-	-
Deferred revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>690</u>
 <i>Fund Balances</i>			
Fund Balance			
Non-spendable	13,920	-	-
Restricted for:			
General Fund	99,956	3,049	20,912
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	-	-	-
	<u>113,876</u>	<u>3,049</u>	<u>20,912</u>
<i>Total fund balances</i>	<u>113,876</u>	<u>3,049</u>	<u>20,912</u>
<i>Total liabilities and fund balances</i>	<u>\$ 113,876</u>	<u>\$ 3,049</u>	<u>\$ 21,602</u>

Title I	IDEA-B Entitlement	IDEA-B Preschool	IDEA-B Risk Pool
\$ -	\$ -	\$ -	-
-	-	-	-
-	-	-	-
473,010	142,910	3,976	366
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 473,010</u>	<u>\$ 142,910</u>	<u>\$ 3,976</u>	<u>\$ 366</u>
\$ 6,516	\$ -	\$ -	-
-	-	-	-
466,494	142,910	3,976	366
-	-	-	-
<u>473,010</u>	<u>142,910</u>	<u>3,976</u>	<u>366</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 473,010</u>	<u>\$ 142,910</u>	<u>\$ 3,976</u>	<u>\$ 366</u>

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012

		Teacher/ Principal Training	Safe and Drug Free Schools & Community	Rural & Low Income Schools
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$	-	\$ -	-
Investments		-	-	-
Accounts receivable				
Taxes		-	-	-
Due from other governments		70,054	-	4,620
Other accounts receivable		-	-	-
Interfund receivable		-	-	-
Inventory		-	-	-
		<hr/>	<hr/>	<hr/>
<i>Total assets</i>	\$	<u>70,054</u>	\$ <u>-</u>	<u>4,620</u>
 LIABILITIES AND FUND BALANCES				
<i>Current Liabilities</i>				
Accounts payable	\$	-	\$ -	-
Accrued salaries and benefits		-	-	-
Interfund payable		70,054	-	4,620
Deferred revenue		-	-	-
		<hr/>	<hr/>	<hr/>
<i>Total liabilities</i>		<u>70,054</u>	<u>-</u>	<u>4,620</u>
 <i>Fund Balances</i>				
Fund Balance				
Non-spendable		-	-	-
Restricted for:				
General Fund		-	-	-
Special Revenue Funds		-	-	-
Capital Projects Funds		-	-	-
Debt Service Funds		-	-	-
Committed for:				
General Fund		-	-	-
Special Revenue Funds		-	-	-
Capital Projects Funds		-	-	-
Assigned for:				
General Fund		-	-	-
Special Revenue Funds		-	-	-
Capital Projects Funds		-	-	-
Unassigned for:				
General Fund		-	-	-
		<hr/>	<hr/>	<hr/>
<i>Total fund balances</i>		<u>-</u>	<u>-</u>	<u>-</u>
		<hr/>	<hr/>	<hr/>
<i>Total liabilities and fund balances</i>	\$	<u>70,054</u>	\$ <u>-</u>	<u>4,620</u>

Title I Stimulus	IDEA B Preschool Federal Stimulus	Elementary School Breakfast Stimulus	Impact Aid Special Education	Impact Aid Education
\$ -	\$ -	\$ -	\$ 34,014	\$ 86,914
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>34,014</u>	<u>86,914</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>34,014</u>	\$ <u>86,914</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>34,014</u>	<u>86,914</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>34,014</u>	<u>86,914</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>34,014</u>	\$ <u>86,914</u>

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012

	Title XIX Medicaid	Indian Ed Formula Grant	Education Jobs Fund
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 192,500	\$ -	-
Investments	-	-	-
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	-
Other accounts receivable	-	-	-
Interfund receivable	-	-	-
Inventory	-	-	-
	-	-	-
<i>Total assets</i>	\$ 192,500	\$ -	-
 LIABILITIES AND FUND BALANCES			
<i>Current Liabilities</i>			
Accounts payable	\$ -	\$ -	-
Accrued salaries and benefits	-	-	-
Interfund payable	-	-	-
Deferred revenue	-	-	-
	-	-	-
<i>Total liabilities</i>	-	-	-
 <i>Fund Balances</i>			
Fund Balance			
Non-spendable	-	-	-
Restricted for:			
General Fund	192,500	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	-	-	-
	-	-	-
<i>Total fund balances</i>	192,500	-	-
<i>Total liabilities and fund balances</i>	\$ 192,500	\$ -	-

Dual Credit PED	Beginning Teacher Mentoring	Gear-up CHE
\$ -	\$ 10,072	\$ -
-	-	-
-	-	-
413	-	711
-	-	-
-	-	-
-	-	-
<u>\$ 413</u>	<u>\$ 10,072</u>	<u>\$ 711</u>

\$ -	\$ -	\$ -
-	-	-
413	-	711
-	10,072	-
<u>413</u>	<u>10,072</u>	<u>711</u>

-	-	-
-	-	-
-	-	-
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-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ 413</u>	<u>\$ 10,072</u>	<u>\$ 711</u>

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STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012

Statement A-1
(Page 4 of 4)

	Special Capital Outlay State	Capital Improvements SB-9	Public School Capital Outlay 20%	Total Nonmajor Governmental Funds
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ 243,212	\$ 57,421	\$ 748,740
Investments	-	-	49,789	49,789
Accounts receivable				
Taxes	-	30,635	-	30,635
Due from other governments	-	-	-	696,060
Other accounts receivable	-	-	-	-
Interfund receivable	-	-	-	-
Inventory	-	-	-	13,920
	-	-	-	13,920
<i>Total assets</i>	\$ -	\$ 273,847	\$ 107,210	\$ 1,539,144
 LIABILITIES AND FUND BALANCES				
<i>Current Liabilities</i>				
Accounts payable	\$ -	\$ 10,511	\$ -	\$ 17,717
Accrued salaries and benefits	-	-	-	-
Interfund payable	-	-	-	689,544
Deferred revenue	-	27,889	-	158,889
	-	27,889	-	158,889
<i>Total liabilities</i>	-	38,400	-	866,150
 <i>Fund Balances</i>				
Fund Balance				
Non-spendable	-	-	-	13,920
Restricted for:				
General Fund	-	235,447	107,210	659,074
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Committed for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Assigned for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Unassigned for:				
General Fund	-	-	-	-
	-	235,447	107,210	672,994
<i>Total fund balances</i>	-	235,447	107,210	672,994
<i>Total liabilities and fund balances</i>	\$ -	\$ 273,847	\$ 107,210	\$ 1,539,144

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	Food Services	Athletics	Non-Instructional Support
<i>Revenues</i>			
Taxes	\$	\$	\$
Taxes levied/assessed	-	-	-
Local sources			
Tuition	-	-	-
Investment income	49	23	-
Food services	34,761	-	-
District activities	-	31,125	60,587
Other revenue	-	-	-
State sources			
Unrestricted Grants	-	-	-
Restricted Grants	-	-	-
Federal sources			
Unrestricted Grants	-	-	-
Unrestricted -state passthrough	-	-	-
Restricted Grants	-	-	-
Restricted -state passthrough	397,072	-	-
Department of Interior	-	-	-
Other items	25,851	-	-
<i>Total revenues</i>	<u>457,733</u>	<u>31,148</u>	<u>60,587</u>
<i>Expenditures:</i>			
Current:			
Instruction	-	37,354	67,102
Support Services			
Students	-	-	-
Instruction	-	-	-
General Administration	-	-	-
School Administration	-	-	-
Central Services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other Support Services	-	-	-
Operation of Non-instructional Services			
Food services operations	469,143	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>469,143</u>	<u>37,354</u>	<u>67,102</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(11,410)</u>	<u>(6,206)</u>	<u>(6,515)</u>
<i>Other financing sources (uses)</i>			
Transfers	-	-	-
Bond Premium	-	-	-
Bond Proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(11,410)	(6,206)	(6,515)
<i>Fund balances - beginning of year</i>	<u>125,286</u>	<u>9,255</u>	<u>27,427</u>
<i>Fund balances - end of year</i>	<u>\$ 113,876</u>	<u>\$ 3,049</u>	<u>\$ 20,912</u>

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	Teacher/ Principal Training	Safe and Drug Free Schools & Community	Rural & Low Income Schools
<i>Revenues:</i>			
Taxes	\$	\$	\$
Taxes levied/assessed	-	-	-
Local sources			
Tuition	-	-	-
Investment income	-	-	-
Food services	-	-	-
District activities	-	-	-
Other revenue	-	-	-
State sources			
Unrestricted Grants	-	-	-
Restricted Grants	-	-	-
Federal sources			
Unrestricted Grants	-	-	-
Unrestricted -state passthrough	-	-	-
Restricted Grants	-	-	-
Restricted -state passthrough	162,811	-	19,609
Department of Interior	-	-	-
Other items	-	-	-
<i>Total revenues</i>	162,811	-	19,609
<i>Expenditures:</i>			
Current:			
Instruction	157,444	-	18,019
Support Services			
Students	474	-	-
Instruction	-	-	1,058
General Administration	4,893	-	532
School Administration	-	-	-
Central Services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other Support Services	-	-	-
Operation of Non-instructional Services			
Food services operations	-	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	162,811	-	19,609
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-
<i>Other financing sources (uses)</i>			
Transfers	-	-	-
Bond Premium	-	-	-
Bond Proceeds	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-
<i>Net changes in fund balances</i>	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	Title XIX Medicaid	Indian Ed Formula Grant	Education Jobs Fund
<i>Revenues:</i>			
Taxes	\$	\$	\$
Taxes levied/assessed	-	-	-
Local sources			
Tuition	-	-	-
Investment income	-	-	-
Food services	-	-	-
District activities	-	-	-
Other revenue	-	-	-
State sources			
Unrestricted Grants	-	-	-
Restricted Grants	-	-	-
Federal sources			
Unrestricted Grants	-	-	-
Unrestricted -state passthrough	-	-	-
Restricted Grants	39,000	35,085	3,033
Restricted -state passthrough	-	-	-
Department of Interior	-	-	-
Other items	-	-	-
<i>Total revenues</i>	<u>39,000</u>	<u>35,085</u>	<u>3,033</u>
<i>Expenditures:</i>			
Current:			
Instruction	-	34,192	3,033
Support Services			
Students	-	-	-
Instruction	-	-	-
General Administration	-	942	-
School Administration	-	-	-
Central Services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other Support Services	-	-	-
Operation of Non-instructional Services			
Food services operations	-	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>35,134</u>	<u>3,033</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>39,000</u>	<u>(49)</u>	<u>-</u>
<i>Other financing sources (uses)</i>			
Transfers	-	-	-
Bond Premium	-	-	-
Bond Proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	39,000	(49)	-
<i>Fund balances - beginning of year</i>	<u>153,500</u>	<u>49</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 192,500</u>	<u>\$ -</u>	<u>\$ -</u>

Dual Credit PED	Beginning Teacher Mentoring	Gear-up CHE
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
1,430	(10,072)	52,709
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>1,430</u>	<u>(10,072)</u>	<u>52,709</u>
1,430	919	14,645
-	-	27,444
-	-	1,300
-	-	-
-	-	8,322
-	-	998
-	-	-
-	-	-
-	-	-
<u>1,430</u>	<u>919</u>	<u>52,709</u>
-	(10,991)	-
-	-	-
-	-	-
-	-	-
-	-	-
-	(10,991)	-
-	10,991	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

Statement A-2
(Page 4 of 4)

	Special Capital Outlay-State	Capital Improvements SB-9	Public School Capital Outlay 20%	Total Nonmajor Governmental Funds
<i>Revenues:</i>				
Taxes	\$	\$	\$	\$
Taxes levied/assessed	-	159,641	-	159,641
Local sources				
Tuition	-	-	-	-
Investment income	-	49	45	166
Food services	-	-	-	34,761
District activities	-	-	-	91,712
Other revenue	-	-	-	-
State sources				
Unrestricted Grants	-	-	-	-
Restricted Grants	1,983	154,487	-	200,537
Federal sources				
Unrestricted Grants	-	-	-	-
Unrestricted -state passthrough	-	-	-	-
Restricted Grants	-	-	-	50,917
Restricted -state passthrough	-	-	-	1,920,161
Department of Interior	-	-	-	-
Other items	-	-	-	25,851
<i>Total revenues</i>	<u>1,983</u>	<u>314,177</u>	<u>45</u>	<u>2,483,746</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	1,472,466
Support Services				
Students	-	-	-	157,129
Instruction	-	-	-	98,732
General Administration	-	1,630	-	35,072
School Administration	-	-	-	16,710
Central Services	-	-	-	8,566
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	469,143
Capital outlay	-	253,653	14,237	267,890
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>255,283</u>	<u>14,237</u>	<u>2,525,708</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,983</u>	<u>58,894</u>	<u>(14,192)</u>	<u>(41,962)</u>
<i>Other financing sources (uses)</i>				
Transfers	-	-	-	-
Bond Premium	-	-	-	-
Bond Proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	1,983	58,894	(14,192)	(41,962)
<i>Fund balances - beginning of year</i>	<u>(1,983)</u>	<u>176,553</u>	<u>121,402</u>	<u>714,956</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 235,447</u>	<u>\$ 107,210</u>	<u>\$ 672,994</u>

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STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
FOOD SERVICE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 24,540	\$ 24,540	\$ 34,761	\$ 10,221
State sources	-	-	-	-
Federal sources	390,000	390,000	397,072	7,072
Interest	-	-	49	49
<i>Total revenues</i>	<u>414,540</u>	<u>414,540</u>	<u>431,882</u>	<u>17,342</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	493,810	493,810	442,099	51,711
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>493,810</u>	<u>493,810</u>	<u>442,099</u>	<u>51,711</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(79,270)</u>	<u>(79,270)</u>	<u>(10,217)</u>	<u>69,053</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	79,270	79,270	-	(79,270)
<i>Total other financing sources (uses)</i>	<u>79,270</u>	<u>79,270</u>	<u>-</u>	<u>(79,270)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(10,217)</u>	<u>(10,217)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>110,173</u>	<u>110,173</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,956</u>	<u>\$ 99,956</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (10,217)	
Adjustment to revenue for accruals and other deferrals			(1,193)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ (11,410)</u>	

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
ATHLETICS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 35,020	\$ 35,020	\$ 31,261	\$ (3,759)
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	23	23
<i>Total revenues</i>	<u>35,020</u>	<u>35,020</u>	<u>31,284</u>	<u>(3,736)</u>
<i>Expenditures:</i>				
Current:				
Instruction	44,031	44,031	37,413	6,618
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>44,031</u>	<u>44,031</u>	<u>37,413</u>	<u>6,618</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(9,011)</u>	<u>(9,011)</u>	<u>(6,129)</u>	<u>2,882</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	9,011	9,011	-	(9,011)
<i>Total other financing sources (uses)</i>	<u>9,011</u>	<u>9,011</u>	<u>-</u>	<u>(9,011)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(6,129)</u>	<u>(6,129)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>9,176</u>	<u>9,176</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,047</u>	<u>\$ 3,047</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (6,129)	
Adjustment to revenue for accruals and other deferrals			(136)	
Adjustment to expenditures for payables, prepaids and other accruals			59	
Net change in fund balance (GAAP basis)			<u>\$ (6,206)</u>	

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
NON-INSTRUCTIONAL SUPPORT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 50,000	\$ 50,000	\$ 61,297	\$ 11,297
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>50,000</u>	<u>50,000</u>	<u>61,297</u>	<u>11,297</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	78,588	78,588	69,182	9,406
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>78,588</u>	<u>78,588</u>	<u>69,182</u>	<u>9,406</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(28,588)</u>	<u>(28,588)</u>	<u>(7,885)</u>	<u>20,703</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	28,588	28,588	-	(28,588)
<i>Total other financing sources (uses)</i>	<u>28,588</u>	<u>28,588</u>	<u>-</u>	<u>(28,588)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(7,885)</u>	<u>(7,885)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>29,487</u>	<u>29,487</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,602</u>	<u>\$ 21,602</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (7,885)	
Adjustment to revenue for accruals and other deferrals			(710)	
Adjustment to expenditures for payables, prepaids and other accruals			2,080	
Net change in fund balance (GAAP basis)			<u>\$ (6,515)</u>	

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
TITLE I SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	773,293	1,432,751	668,125	(764,626)
Interest	-	-	-	-
<i>Total revenues</i>	<u>773,293</u>	<u>1,432,751</u>	<u>668,125</u>	<u>(764,626)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	648,819	1,282,267	864,811	417,456
Support Services				
Students	8,733	8,733	1,406	7,327
Instruction	90,630	97,130	97,697	(567)
General Administration	22,111	40,621	27,075	13,546
School Administration	3,000	4,000	8,388	(4,388)
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>773,293</u>	<u>1,432,751</u>	<u>999,377</u>	<u>433,374</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(331,252)</u>	<u>(331,252)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(331,252)</u>	<u>(331,252)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(135,242)</u>	<u>(135,242)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (466,494)</u>	<u>\$ (466,494)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (331,252)	
Adjustment to revenue for accruals and other deferrals			336,445	
Adjustment to expenditures for payables, prepaids and other accruals			(5,193)	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
IDEA B ENTITLEMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

Statement A-7

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	284,861	368,799	229,848	(138,951)
Interest	-	-	-	-
<i>Total revenues</i>	<u>284,861</u>	<u>368,799</u>	<u>229,848</u>	<u>(138,951)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	217,161	269,211	224,454	44,757
Support Services				
Students	67,700	99,588	99,580	8
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>284,861</u>	<u>368,799</u>	<u>324,034</u>	<u>44,765</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(94,186)</u>	<u>(94,186)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(94,186)</u>	<u>(94,186)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(48,923)</u>	<u>(48,923)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (143,109)</u>	<u>\$ (143,109)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (94,186)	
Adjustment to revenue for accruals and other deferrals			94,063	
Adjustment to expenditures for payables, prepaids and other accruals			123	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
IDEA B PRESCHOOL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	9,324	9,942	5,966	(3,976)
Interest	-	-	-	-
<i>Total revenues</i>	<u>9,324</u>	<u>9,942</u>	<u>5,966</u>	<u>(3,976)</u>
<i>Expenditures:</i>				
Current:				
Instruction	9,324	9,942	9,942	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>9,324</u>	<u>9,942</u>	<u>9,942</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(3,976)</u>	<u>(3,976)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(3,976)</u>	<u>(3,976)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,976)</u>	<u>\$ (3,976)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (3,976)	
Adjustment to revenue for accruals and other deferrals			3,976	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
IDEA B RISK POOL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	2,246	1,880	(366)
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>2,246</u>	<u>1,880</u>	<u>(366)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	2,246	2,246	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>2,246</u>	<u>2,246</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(366)</u>	<u>(366)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(366)</u>	<u>(366)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (366)</u>	<u>\$ (366)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (366)	
Adjustment to revenue for accruals and other deferrals			366	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO

Statement A-10

TULAROSA MUNICIPAL SCHOOLS
TEACHER/PRINCIPAL TRAINING & RECRUITING SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	143,942	206,414	162,370	(44,044)
Interest	-	-	-	-
<i>Total revenues</i>	<u>143,942</u>	<u>206,414</u>	<u>162,370</u>	<u>(44,044)</u>
<i>Expenditures:</i>				
Current:				
Instruction	139,412	197,728	157,444	40,284
Support Services				
Students	-	-	474	(474)
Instruction	-	-	-	-
General Administration	4,030	6,836	5,140	1,696
School Administration	500	1,850	-	1,850
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>143,942</u>	<u>206,414</u>	<u>163,058</u>	<u>43,356</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(688)</u>	<u>(688)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(688)</u>	<u>(688)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(69,366)</u>	<u>(69,366)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (70,054)</u>	<u>\$ (70,054)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (688)	
Adjustment to revenue for accruals and other deferrals			441	
Adjustment to expenditures for payables, prepaids and other accruals			247	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO

Statement A-11

TULAROSA MUNICIPAL SCHOOLS
SAFE AND DRUG FREE SCHOOLS & COMMUNITY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	995	995
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>995</u>	<u>995</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>995</u>	<u>995</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>995</u>	<u>995</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(527)</u>	<u>(527)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 468</u>	<u>\$ 468</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 995	
Adjustment to revenue for accruals and other deferrals			(527)	
Adjustment to expenditures for payables, prepaids and other accruals			(468)	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
RURAL & LOW INCOME SCHOOLS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	18,796	22,666	18,966	(3,700)
Interest	-	-	-	-
<i>Total revenues</i>	<u>18,796</u>	<u>22,666</u>	<u>18,966</u>	<u>(3,700)</u>
<i>Expenditures:</i>				
Current:				
Instruction	14,283	18,047	18,019	28
Support Services				
Students	4,513	-	-	-
Instruction	4,000	4,000	1,058	2,942
General Administration	513	619	532	87
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>23,309</u>	<u>22,666</u>	<u>19,609</u>	<u>3,057</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(4,513)</u>	<u>-</u>	<u>(643)</u>	<u>(643)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	4,513	-	-	-
<i>Total other financing sources (uses)</i>	<u>4,513</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(643)</u>	<u>(643)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(6,080)</u>	<u>(6,080)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,723)</u>	<u>\$ (6,723)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (643)	
Adjustment to revenue for accruals and other deferrals			643	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
TITLE I STIMULUS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	10,053	10,053
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>10,053</u>	<u>10,053</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>10,053</u>	<u>10,053</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>10,053</u>	<u>10,053</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(10,053)</u>	<u>(10,053)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 10,053	
Adjustment to revenue for accruals and other deferrals			(10,053)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO

Statement A-14

TULAROSA MUNICIPAL SCHOOLS
 IDEA-B PRESCHOOL STIMULUS SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	2,498	2,498
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>2,498</u>	<u>2,498</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>2,498</u>	<u>2,498</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>2,498</u>	<u>2,498</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(2,498)</u>	<u>(2,498)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 2,498	
Adjustment to revenue for accruals and other deferrals			(2,498)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
ELEMENTARY SCHOOL BREAKFAST STIMULUS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

Statement A-15

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	15,399	15,399
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>15,399</u>	<u>15,399</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>15,399</u>	<u>15,399</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>15,399</u>	<u>15,399</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(15,399)</u>	<u>(15,399)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 15,399	
Adjustment to revenue for accruals and other deferrals			(15,399)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO

Statement A-16

TULAROSA MUNICIPAL SCHOOLS
IMPACT AID SPECIAL EDUCATION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	8,100	8,100	18,554	10,454
Interest	-	-	-	-
<i>Total revenues</i>	8,100	8,100	18,554	10,454
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	19,560	19,560	-	19,560
Support Services				
Students	3,000	3,000	-	3,000
Instruction	1,000	1,000	-	1,000
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	23,560	23,560	-	23,560
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(15,460)	(15,460)	18,554	34,014
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	15,460	15,460	-	(15,460)
<i>Total other financing sources (uses)</i>	15,460	15,460	-	(15,460)
<i>Net change in fund balances</i>	-	-	18,554	18,554
<i>Cash balances - beginning of year</i>	-	-	15,460	15,460
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ 34,014	\$ 34,014
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 18,554	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(33,667)	
Net change in fund balance (GAAP basis)			\$ (15,113)	

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
IMPACT AID SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	53,585	53,585	76,173	22,588
Interest	-	-	-	-
<i>Total revenues</i>	<u>53,585</u>	<u>53,585</u>	<u>76,173</u>	<u>22,588</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	79,682	79,682	32,728	46,954
Support Services				
Students	30,983	30,983	26,326	4,657
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	14,664	14,664	7,568	7,096
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>125,329</u>	<u>125,329</u>	<u>66,622</u>	<u>58,707</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(71,744)</u>	<u>(71,744)</u>	<u>9,551</u>	<u>81,295</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	71,744	71,744	-	(71,744)
<i>Total other financing sources (uses)</i>	<u>71,744</u>	<u>71,744</u>	<u>-</u>	<u>(71,744)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>9,551</u>	<u>9,551</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>77,363</u>	<u>77,363</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,914</u>	<u>\$ 86,914</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 9,551	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(86,914)	
Net change in fund balance (GAAP basis)			<u>\$ (77,363)</u>	

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
TITLE XIX MEDICAID SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	39,000	39,000
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>39,000</u>	<u>39,000</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>39,000</u>	<u>39,000</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>39,000</u>	<u>39,000</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>153,500</u>	<u>153,500</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,500</u>	<u>\$ 192,500</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 39,000	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ 39,000</u>	

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
INDIAN ED FORMULA GRANT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

Statement A-19

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	35,152	35,152	45,197	10,045
Interest	-	-	-	-
<i>Total revenues</i>	<u>35,152</u>	<u>35,152</u>	<u>45,197</u>	<u>10,045</u>
<i>Expenditures:</i>				
Current:				
Instruction	34,192	34,192	34,192	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	960	960	942	18
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>35,152</u>	<u>35,152</u>	<u>35,134</u>	<u>18</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>10,063</u>	<u>10,063</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>10,063</u>	<u>10,063</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(10,063)</u>	<u>(10,063)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 10,063	
Adjustment to revenue for accruals and other deferrals			(10,112)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ (49)</u>	

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
EDUCATION JOBS FUND SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

Statement A-20

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	3,033	3,033	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>3,033</u>	<u>3,033</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	3,033	3,033	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>3,033</u>	<u>3,033</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
DUAL CREDIT PED SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

Statement A-21

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	2,087	1,017	(1,070)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	-	2,087	1,017	(1,070)
<i>Expenditures:</i>				
Current:				
Instruction	-	2,087	1,430	657
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	2,087	1,430	657
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	(413)	(413)
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(413)	(413)
<i>Cash balances - beginning of year</i>	-	-	-	-
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ (413)	\$ (413)
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (413)	
Adjustment to revenue for accruals and other deferrals			413	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ -	

STATE OF NEW MEXICO

Statement A-22

TULAROSA MUNICIPAL SCHOOLS
 BEGINNING TEACHER MENTORING SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	10,991	919	10,072
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>10,991</u>	<u>919</u>	<u>10,072</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(10,991)</u>	<u>(919)</u>	<u>10,072</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	10,991	-	(10,991)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>10,991</u>	<u>-</u>	<u>(10,991)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(919)</u>	<u>(919)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>10,991</u>	<u>10,991</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,072</u>	<u>\$ 10,072</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (919)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(10,072)	
Net change in fund balance (GAAP basis)			<u>\$ (10,991)</u>	

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
GEAR-UP CHE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	55,727	67,522	11,795
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>55,727</u>	<u>67,522</u>	<u>11,795</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	17,654	14,645	3,009
Support Services				
Students	-	27,466	27,444	22
Instruction	-	1,307	1,300	7
General Administration	-	-	-	-
School Administration	-	8,301	8,322	(21)
Central Services	-	999	998	1
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>55,727</u>	<u>52,709</u>	<u>3,018</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>14,813</u>	<u>14,813</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>14,813</u>	<u>14,813</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(15,546)</u>	<u>(15,546)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (733)</u>	<u>\$ (733)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 14,813	
Adjustment to revenue for accruals and other deferrals			(14,813)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
BOND BUILDING CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 2,600	\$ 2,600	\$ -	\$ (2,600)
State sources	-	-	-	-
Federal sources	-	-	99	99
Interest	-	-	2,234	2,234
<i>Total revenues</i>	<u>2,600</u>	<u>2,600</u>	<u>2,333</u>	<u>(267)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	3,416,114	3,721,114	500,416	3,220,698
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,416,114</u>	<u>3,721,114</u>	<u>500,416</u>	<u>3,220,698</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(3,413,514)</u>	<u>(3,718,514)</u>	<u>(498,083)</u>	<u>3,220,431</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	305,000	305,000
Designated Cash	3,413,514	3,718,514	-	(3,718,514)
<i>Total other financing sources (uses)</i>	<u>3,413,514</u>	<u>3,718,514</u>	<u>305,000</u>	<u>(3,413,514)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(193,083)</u>	<u>(193,083)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,460,919</u>	<u>3,460,919</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,267,836</u>	<u>\$ 3,267,836</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (193,083)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			20,219	
Net change in fund balance (GAAP basis)			<u>\$ (172,864)</u>	

STATE OF NEW MEXICO

Statement A-25

TULAROSA MUNICIPAL SCHOOLS
SPECIAL CAPITAL OUTLAY STATE CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	35,472	35,472
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>35,472</u>	<u>35,472</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>35,472</u>	<u>35,472</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>35,472</u>	<u>35,472</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(37,455)</u>	<u>(37,455)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,983)</u>	<u>\$ (1,983)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 35,472	
Adjustment to revenue for accruals and other deferrals			(37,455)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ (1,983)</u>	

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
CAPITAL IMPROVEMENTS SB-9 CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

Statement A-26

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 158,037	\$ 158,037	\$ 162,981	\$ 4,944
State sources	436,106	436,106	318,018	(118,088)
Federal sources	-	-	-	-
Interest	-	-	49	49
<i>Total revenues</i>	<u>594,143</u>	<u>594,143</u>	<u>481,048</u>	<u>(113,095)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	2,580	2,580	1,630	950
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	813,830	813,830	243,169	570,661
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>816,410</u>	<u>816,410</u>	<u>244,799</u>	<u>571,611</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(222,267)</u>	<u>(222,267)</u>	<u>236,249</u>	<u>458,516</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	222,267	222,267	-	(222,267)
<i>Total other financing sources (uses)</i>	<u>222,267</u>	<u>222,267</u>	<u>-</u>	<u>(222,267)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>236,249</u>	<u>236,249</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>6,963</u>	<u>6,963</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 243,212</u>	<u>\$ 243,212</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 236,249	
Adjustment to revenue for accruals and other deferrals			(151,377)	
Adjustment to expenditures for payables, prepaids and other accruals			(25,978)	
Net change in fund balance (GAAP basis)			<u>\$ 58,894</u>	

STATE OF NEW MEXICO

Statement A-27

TULAROSA MUNICIPAL SCHOOLS
PUBLIC SCHOOL CAPITAL OUTLAY-20% CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ 150	\$ 150	\$ 45	\$ (105)
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>150</u>	<u>150</u>	<u>45</u>	<u>(105)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	14,237	(14,237)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>14,237</u>	<u>(14,237)</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>150</u>	<u>150</u>	<u>(14,192)</u>	<u>(14,342)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	(150)	(150)	-	150
<i>Total other financing sources (uses)</i>	<u>(150)</u>	<u>(150)</u>	<u>-</u>	<u>150</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(14,192)</u>	<u>(14,192)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>121,402</u>	<u>121,402</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,210</u>	<u>\$ 107,210</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (14,192)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ (14,192)</u>	

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
DEBT SERVICE FUND

Statement A-28

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 765,186	\$ 765,186	\$ 686,543	\$ (78,643)
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	110	110
<i>Total revenues</i>	<u>765,186</u>	<u>765,186</u>	<u>686,653</u>	<u>(78,533)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	7,739	7,739	6,865	874
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	590,000	590,000	590,000	-
Interest	178,239	178,239	175,186	3,053
<i>Total expenditures</i>	<u>775,978</u>	<u>775,978</u>	<u>772,051</u>	<u>3,927</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(10,792)</u>	<u>(10,792)</u>	<u>(85,398)</u>	<u>(74,606)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	10,792	10,792	-	(10,792)
<i>Total other financing sources (uses)</i>	<u>10,792</u>	<u>10,792</u>	<u>-</u>	<u>(10,792)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(85,398)</u>	<u>(85,398)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>541,788</u>	<u>541,788</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 456,390</u>	<u>\$ 456,390</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (85,398)	
Adjustment to revenue for accruals and other deferrals			51,613	
Adjustment to expenditures for payables, prepaids and other accruals			(65,264)	
Net change in fund balance (GAAP basis)			<u>\$ (99,049)</u>	

FIDUCIARY FUNDS

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STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS

FIDUCIARY FUNDS

Agency Funds

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

Tularosa Municipal Schools has the following funds classified as Agency Funds:

Activity – To account for assets held by the District until distributed to various organizations at the schools.

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STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
AGENCY FUNDS

Schedule B

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2012

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
ASSETS				
Elementary School Funds	\$ 147,995	\$ 36,327	\$ 28,435	\$ 155,887
Middle School Funds	5,111	3,446	4,084	4,473
High School Funds	21,341	56,091	57,706	19,726
Intermediate School Funds	11,495	19,577	30,799	273
Total Assets	<u>\$ 185,942</u>	<u>\$ 115,441</u>	<u>\$ 121,024</u>	<u>\$ 180,359</u>
LIABILITIES				
Deposits held for others	185,942	115,441	121,024	180,359
Total Liabilities	<u>\$ 185,942</u>	<u>\$ 115,441</u>	<u>\$ 121,024</u>	<u>\$ 180,359</u>

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SUPPORTING SCHEDULES

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STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
June 30, 2012

Schedule I

Name of Depository	Description of Pledged Collateral	PAR/ Market Value June 30, 2012	Name and Location of Safekeeper
First National Bank	FNMA Pool 256809 31371NGS8 6.00% 7/1/2037	\$ 508,945	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FNMA 745004 31403CU58 5.50% 2/1/2025	243,861	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FNMA Pool MA0756 3141YZW0 4% 6/1/2031	926,928	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FNMA Pool 256530 31371M4P9 5.50% 12/1/2036	231,181	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FHR 1382 KA 312912WF1 1.4% 10/15/2022	31,995	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FHLMC Pool H00532 3128MSSV 5.0% 5/1/2035	143,288	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FNMA 664033 31391DV26 5.0% 1/1/2018	288,528	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FHLMC Pool G18053 3128MMBX0 5.0% 5/1/2020	122,244	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FNMA Pool MA0952 31418ABW7 4% 1/1/2032	2,047,486	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FNMA Pool 256721 31371ND28 5.5% 5/1/2037	914,398	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	Questa NM Indpt Sch Dist No 748352CY5 4.0% 9/1/2025	* 300,000	Federal Home Loan Bank of Dallas Irving, TX
Western Bank	FNMA 313618S92 8/1/2017	11,068	Western Bank Alamogordo, NM
Western Bank	GNMA 36225CJ49 5/20/2029	23,256	Western Bank Alamogordo, NM
Western Bank	GNMA 36202KA47 5/20/2016	13,486	Western Bank Alamogordo, NM
	Total Collateral Pledged	<u>\$ 5,806,664</u>	

* Stated at Par Value

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STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
June 30, 2012

Schedule II

Deposit or Investment Account Type	First National Bank of NM	Western Bank	State Treasurer's LGIP	Total
Operational Checking	\$ 745,945	\$ -	\$ -	\$ 745,945
Cafeteria Checking	100,035	-	-	100,035
Debt Service Checking	441,537	-	-	441,537
General Building Checking	3,278,029	-	-	3,278,029
Transportation Checking	770	-	-	770
Payroll Clearing Checking	651,302	-	-	651,302
Non Instructional Support Checking	-	26,266	-	26,266
Elementary School Checking	-	155,908	-	155,908
Intermediate School Checking	-	301	-	301
Middle School Checking	-	4,576	-	4,576
High School Checking	-	18,999	-	18,999
State Treasurer's LGIP	-	-	478,105	478,105
Total On Deposit	5,217,618	206,050	478,105	5,901,773
Reconciling Items	(645,980)	(4,088)	-	(650,068)
Reconciled Balance June 30, 2012	\$ 4,571,638	\$ 201,962	\$ 478,105	\$ 5,251,705

Reconciliation to financial statements:

Cash and cash equivalents:	
Total cash and cash equivalents per Statement of Net Assets	\$ 4,593,241
Total cash and cash equivalents per Fiduciary Statement of Assets and Liabilities	180,359
Total Cash (not including investments)	\$ 4,773,600
Total Investments per Statement of Net Assets	478,105
Total cash and Investments	\$ 5,251,705

STATE OF NEW MEXICO
Tularosa Municipal Schools
Cash Reconciliation
June 30, 2012

	Operational Account	Transportation Account	Instructional Materials Account	Food Services Account	Athletics Account	Non-Instructional Fund
Cash per June 30, 2011 audit report	\$ 1,119,797	\$ 789	\$ 2,347	\$ 110,173	\$ 9,176	\$ 29,487
Adjustment	(256,452)	135	-	-	-	-
	<u>863,345</u>	<u>924</u>	<u>2,347</u>	<u>110,173</u>	<u>9,176</u>	<u>29,487</u>
Add:						
2011-12 revenues	<u>7,416,596</u>	<u>460,364</u>	<u>39,182</u>	<u>431,882</u>	<u>31,284</u>	<u>61,297</u>
Total cash available	8,279,941	461,288	41,529	542,055	40,460	90,784
Less:						
2011-12 expenditures	<u>(7,048,860)</u>	<u>(460,733)</u>	<u>(35,065)</u>	<u>(442,099)</u>	<u>(37,411)</u>	<u>(69,182)</u>
Cash June 30, 2012	<u>\$ 1,231,081</u>	<u>\$ 555</u>	<u>\$ 6,464</u>	<u>\$ 99,956</u>	<u>\$ 3,049</u>	<u>\$ 21,602</u>
Bank balance end of year	\$ 1,881,024	\$ 770	\$ 6,464	\$ 100,035	\$ 3,049	\$ 26,266
Adjustments	1,002		-	-	-	-
Outstanding Checks	<u>(650,945)</u>	<u>(215)</u>	<u>-</u>	<u>(79)</u>	<u>-</u>	<u>(4,664)</u>
Cash June 30, 2012	<u>\$ 1,231,081</u>	<u>\$ 555</u>	<u>\$ 6,464</u>	<u>\$ 99,956</u>	<u>\$ 3,049</u>	<u>\$ 21,602</u>

Federal Flowthrough Fund	Federal Direct Fund	State Flowthrough Fund	State Direct Fund	Bond Building	Public Schools Capital Outlay
\$ (288,088)	\$ 232,260	\$ 10,992	\$ (15,545)	\$ 3,460,917	\$ -
1,835	4,000	-	21	(2,646)	-
<u>(286,253)</u>	<u>236,260</u>	<u>10,992</u>	<u>(15,524)</u>	<u>3,458,271</u>	<u>-</u>
<u>1,116,099</u>	<u>181,957</u>	<u>1,017</u>	<u>67,522</u>	<u>307,333</u>	<u>-</u>
829,846	418,217	12,009	51,998	3,765,604	-
<u>(1,518,266)</u>	<u>(104,789)</u>	<u>(2,350)</u>	<u>(52,709)</u>	<u>(497,768)</u>	<u>-</u>
<u>\$ (688,420)</u>	<u>\$ 313,428</u>	<u>\$ 9,659</u>	<u>\$ (711)</u>	<u>\$ 3,267,836</u>	<u>\$ -</u>
\$ (688,420)	\$ 313,428	\$ 9,659	(711)	3,268,668	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(832)</u>	<u>-</u>
<u>\$ (688,420)</u>	<u>\$ 313,428</u>	<u>\$ 9,659</u>	<u>\$ (711)</u>	<u>\$ 3,267,836</u>	<u>\$ -</u>

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STATE OF NEW MEXICO
Tularosa Municipal Schools
Cash Reconciliation
June 30, 2012

Schedule III
(Page 2 of 2)

	Special Capital Outlay State	Capital Improvements SB 9	Public Schools Cap Out 20%	Debt Service Fund	Total
Cash per June 30, 2011 audit report	\$ (37,455)	\$ 6,963	\$ 121,402	\$ 541,788	\$ 5,305,003
Loans from other funds	1,983	-	-	(35)	(251,159)
	(35,472)	6,963	121,402	541,753	5,053,844
Add:					
2011-12 revenues	35,472	481,048	45	686,723	11,317,821
Total cash available	-	488,011	121,447	1,228,476	16,371,665
Less:					
2011-12 expenditures	-	(244,799)	(14,237)	(772,051)	(11,300,319)
Cash June 30, 2012	\$ -	\$ 243,212	\$ 107,210	\$ 456,425	\$ 5,071,346
Bank balance end of year	\$ -	\$ 243,212	\$ 107,210	\$ 456,425	\$ 5,727,079
Adjustments	-	-	-	-	1,002
Outstanding Checks	-	-	-	-	(656,735)
Cash June 30, 2012	\$ -	\$ 243,212	\$ 107,210	\$ 456,425	\$ 5,071,346

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COMPLIANCE SECTION

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and the budgetary comparison statement of the General fund activities of Tularosa Municipal School as of and for the year ended June 30, 2012, and have issued our report thereon dated August 20, 2012. We also have audited the financial statements of each of the Tularosa Municipal Schools' nonmajor governmental funds and the budgetary comparison schedules of each of the Tularosa Municipal Schools' nonmajor governmental funds and Bond Building and Debt Service funds presented as supplementary information in the accompanying combining and individual fund financial statements and the budgetary comparison statements as of and for the year ended June 30, 2012 as listed in the table of contents. 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 Tularosa Municipal Schools is responsible for establishing and maintain effective internal control over financial reporting. In planning and performing our audit, we considered Tularosa Municipal Schools 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 Tularosa Municipal Schools internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tularosa Municipal Schools internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned function, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described as FS 2012-01 and FS 2012-02 in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

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

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

A handwritten signature in cursive script that reads "Precision Accounting LLC".

Precision Accounting LLC
Albuquerque, New Mexico
August 20, 2012

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FEDERAL FINANCIAL ASSISTANCE

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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of Tularosa Municipal Schools, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. Tularosa Municipal Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Tularosa Municipal Schools management. Our responsibility is to express an opinion on Tularosa Municipal Schools compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Tularosa Municipal Schools compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Tularosa Municipal Schools compliance with those requirements.

In our opinion, Tularosa Municipal Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Tularosa Municipal Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Tularosa Municipal Schools internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Tularosa Municipal Schools internal control over compliance.

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

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Office of the State Auditor, the New Mexico Legislature, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Precision Accounting LLC".

Precision Accounting LLC
Albuquerque, New Mexico
August 20, 2012

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STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012

Schedule IV

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Program or Award Amount	Disbursements/ Expenditures
<i>Direct Programs:</i>				
U.S. Department of Education				
Impact Aid General	84.041	11000	\$ 320,805	\$ 320,805
Impact Aid Special Education	84.041	25147	(10,741)	66,622
Indian Ed Formula Grant	84.060	25184	35,085	35,134
Subtotal Direct Programs			<u>345,149</u>	<u>422,561</u>
U.S. Department of Agriculture				
Forest Reserve	84.041	11000.000	43,047	43,047
Subtotal Department of Agriculture			<u>43,047</u>	<u>43,047</u>
Total Direct Awards			<u>388,196</u>	<u>465,608</u>
<i>Pass Through Programs:</i>				
U.S. Department of Agriculture				
Passed through NM Public Education Department:				
Commodities Program	10.565	21000	25,851	25,851
National School Lunch Program	10.555	21000	397,072	469,143
National School Breakfast Program	10.553	21000	-	-
Total U.S. Department of Agriculture			<u>422,923</u>	<u>494,994</u>
U.S. Department of Education				
Passed through NM Public Education Department:				
Title I	84.010	24101	1,004,570	1,004,570
IDEA B Entitlement	84.027	24106	323,911	323,911
IDEA B Preschool	84.173	24109	9,942	9,942
IDEA B Risk Pool	84.027	24120	2,246	2,246
Teacher/Principal Training and Recruiting	84.367A	24154	162,811	162,811
Rural & Low Income Schools	84.358	24160	19,609	19,609
Education Jobs Fund	84.410	25255	3,033	3,033
Total U.S. Department of Education			<u>1,526,122</u>	<u>1,526,122</u>
Total Federal Financial Assistance			<u>\$ 2,337,241</u>	<u>\$ 2,486,724</u>

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Tularosa Municipal Schools (District) and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Subrecipients

The District did not provide any federal awards to subrecipients during the year.

3. Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2012 was \$25,851.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 2,486,724
Total expenditures funded by other sources	<u>8,838,694</u>
Total expenditures	<u>\$ 11,325,418</u>

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STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Tularosa Municipal Schools.
2. Two (2) significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Tularosa Municipal Schools were disclosed during the audit.
4. There were no audit finding required to be reported under A-133.510(a).
5. The auditor's report on compliance for major federal award programs for Tularosa Municipal Schools expresses an unqualified opinion.
6. The programs tested as major were the Title I CFDA No. 84.010, IDEA B Entitlement CFDA No. 84.027, IDEA B Preschool CFDA No. 84.173, IDEA B Risk Pool CFDA No. 84.027, Student Nutrition Program CFDA No. 10.555.
7. The threshold for distinguishing Types A and B programs was \$300,000.
8. Tularosa Municipal Schools qualified as a **high** risk auditee.

B. FINDINGS-FINANCIAL STATEMENT AUDIT

FS 2012-01 Internal Control over expenditures (Significant Deficiency)

CONDITION: One vendor was overpaid \$2 and one vendor was underpaid \$24 because the invoices were not recalculated by the Accounts Payable Clerk and the invoice was not mathematically correct as paid.

REASON IMPROVEMENT NEEDED: The District does not appear to be compliant with NMAC 6.20.2.11 C-Internal Control structure standards: "An internal control structure is required to demonstrate the school district's ability to record, process, summarize and report financial data consistent with the following financial statement assertions: 1) rights and ownership, 2) existence and occurrence, 3) valuation and allocations, 4) completeness; and 5) presentation and disclosure.

CAUSE OF CONDITION: The District does not have a procedure in place to verify the accuracy of the invoices received from their vendors.

EFFECT OF CONDITION: Applying the exception rate to the entire population of expenditures, it is possible that the District underpaid their vendors \$2,395.

RECOMMENDATION: The District should create a policy and implement a procedure that requires the AP Clerk to recalculate each invoice before recording the invoice in the system.

COSTS AND BENEFITS OF RECOMMENDED ACTION: The costs of improvements to the system should be minimal and will prevent the over/under payment of any invoice.

CLIENT RESPONSE: Re-training of staff will be done to ensure their understanding that invoices especially hand written one, must always be verified for their accuracy before they are actually processed for payment. The District will also initiate an extra verification process assigned to the clerk who actually prints the vendor checks to ensure the invoices being paid in each of the voucher batches matches the amounts set-up to be paid to the vendor.

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012

FS 2012-02 Insurance withholding (Significant Deficiency)

CONDITION: The insurance rates do not appear to be withheld at the correct rate due to a change in the employee (s) status during the fiscal year that was not input correctly which resulted in an underpayment of employee/employer contributions in the amount of \$799.20/\$743.28 and an overpayment of employee/employer contributions in the amount of \$236.62/\$240.24.

REASON IMPROVEMENT NEEDED: Insurance rates should be withheld at the correct rate to ensure compliance with NMAC 6.20.2.18, employee and employer contributions and the Anti-Donation clause.

CAUSE OF CONDITION: It appears the data entry was not input correctly when the employee status changed during the fiscal year.

EFFECT OF CONDITION: The insurances rates appear to be withheld incorrectly which resulted in an underpayment of an employee and an overpayment of an employee.

RECOMMENDATION: After changed data has been input, a second review of employee file for contract salary, insurance enrollment and data entry changes should be completed by another staff member.

COSTS AND BENEFITS OF RECOMMENDED ACTION: The costs are unknown but appear to be minimal. The benefits of the recommendation will ensure compliance with NMAC 6.20.2.18, Anti-Donation and employee/employer contributions are withheld at the correct rates.

CLIENT RESPONSE: As soon as this was brought to my attention I went through each employee's deductions to make sure they are being deducted correctly. I will also be checking them often to make sure they are correct. When I am setting up the new contract year on each employee, I will be putting a check into place as part of the new year set up to check each employee deductions to make sure they are correct. Procedures will be changed to include verification of deductions from another individual.

C. FINDINGS-FEDERAL AWARDS

None

D. PRIOR YEAR AUDIT FINDINGS

None

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
OTHER DISCLOSURES
Year Ended June 30, 2012

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Kathleen Richardson, the Business Manager, is capable of preparing, understanding and accepting responsibility for the GAAP basic financial statements. Although the District is responsible for the content of the financial statements they have contracted with the auditor to prepare the GAAP-basis financial statements and footnotes for inclusion in the annual audit report.

B. EXIT CONFERENCE

The contents of this report were discussed on August 13, 2012. The following individuals were in attendance.

Tularosa Municipal Schools
Brenda Yousif, Board President
Brenda Vigil, Superintendent
Kathleen Richardson, Business Manager

Precision Accounting LLC
Melissa R. Santistevan, CPA, CFE, CGMA