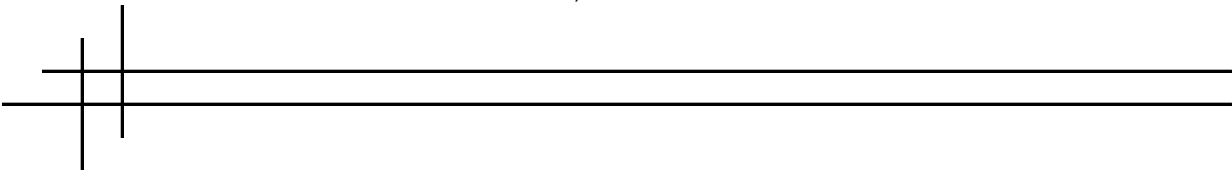


STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

**ANNUAL FINANCIAL REPORT**  
June 30, 2013

**De'Aun Willoughby CPA, PC**  
Certified Public Accountant  
Clovis, New Mexico



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STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
Official Roster  
June 30, 2013

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**BOARD OF EDUCATION**

Lowell M. Irby	President
Jeff Bowman	Vice-President
Margaret Aguilar	Secretary
Carolyn Shearman	Member
Becky Harwell	Member

**SCHOOL OFFICIALS**

Dr. Crit D. Caton	Superintendent
J.R. Null	Assistant Superintendent for Curriculum
Thad Phipps	Assistant Superintendent for Operations
Janet Grice	Business Manager

Independent Auditor's Report

Mr. Hector Balderas  
State Auditor of the State of New Mexico  
Board Members of the Artesia Public Schools

Mr. Balderas and Members of the Board

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Artesia Public Schools (District), as of and for the year ended June 30, 2013, and the related notes to the financial statements 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 for the major capital project funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

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

### Other Matters

Management has omitted the Management's Discussion and Analysis which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the District's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Clovis, New Mexico  
October 25, 2013

## **FINANCIAL SECTION**



STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
 Government-Wide Statement of Net Position  
 June 30, 2013

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 17,523,707
Property Taxes Receivable	850,180
Due from Grantor	615,559
Inventory	14,150
Total Current Assets	<u>19,003,596</u>
Noncurrent Assets	
Capital Assets	102,058,002
Less: Accumulated Depreciation	<u>(50,270,692)</u>
Total Noncurrent Assets	<u>51,787,310</u>
Total Assets	<u>70,790,906</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	<u>229,066</u>
Total Current Liabilities	<u>229,066</u>
Noncurrent Liabilities	
Compensated Absences	<u>155,751</u>
Total Noncurrent Liabilities	<u>155,751</u>
Total Liabilities	<u>384,817</u>
<b>NET POSITION</b>	
Invested in Capital Assets	51,787,310
Unrestricted	<u>18,618,779</u>
Total Net Position	<u>\$ 70,406,089</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
 Government-Wide Statement of Activities  
 For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
Instruction	\$ 23,509,264	\$ 550,635	\$ 1,646,561	\$ 0	\$ (21,312,068)
Support Services-Students	2,218,655	213,409	183,597	0	(1,821,649)
Support Services-Instruction	756,514	0	1,295	0	(755,219)
General Administration	601,845	0	38,619	0	(563,226)
School Administration	2,506,988	0	346,212	0	(2,160,776)
Central Services	651,154	0	0	0	(651,154)
Operation of Plant	4,824,767	79,165	0	0	(4,745,602)
Student Transportation	1,293,694	0	1,318,710	0	25,016
Food Services Operations	1,578,602	458,022	1,066,769	0	(53,811)
Community Service	68,334	0	0	0	(68,334)
Other	42,615	0	0	0	(42,615)
Interest on Long-Term Obligations	19,641	0	0	0	(19,641)
<b>Total Governmental Activities</b>	<b>\$ 38,072,073</b>	<b>\$ 1,301,231</b>	<b>\$ 4,601,763</b>	<b>\$ 0</b>	<b>(32,169,079)</b>
<b>General Revenues</b>					
Taxes					
Property Taxes, Levied for General Purposes					
Property Taxes, Levied for Capital Projects					
Property Taxes, Levied for Debt Service					
Federal and State aid not restricted to specific purpose					
General					
Capital					
Interest and investment earnings					
Miscellaneous					
Subtotal, General Revenues					
Change in Net Position					
Net Position - beginning					
Net Position - ending					

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
 GOVERNMENTAL FUNDS  
 Balance Sheet  
 June 30, 2013

	General Fund		
	Operational 11000	Teacherage 12000	Transportation 13000
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,117,063	\$ 22,162	\$ 32,728
Receivables			
Property Taxes	53,703	0	0
Due From Grantor	0	0	0
Interfund Balances	614,031	0	0
Inventory	0	0	0
Total Assets	<u>\$ 1,784,797</u>	<u>\$ 22,162</u>	<u>\$ 32,728</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Interfund Balances	\$ 0	\$ 0	\$ 0
Accounts Payable	52,833	87	0
Deferred Revenue	959	0	0
Total Liabilities	<u>53,792</u>	<u>87</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Debt Service	0	0	0
Assigned-Capital Projects	0	0	0
Unassigned- General Fund	1,731,005	22,075	32,728
Total Fund Balances	<u>1,731,005</u>	<u>22,075</u>	<u>32,728</u>
Total Liabilities and Fund Balances	<u>\$ 1,784,797</u>	<u>\$ 22,162</u>	<u>\$ 32,728</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2013

	General Fund		Special Revenue	
	Instructional Materials 14000	Title I 24101	IDEA B Entitlement 24106	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0	
Receivables				
Property Taxes	0	0	0	
Due From Grantor	0	254,240	211,193	
Interfund Balances	0	0	0	
Inventory	0	0	0	
Total Assets	<u>\$ 0</u>	<u>\$ 254,240</u>	<u>\$ 211,193</u>	
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Interfund Balances	\$ 4,203	\$ 254,240	\$ 205,462	
Accounts Payable	0	0	5,731	
Deferred Revenue	0	0	0	
Total Liabilities	<u>4,203</u>	<u>254,240</u>	<u>211,193</u>	
<b>Fund Balances</b>				
Nonspendable-Inventory	0	0	0	
Restricted for, reported in				
Special Revenue Funds	0	0	0	
Debt Service	0	0	0	
Assigned-Capital Projects	0	0	0	
Unassigned- General Fund	(4,203)	0	0	
Total Fund Balances	<u>(4,203)</u>	<u>0</u>	<u>0</u>	
Total Liabilities and Fund Balances	<u>\$ 0</u>	<u>\$ 254,240</u>	<u>\$ 211,193</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
 GOVERNMENTAL FUNDS  
 Balance Sheet  
 June 30, 2013

	Special Revenue	Capital Projects	
	Improving Teacher Quality 24154	House Bill 33 31600	Senate Bill Nine 31700
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 11,616,813	\$ 3,833,551
Receivables			
Property Taxes	0	567,362	227,408
Due From Grantor	93,055	0	0
Interfund Balances	0	0	0
Inventory	0	0	0
<b>Total Assets</b>	<b>\$ 93,055</b>	<b>\$ 12,184,175</b>	<b>\$ 4,060,959</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Interfund Balances	\$ 93,055	\$ 0	\$ 0
Accounts Payable	0	0	129,121
Deferred Revenue	0	38,500	15,681
<b>Total Liabilities</b>	<b>93,055</b>	<b>38,500</b>	<b>144,802</b>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Debt Service	0	0	0
Assigned-Capital Projects	0	12,145,675	3,916,157
Unassigned- General Fund	0	0	0
<b>Total Fund Balances</b>	<b>0</b>	<b>12,145,675</b>	<b>3,916,157</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 93,055</b>	<b>\$ 12,184,175</b>	<b>\$ 4,060,959</b>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2013

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	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 901,390	\$ 17,523,707
Receivables		
Property Taxes	1,707	850,180
Due From Grantor	57,071	615,559
Interfund Balances	0	614,031
Inventory	14,150	14,150
Total Assets	<u>\$ 974,318</u>	<u>\$ 19,617,627</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Interfund Balances	\$ 57,071	\$ 614,031
Accounts Payable	41,294	229,066
Deferred Revenue	1,124	56,264
Total Liabilities	<u>99,489</u>	<u>899,361</u>
Fund Balances		
Nonspendable-Inventory	14,150	14,150
Restricted for, reported in		
Special Revenue Funds	275,776	275,776
Debt Service	584,903	584,903
Assigned-Capital Projects	0	16,061,832
Unassigned- General Fund	0	1,781,605
Total Fund Balances	<u>874,829</u>	<u>18,718,266</u>
Total Liabilities and Fund Balances	<u>\$ 974,318</u>	<u>\$ 19,617,627</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
 Reconciliation of the Governmental Funds  
 Balance Sheet to the Statement of Net Position  
 June 30, 2013

---

Total Fund Balance - Governmental Funds \$ 18,718,266

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

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

The cost of capital assets	\$ 102,058,002	
Accumulated depreciation is	<u>(50,270,692)</u>	51,787,310

Property taxes receivable will be collected after the period of  
 availability, but are not available soon enough to pay for the  
 current period's expenditures, and therefore are deferred in  
 the funds.

56,264

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

Bonds payable	0	
Issue Costs	152,115	
Accumulated Amortization	(152,115)	
Accrued interest on bonds	0	
Compensated Absences	<u>(155,751)</u>	<u>(155,751)</u>

Total Net Position - Governmental Activities \$ 70,406,089

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2013

	General Fund		
	Operational 11000	Teachergage 12000	Transportation 13000
<b>Revenues</b>			
Property Taxes	\$ 1,047,365	\$ 0	\$ 0
Interest Income	4,509	0	0
Fees	354,624	79,165	0
State & Local Grants	24,215,624	0	1,318,710
Federal Grants	14,974	0	0
Miscellaneous	17,169	0	0
<b>Total Revenues</b>	<b>25,654,265</b>	<b>79,165</b>	<b>1,318,710</b>
<b>Expenditures</b>			
Current			
Instruction	16,439,941	0	0
Support Service-Students	2,035,136	0	0
Support Services-Instruction	755,007	0	0
Support Services-General Administration	512,337	0	0
Support Services-School Administration	2,113,842	0	0
Central Services	671,976	0	0
Operation & Maintenance of Plant	2,678,270	106,226	0
Transportation	0	0	1,285,982
Other	42,615	0	0
Community Services	68,334	0	0
Food Services	0	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
<b>Total Expenditures</b>	<b>25,317,458</b>	<b>106,226</b>	<b>1,285,982</b>
Excess (Deficiency) of Revenues Over Expenditures	336,807	(27,061)	32,728
Other Financing Sources (Uses)			
Transfers	(100,000)	0	0
<b>Total Other Sources (Uses)</b>	<b>(100,000)</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balance	236,807	(27,061)	32,728
Fund Balance Beginning of Year	1,494,198	49,136	0
Fund Balance End of Year	\$ <u>1,731,005</u>	\$ <u>22,075</u>	\$ <u>32,728</u>

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2013

	General Fund		Special Revenue	
	Instructional Materials 14000	Title I 24101	IDEA B Entitlement 24106	
<b>Revenues</b>				
Property Taxes	\$ 0	\$ 0	\$ 0	
Interest Income	0	0	0	
Fees	0	0	0	
State & Local Grants	238,281	0	0	
Federal Grants	0	717,859	918,187	
Miscellaneous	0	0	0	
<b>Total Revenues</b>	<b>238,281</b>	<b>717,859</b>	<b>918,187</b>	
<b>Expenditures</b>				
Current				
Instruction	269,022	552,658	561,655	
Support Service-Students	0	0	182,641	
Support Services-Instruction	0	0	1,295	
Support Services-General Administration	0	14,492	18,421	
Support Services-School Administration	0	150,709	154,175	
Central Services	0	0	0	
Operation & Maintenance of Plant	0	0	0	
Transportation	0	0	0	
Other	0	0	0	
Community Services	0	0	0	
Food Services	0	0	0	
Capital Outlay	0	0	0	
Debt Service				
Principal	0	0	0	
Interest	0	0	0	
<b>Total Expenditures</b>	<b>269,022</b>	<b>717,859</b>	<b>918,187</b>	
Excess (Deficiency) of Revenues Over Expenditures	(30,741)	0	0	
Other Financing Sources (Uses)				
Transfers	0	0	0	
Total Other Sources (Uses)	0	0	0	
Net Change in Fund Balance	(30,741)	0	0	
Fund Balance Beginning of Year	26,538	0	0	
Fund Balance End of Year	\$ (4,203)	\$ 0	\$ 0	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2013

	Special	Capital Projects	
	Revenue Improving Teacher Quality 24154	House Bill 33 31600	Senate Bill Nine 31700
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 10,304,260	\$ 4,244,496
Interest Income	0	7,871	3,024
Fees	0	0	0
State & Local Grants	0	0	79,473
Federal Grants	196,136	0	0
Miscellaneous	0	20	42,073
<b>Total Revenues</b>	<b>196,136</b>	<b>10,312,151</b>	<b>4,369,066</b>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	191,371	0	603,395
Support Service-Students	956	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	3,809	31,539	14,668
Support Services-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	0	236,831	1,808,978
Transportation	0	0	0
Other	0	0	0
Community Services	0	0	0
Food Services	0	0	0
Capital Outlay	0	5,987,336	1,005,971
<b>Debt Service</b>			
Principal	0	0	0
Interest	0	0	0
<b>Total Expenditures</b>	<b>196,136</b>	<b>6,255,706</b>	<b>3,433,012</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>0</b>	<b>4,056,445</b>	<b>936,054</b>
<b>Other Financing Sources (Uses)</b>			
Transfers	0	0	0
<b>Total Other Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>0</b>	<b>4,056,445</b>	<b>936,054</b>
<b>Fund Balance Beginning of Year</b>	<b>0</b>	<b>8,089,230</b>	<b>2,980,103</b>
<b>Fund Balance End of Year</b>	<b>\$ 0</b>	<b>\$ 12,145,675</b>	<b>\$ 3,916,157</b>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2013

	Other Governmental Funds	Total Governmental Funds
Revenues		
Property Taxes	\$ 303,803	\$ 15,899,924
Interest Income	907	16,311
Fees	867,442	1,301,231
State & Local Grants	67,783	25,919,871
Federal Grants	1,144,807	2,991,963
Miscellaneous	8,467	67,729
Total Revenues	<u>2,393,209</u>	<u>46,197,029</u>
Expenditures		
Current		
Instruction	421,952	19,039,994
Support Service-Students	0	2,218,733
Support Services-Instruction	212	756,514
Support Services-General Administration	5,404	600,670
Support Services-School Administration	56,167	2,474,893
Central Services	0	671,976
Operation & Maintenance of Plant	0	4,830,305
Transportation	7,120	1,293,102
Other	0	42,615
Community Services	0	68,334
Food Services	1,578,602	1,578,602
Capital Outlay	0	6,993,307
Debt Service		
Principal	1,090,000	1,090,000
Interest	19,204	19,204
Total Expenditures	<u>3,178,661</u>	<u>41,678,249</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(785,452)</u>	<u>4,518,780</u>
Other Financing Sources (Uses)		
Transfers	100,000	0
Total Other Sources (Uses)	<u>100,000</u>	<u>0</u>
Net Change in Fund Balance	(685,452)	4,518,780
Fund Balance Beginning of Year	<u>1,560,281</u>	<u>14,199,486</u>
Fund Balance End of Year	<u>\$ 874,829</u>	<u>\$ 18,718,266</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
 Reconciliation of the Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 To the Statement of Activities  
 June 30, 2013

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Net Change in Fund Balance-Governmental Funds \$ 4,518,780

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

Some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead reported as deferred revenues. They are however, recorded as revenues in the Statement of Activities.

Property Taxes Receivable, June 30, 2012	(75,637)	
Property Taxes Receivable, June 30, 2013	<u>56,264</u>	(19,373)

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

Depreciation expense	\$ (4,469,127)	
Capital Outlays	<u>6,993,307</u>	2,524,180

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 1,090,000

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (15,208)

Accrued Interest, June 30, 2012	14,773	
Accrued Interest, June 30, 2013	<u>0</u>	14,773

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences, June 30, 2012	148,183	
Compensated Absences, June 30, 2013	<u>(155,751)</u>	<u>(7,568)</u>

Changes in Net Position of Governmental Activities \$ 8,105,584

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
GENERAL FUND-OPERATIONAL-11000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 790,109	\$ 790,109	\$ 1,068,017	\$ 277,908
Interest Income	6,224	6,224	4,509	(1,715)
Fees	408,167	408,167	354,624	(53,543)
State Grant	24,226,796	24,226,796	24,215,624	(11,172)
Federal Grant	0	0	14,974	14,974
Miscellaneous	18,561	18,561	17,169	(1,392)
Total Revenues	<u>25,449,857</u>	<u>25,449,857</u>	<u>25,674,917</u>	<u>225,060</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	12,300,751	12,306,351	12,243,963	62,388
Employee Benefits	3,936,318	3,780,308	3,666,996	113,312
Professional & Tech Services	162,500	172,710	123,991	48,719
Other Purchased Services	167,476	340,386	183,656	156,730
Supplies	252,500	252,500	215,444	37,056
Total Instruction	<u>16,819,545</u>	<u>16,852,255</u>	<u>16,434,050</u>	<u>418,205</u>
<b>Support Services-Students</b>				
Personnel Services	1,356,204	1,357,254	1,254,826	102,428
Employee Benefits	517,694	517,694	377,455	140,239
Professional & Tech Services	365,529	365,529	401,640	(36,111)
Other Purchased Services	50	50	0	50
Supplies	51,170	51,170	1,215	49,955
Support Services-Students	<u>2,290,647</u>	<u>2,291,697</u>	<u>2,035,136</u>	<u>256,561</u>
<b>Support Services-Instruction</b>				
Personnel Services	516,347	516,347	526,321	(9,974)
Employee Benefits	257,124	257,124	201,654	55,470
Professional & Tech Services	50,000	50,000	170	49,830
Other Purchased Services	1,160	1,160	1,679	(519)
Supplies	22,550	26,250	25,183	1,067
Support Services-Instruction	<u>847,181</u>	<u>850,881</u>	<u>755,007</u>	<u>95,874</u>
<b>Support Services-General Administration</b>				
Personnel Services	303,742	303,742	311,266	(7,524)
Employee Benefits	139,881	140,869	97,887	42,982
Professional & Tech Services	60,511	60,511	59,581	930
Other Purchased Services	25,680	25,680	19,591	6,089
Supplies	21,356	22,856	24,399	(1,543)
Total Support Services-General Administration	<u>\$ 551,170</u>	<u>\$ 553,658</u>	<u>\$ 512,724</u>	<u>\$ 40,934</u>

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
GENERAL FUND-OPERATIONAL-11000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Support Services-School Administration</b>				
Personnel Services	\$ 1,509,159	\$ 1,509,159	\$ 1,596,377	\$ (87,218)
Employee Benefits	495,779	495,779	481,916	13,863
Professional & Tech Services	39,200	39,200	16,415	22,785
Other Purchased Services	1,350	1,350	1,749	(399)
Supplies	16,022	16,022	15,236	786
Total Support Services-School Administration	2,061,510	2,061,510	2,111,693	(50,183)
<b>Central Services</b>				
Personnel Services	430,948	430,948	502,293	(71,345)
Employee Benefits	140,247	140,247	139,339	908
Professional & Tech Services	34,700	34,700	15,069	19,631
Other Purchased Services	2,120	2,120	3,295	(1,175)
Supplies	13,500	13,500	11,620	1,880
Total Central Services	621,515	621,515	671,616	(50,101)
<b>Operation &amp; Maintenance of Plant</b>				
Personnel Services	1,114,357	1,114,357	1,098,492	15,865
Employee Benefits	529,147	529,147	428,402	100,745
Professional & Tech Services	1,700	1,700	6,697	(4,997)
Purchased Property Services	967,775	967,775	654,969	312,806
Other Purchased Services	514,443	514,443	412,404	102,039
Supplies	81,000	81,000	76,148	4,852
Total Operation & Maintenance of Plant	3,208,422	3,208,422	2,677,112	531,310
<b>Other Support Services</b>				
Other	119,689	119,689	42,615	77,074
Total Other Support Services	119,689	119,689	42,615	77,074
<b>Community Services</b>				
Personnel Services	47,191	47,191	47,013	178
Employee Benefits	47,415	47,415	21,321	26,094
Supplies	475	475	0	475
Total Community Services	95,081	95,081	68,334	26,747
Total Expenditures	\$ 26,614,760	\$ 26,654,708	\$ 25,308,287	\$ 1,346,421

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
GENERAL FUND-OPERATIONAL-11000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Excess (Deficiency) of Revenues Over Expenditures	\$ <u>(1,164,903)</u>	\$ <u>(1,204,851)</u>	\$ <u>366,630</u>	\$ <u>1,571,481</u>
Other Financing Sources (Uses)				
Transfers	<u>0</u>	<u>0</u>	<u>(100,000)</u>	<u>(100,000)</u>
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>(100,000)</u>	<u>(100,000)</u>
Net Change in Fund Balance	(1,164,903)	(1,204,851)	266,630	1,471,481
Cash Balance Beginning of Year	<u>1,464,464</u>	<u>1,464,464</u>	<u>1,464,464</u>	<u>0</u>
Cash Balance End of Year	\$ <u><u>299,561</u></u>	\$ <u><u>259,613</u></u>	\$ <u><u>1,731,094</u></u>	\$ <u><u>1,471,481</u></u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 266,630	
Net change in Taxes Receivable			(24,232)	
Net change in Accounts Payable			(9,171)	
Net change in Deferred Revenue			3,580	
Net Change in Fund Balance			\$ <u><u>236,807</u></u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
GENERAL FUND-TEACHERAGE-12000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Miscellaneous	\$ 67,266	\$ 67,266	\$ 79,165	\$ 11,899
Total Revenues	<u>67,266</u>	<u>67,266</u>	<u>79,165</u>	<u>11,899</u>
<b>Expenditures</b>				
<b>Operation &amp; Maintenance of Plant</b>				
Personnel Services	18,900	18,900	18,863	37
Employee Benefits	7,037	7,037	7,182	(145)
Purchased Property Services	37,814	37,814	30,933	6,881
Other Purchased Services	38,216	38,216	31,831	6,385
Supplies	1,500	1,500	2,075	(575)
Fixed Assets	7,000	7,000	0	7,000
Supply Assets	2,500	2,500	15,764	(13,264)
Total Operation & Maintenance of Plant	<u>112,967</u>	<u>112,967</u>	<u>106,648</u>	<u>6,319</u>
Total Expenditures	<u>112,967</u>	<u>112,967</u>	<u>106,648</u>	<u>6,319</u>
Excess (Deficiency) of Revenues Over Expenditures	(45,701)	(45,701)	(27,483)	18,218
Cash Balance Beginning of Year	<u>49,645</u>	<u>49,645</u>	<u>49,645</u>	<u>0</u>
Cash Balance End of Year	\$ <u>3,944</u>	\$ <u>3,944</u>	\$ <u>22,162</u>	\$ <u>18,218</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (27,483)	
Net change in Accounts Payable			422	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(27,061)</u>	

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
GENERAL FUND-TRANSPORTATION-13000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 1,280,368	\$ 1,287,448	\$ 1,318,710	\$ 31,262
Total Revenues	<u>1,280,368</u>	<u>1,287,448</u>	<u>1,318,710</u>	<u>31,262</u>
<b>Expenditures</b>				
<b>Transportation</b>				
Personnel Services	77,461	77,461	77,432	29
Employee Benefits	20,157	20,155	15,459	29
Professional & Tech Services	2,225	3,225	2,712	4,696
Purchased Property Services	101,585	102,085	117,885	(15,800)
Other Purchased Services	1,078,940	1,081,522	1,071,657	9,865
Supplies	0	3,000	837	2,163
Total Transportation	<u>1,280,368</u>	<u>1,287,448</u>	<u>1,285,982</u>	<u>982</u>
Total Expenditures	<u>1,280,368</u>	<u>1,287,448</u>	<u>1,285,982</u>	<u>982</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	32,728	32,244
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 32,728</u>	<u>\$ 32,244</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 32,728</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 32,728</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
GENERAL FUND-INSTRUCTIONAL MATERIALS-14000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 238,281	\$ 245,513	\$ 238,281	\$ (7,232)
Total Revenues	<u>238,281</u>	<u>245,513</u>	<u>238,281</u>	<u>(7,232)</u>
Expenditures				
Instruction				
Supplies	<u>238,281</u>	<u>272,051</u>	<u>269,022</u>	<u>3,029</u>
Total Instruction	<u>238,281</u>	<u>272,051</u>	<u>269,022</u>	<u>3,029</u>
Total Expenditures	<u>238,281</u>	<u>272,051</u>	<u>269,022</u>	<u>3,029</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(26,538)	(30,741)	(4,203)
Cash Balance Beginning of Year	<u>26,538</u>	<u>26,538</u>	<u>26,538</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 26,538</u>	<u>\$ 0</u>	<u>\$ (4,203)</u>	<u>\$ (4,203)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ (30,741)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (30,741)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
SPECIAL REVENUE FUND-TITLE I-24101  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 829,473	\$ 1,071,688	\$ 672,014	\$ (399,674)
Total Revenues	<u>829,473</u>	<u>1,071,688</u>	<u>672,014</u>	<u>(399,674)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	344,520	377,020	338,527	38,493
Employee Benefits	80,000	110,350	94,948	15,402
Purchase Services	17,000	73,400	36,066	37,334
Other Purchased Services	5,705	30,155	195	29,960
Supplies	4,500	39,500	30,974	8,526
Supply Assets	0	52,000	51,949	51
Total Instruction	<u>451,725</u>	<u>682,425</u>	<u>552,659</u>	<u>129,766</u>
<b>Support Services-General Administration</b>				
Purchase Services	12,454	17,545	14,492	3,053
Total Support Services-General Administration	<u>12,454</u>	<u>17,545</u>	<u>14,492</u>	<u>3,053</u>
<b>Support Services-School Administration</b>				
Personnel Services	115,370	115,370	113,301	2,069
Employee Benefits	39,170	42,495	34,795	7,700
Professional & Tech Services	2,500	4,500	2,722	1,778
Other Purchased Services	0	100	31	69
Supplies	0	999	0	999
Total Support Services-School Administration	<u>157,040</u>	<u>163,464</u>	<u>150,849</u>	<u>12,615</u>
Total Expenditures	<u>621,219</u>	<u>863,434</u>	<u>718,000</u>	<u>145,434</u>
Excess (Deficiency) of Revenues Over Expenditures	208,254	208,254	(45,986)	(254,240)
Cash Balance Beginning of Year	<u>(208,254)</u>	<u>(208,254)</u>	<u>(208,254)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (254,240)</u>	<u>\$ (254,240)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (45,986)	
Net change in Due from Grantor			45,845	
Net change in Accounts Payables			141	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
SPECIAL REVENUE FUND-B ENTITLEMENT-24106  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 1,035,240	\$ 1,449,917	\$ 938,171	\$ (511,746)
Total Revenues	<u>1,035,240</u>	<u>1,449,917</u>	<u>938,171</u>	<u>(511,746)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	313,721	348,721	281,083	67,638
Employee Benefits	141,871	158,871	123,383	35,488
Professional & Tech Services	8,200	58,200	40,708	17,492
Other Purchased Services	2,447	2,447	3,924	(1,477)
Supplies	8,500	35,711	55,804	(20,093)
Supply Assets	8,952	134,952	56,721	78,231
Total Instruction	<u>483,691</u>	<u>738,902</u>	<u>561,623</u>	<u>177,279</u>
<b>Support Services-Students</b>				
Personnel Services	79,798	100,798	100,108	690
Employee Benefits	28,332	26,440	28,300	(1,860)
Professional & Tech Services	26,500	66,500	16,928	49,572
Other Purchased Services	15,000	15,000	0	15,000
Supplies	4,300	30,300	32,243	(1,943)
Supply Assets	0	35,600	0	35,600
Total Support Services-Students	<u>153,930</u>	<u>274,638</u>	<u>177,579</u>	<u>97,059</u>
<b>Support Services-Instruction</b>				
Professional & Tech Services	0	0	1,295	(1,295)
Supplies	0	3,500	0	3,500
Total Support Services-Instruction	<u>0</u>	<u>3,500</u>	<u>1,295</u>	<u>2,205</u>
<b>Support Services-General Administration</b>				
Professional & Tech Services	19,865	30,108	18,421	11,687
Total Support Services- General Administration	<u>\$ 19,865</u>	<u>\$ 30,108</u>	<u>\$ 18,421</u>	<u>\$ 11,687</u>

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
SPECIAL REVENUE FUND-B ENTITLEMENT-24106  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Support Services-School Administration				
Personnel Services	\$ 94,798	\$ 109,798	\$ 91,426	\$ 18,372
Employee Benefits	37,955	37,970	29,654	8,316
Professional & Tech Services	2,000	2,000	3,571	(1,571)
Other Purchased Services	0	0	540	(540)
Supplies	12,000	12,000	9,606	2,394
Supply Assets	0	10,000	18,917	(8,917)
Total Support Services-School Administration	<u>146,753</u>	<u>171,768</u>	<u>153,714</u>	<u>18,054</u>
Total Expenditures	<u>804,239</u>	<u>1,218,916</u>	<u>912,632</u>	<u>306,284</u>
Excess (Deficiency) of Revenues Over Expenditures	231,001	231,001	25,539	(205,462)
Cash Balance Beginning of Year	<u>(231,001)</u>	<u>(231,001)</u>	<u>(231,001)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (205,462)</u>	<u>\$ (205,462)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 25,539	
Net Change in Due from Grantor			(19,984)	
Net Change in Accounts Payable			<u>(5,555)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
SPECIAL REVENUE FUND-IMPROVING TEACHER QUALITY-24154  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 237,789	\$ 258,717	\$ 165,061	\$ (93,656)
Total Revenues	<u>237,789</u>	<u>258,717</u>	<u>165,061</u>	<u>(93,656)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	129,875	129,875	134,553	(4,678)
Employee Benefits	40,271	40,271	46,743	(6,472)
Professional & Tech Services	1,319	21,825	10,075	11,750
Total Instruction	<u>171,465</u>	<u>191,971</u>	<u>191,371</u>	<u>600</u>
<b>Support Services-Students</b>				
Professional & Tech Services	0	0	956	(956)
Support Services-Students	<u>0</u>	<u>0</u>	<u>956</u>	<u>(956)</u>
<b>Support Services-General Administration</b>				
Professional & Tech Services	4,344	4,766	3,809	957
Total Support Services-General Administration	<u>4,344</u>	<u>4,766</u>	<u>3,809</u>	<u>957</u>
Total Expenditures	<u>175,809</u>	<u>196,737</u>	<u>196,136</u>	<u>601</u>
Excess (Deficiency) of Revenues Over Expenditures	61,980	61,980	(31,075)	(93,055)
Cash Balance Beginning of Year	<u>(61,980)</u>	<u>(61,980)</u>	<u>(61,980)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (93,055)</u>	<u>\$ (93,055)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (31,075)	
Net change in Due from Grantor			31,075	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
Statement of Fiduciary Assets and Liabilities-Agency Funds  
For the Year Ended June 30, 2013

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	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 2,395,092
Total Assets	<u>\$ 2,395,092</u>
Liabilities	
Deposits Held for Others	\$ 2,395,092
Total Liabilities	<u>\$ 2,395,092</u>

The notes to the financial statements are an integral part of this statement.

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Artesia Public School District (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 more significant of the District's accounting policies are described below.

**Financial Reporting Entity**

The District has been in existence since the early nineteen hundreds, and is currently operating under the provisions of the Public School District Code, Chapter 22, of the New Mexico Statutes Annotated, 1978 Compilation. The District operates with a local board of education - superintendent form of government and provides a supervised program of instruction designed to educate students at the elementary and secondary level.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue bonded debt.

The District has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected District members are financially accountable. There are no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the District has a significant relationship.

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

The funds of the District are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follows below:

***Governmental Funds***

Governmental funds are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets and the servicing of general long-term debt.

General Fund - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds.

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

Capital Projects Fund - The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the District.

Debt Service Fund - The Debt Service Fund is used to account for the resources for, and the payment of, principal, interest and related costs.



***Fiduciary Fund Type***

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the District.

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

**Major Funds**

The District reports the following major governmental funds:

**GENERAL FUND (11000)(12000)(13000)(14000)**

The General Fund consist of four sub funds. The first is the Operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Teacherage accounts for rents collected from teachers and related expenditures. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide text books for students in the District.

**SPECIAL REVENUE FUNDS**

**Title I (24101)** To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the Elementary and Secondary Act of 1965, Chapter I of Title I, as amended, Public Laws 100-297, 20 U.S.C. 2701. The fund was created by the authority of federal grant provisions.

**IDEA B Entitlement (24106)** To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

**Improving Teacher Quality (24154)** To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. Elementary and Secondary Education Act of 1965, as amended, Title II, Part A (PL 107-110).

**CAPITAL PROJECT FUNDS**

**House Bill 33 (31600)** To account for resources received through House Bill 33 and local tax levies obtained for the financing, construction and remodeling of various school buildings. Expenditures are restricted to Capital Improvements.

**Senate Bill Nine (31700)** The revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements.

**Measurement Focus and Basis of Accounting**

***Government-Wide Financial Statements (GWFS)***

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

In the government-wide Statement of Net Position, the governmental activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts - invested in net capital assets; restricted and unrestricted net position.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflow of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflow of resources resulting from nonexchange transactions are recognized in accordance with the requirement of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

**Program Revenues**

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues include: 1) charges for services to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions, Transportation, Food Service, Special Revenue Funds such as special education as well as others., and 3) program specific capital grants and contributions.

***Fund Financial Statements (FFS)***

**Governmental Funds**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity has been eliminated from the district-wide financial statements.

**Revenues**

**Taxes**. Ad valorem taxes are susceptible to full accrual on the government wide financial statements. Property Tax revenues recognize revenues net of estimated refunds and uncollectible accounts in the period for which the taxes are levied.

Grants. Government mandated nonexchange transaction and voluntary nonexchange transactions. Recipients should recognize revenues in the period when all applicable eligibility requirements have been met and the resources are available.

Revenue Recognition for Grants.

Eligibility requirements for government-mandated and voluntary nonexchange transaction comprise one or more of the following:

1. Required characteristics of recipients. The recipient has the characteristics specified by the provider (are required to be school districts).
2. Time requirements. Time requirements specified by enabling legislation or the provider have been met (period when the resources are required to be used).
3. Reimbursements. The provider offers resources on a reimbursement ("expenditure-driven") basis and the recipient has incurred allowable costs under the applicable program.
4. Contingencies. The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred (the recipient has raised the matching funds).

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

Expenditures

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

Other Financing Sources (Uses)

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

Basis of Budgeting

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

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

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

1. Prior to April 15, (unless a later date is fixed by the Secretary of Education) the local school board submits to the School Budget and Finance Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.

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2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAU.
5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the SBFAU.
7. Legal budget control for expenditures is by function. Included in the 2000 function is sub-functions that can be over spent by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

Cash and Cash Equivalents

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

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

Investments

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

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

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

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

#### Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

#### Property Taxes

The County collects the District's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the District on a monthly basis. The District accounts for its share of property taxes in the General, Debt Service and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

#### Elimination and Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

#### Inventories and Prepaid Items

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Food Service Fund consists of purchased food and non-food items and United States Department of Agriculture (USDA) commodities. Commodities are shown at the USDA procurement cost. Costs are recorded as expenditures at the time individual inventory items are used (consumption method). Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both District-wide and fund financial statements.

#### Capital Assets

Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 (per Section 12-6-10 NMSA1978) and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

If there are any construction projects funded by the NM Public School Facilities Authority they are included in the appropriate capital projects fund and in the capital assets.

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

Buildings & Improvements	20-50 Years
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	3-15 Years

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet.

Long-Term Liabilities

For district-wide reporting, the costs associated with the bonds are recognized over the life of the bond. As permitted by GASB Statement No. 34 the amortization of the costs of bonds will be amortized prospectively from the date of adoption of GASB Statement No. 34.

Restricted Net Position

For the government-wide statement of net position, restrictions are reported when constraints placed on net position use are either:

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

Imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available it will first be applied to restricted resources.

Fund Balances of Fund Financial Statements

Nonspendable fund balance indicates that portion of fund equity is not spendable such as inventory.

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resources providers, or through enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance is the residual amount that is not restricted or committed.

Interfund Transfers

In governmental funds, transfers should be reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

#### Deferred Revenue

The District reports deferred revenues on its Statement of Net Position and Fund Balance Sheet. Deferred revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized. Deferred revenues also occur in the fund financial statements when revenue is earned but is not available. The revenue becomes available if received within 30 days of the fiscal year end.

#### Compensated Absences

After a non-certified employee has been with the District for a period of at least six months, the employee is entitled to a one-week paid vacation; when employed twelve months, the employee is entitled to a two week paid vacation accumulative to no more than 20 contract days. Vacation is to be scheduled at an appropriate time and approved by the supervisor. If an employee is discharged because of lack of work, and through no fault of the employee, the employee shall receive commensurate vacation pay.

The District's recognition and measurement criteria for compensated absences follow:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both the following conditions are met:

- (a) The employees' right to receive compensation is attributable to services already rendered.
- (b) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

#### Estimates

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

**NOTE B: DEPOSITS AND INVESTMENTS**

The District is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

<u>Name of Account</u>	Balance Per Bank 6/30/13	Reconciled Balance	<u>Type</u>
Operational Money Market	\$ 288,065	\$ 288,065	Interest bearing
Artesia Public Schools	363,427	245,989	Non-interest
Activity Fund	2,285,225	2,259,745	Non-interest
Activity Money Market	1,220	1,220	Interest bearing
Artesia Public Schools-Activities	118,407	102,713	Interest bearing
Cafeteria	3,887,718	3,858,929	Non-interest
Capital Improvement	11,116,813	11,116,813	Non-interest
Special Building Fund HB 33	500,000	500,000	Non-interest
Artesia Public Schools HB 33	250,000	250,000	Interest bearing
TOTAL Deposited	<u>18,810,875</u>	<u>\$ 18,623,474</u>	
Less: FDIC Coverage	<u>(250,000)</u>		
Uninsured Amount	18,560,875		
50% collateral requirement	9,280,438		
Pledged securities	<u>10,782,500</u>		
Over (Under) requirement	<u>\$ 1,502,063</u>		

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

The following securities are pledged at **First American Bank**:

<u>Description</u>	<u>CUSIP #</u>	<u>Par Value</u>	<u>Maturity Date</u>	<u>Location</u>
Gadsden NM ISD #016	362550KL8	\$ 262,500	08/15/2013	FHLB-Dallas, TX
Belen NM Gross RCPTS	077571CE5	105,000	06/01/2014	FHLB-Dallas, TX
Gallup McKinley NM SD	064010NP9	300,000	08/01/2014	FHLB-Dallas, TX
Gadsden NM ISD #016	362550KM6	200,000	08/15/2014	FHLB-Dallas, TX
Gadsden NM ISD #016	362550KM6	200,000	08/15/2014	FHLB-Dallas, TX
Dulce NM ISD #21	2644304KB4	190,000	09/01/2018	FHLB-Dallas, TX
Grant Cnty NM	387766BV9	500,000	09/01/2016	FHLB-Dallas, TX
Torrance ETC Cntys NM	891400MP5	450,000	01/15/2017	FHLB-Dallas, TX
Torrance ETC Cntys NM	891400MP5	1,350,000	01/15/2017	FHLB-Dallas, TX
Portales N EX Muni Sch	736151DA6	400,000	02/01/2017	FHLB-Dallas, TX
Albuquerque NM MET AR	013572JD5	560,000	08/01/2017	FHLB-Dallas, TX
Artesia NM Hosp Dist	04310KAT9	1,475,000	08/01/2017	FHLB-Dallas, TX
San Juan Cnty NM Cent	798359HQ1	900,000	08/01/2018	FHLB-Dallas, TX
Hobbs NM School Dist #16	433866CR9	1,000,000	07/15/2020	FHLB-Dallas, TX
Belen NM Cons Sch Dist	077581MQ6	175,000	08/01/2020	FHLB-Dallas, TX
Albuquerque NM Muni S	013595LM3	1,000,000	08/01/2022	FHLB-Dallas, TX
Alamogordo NM Muni Sc	011464HL1	800,000	08/01/2023	FHLB-Dallas, TX
Clovis NM Muni Sch Dist	189414JA4	650,000	08/01/2024	FHLB-Dallas, TX
Ruidoso NM Supplement	781346DP3	265,000	06/01/2025	FHLB-Dallas, TX
		<u>\$ 10,782,500</u>		



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<u>Name of Account</u>	Balance Per Bank 6/30/13	Reconciled Balance	<u>Type</u>
Operational	\$ 1,743,364	\$ 688,464	Non-interest
Operational Money Market	19,072	19,072	Interest bearing
Debt Service	584,320	584,320	Non-interest
TOTAL Deposited	<u>2,346,756</u>	<u>\$ 1,291,856</u>	
Less: FDIC Coverage	<u>(250,000)</u>		
Uninsured Amount	2,096,756		
50% collateral requirement	1,048,378		
Pledged securities	<u>3,020,510</u>		
Over (Under) requirement	<u>\$ 1,972,132</u>		

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

The following securities are pledged at **Western Bank**:

<u>Description</u>	<u>CUSIP #</u>	Par Value / <u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
Los Luna, NM	545562PH7	\$ 350,000	08/01/2012	FHLB-Dallas, TX
Belen NM	077581KX3	200,000	08/01/2015	FHLB-Dallas, TX
Artesia NM	04310LAT7	355,000	06/01/2027	FHLB-Dallas, TX
Hobbs, NM	433866DR8	200,000	07/15/2021	FHLB-Dallas, TX
UNM of Gallup, NM	914684BX2	350,000	06/01/2014	FHLB-Dallas, TX
GNMA Pool #2578	36202C2K8	27,562	07/15/2021	FHLB-Dallas, TX
FNMA #93311	31412SKY0	233,142	04/15/2024	FHLB-Dallas, TX
FNMA Pool #257203	31371NU45	70,503	04/20/2028	FHLB-Dallas, TX
FHLB	3133XFKF2	1,234,303	07/01/2013	FHLB-Dallas, TX
		<u>\$ 3,020,510</u>		

<u>Name of Account</u>	Balance Per Bank 6/30/13	Reconciled Balance	<u>Type</u>
ERB	\$ 3,469	\$ 3,469	Non-interest
TOTAL Deposited	3,469	<u>\$ 3,469</u>	
Less: FDIC Coverage	<u>(3,469)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	<u>0</u>		
Over (Under) requirement	<u>\$ 0</u>		

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 503,469
Collateralized:	
Collateral held by the pledging bank in District's name	13,803,010
Uninsured and uncollateralized	6,854,621
Total Deposits	<u>\$ 21,161,100</u>

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
Notes to the Financial Statements  
June 30, 2013

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2013 \$6,854,621 of the District's bank balance of \$21,161,100 was exposed to custodial credit risk.

**NOTE C: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances is as follows:

Receivable Fund	Payable Funds				
	Instructional Materials	Title I	IDEA B Entitlement	Improving Teacher Quality	Non-Major Governmental Funds
General Fund	\$ 4,203	\$ 254,240	\$ 205,462	\$ 93,055	\$ 57,071
Totals	\$ 4,203	\$ 254,240	\$ 205,462	\$ 93,055	\$ 57,071

The above interfund balances resulted from reimbursement grants. The shortfalls were covered by the General Fund. All transactions will be repaid within one year.

**NOTE D: TAXES RECEIVABLE**

Following is a schedule of property taxes receivable as of June 30, 2013:

	General	House Bill 33	Senate Bill Nine	Non-Major Governmental Funds
Property Taxes Receivable:				
Available	\$ 52,744	\$ 528,862	\$ 211,727	\$ 583
Unavailable	959	38,500	15,681	1,124
Total Property Taxes Receivable	\$ 53,703	\$ 567,362	\$ 227,408	\$ 1,707

**NOTE E: DUE FROM OTHER GOVERNMENT UNITS**

Amounts due from other agencies and units of government were as follows as of June 30, 2013:

Federal Agencies	\$ 581,334
State Agencies	34,225
Total	\$ 615,559

**NOTE F: DEFERRED REVENUES**

Revenues are deferred in accordance with the modified accrual basis of accounting for the fund financial statements. The following deferred revenues are measurable but do not represent available expendable resources for the fund financial statements for the fiscal year ended June 30, 2013:

	General	House Bill 33	Senate Bill Nine	Non-Major Governmental Funds	Total
Property Taxes	\$ 959	\$ 38,500	\$ 15,681		
Federal Revenues	0	0	0		
Total Deferred Revenues	\$ 959	\$ 38,500	\$ 15,681		

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**ARTESIA PUBLIC SCHOOLS**  
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Property Taxes	\$	1,124	\$	56,264
Federal Revenues		0		0
Total Deferred Revenues	\$	<u>1,124</u>	\$	<u>56,264</u>

**NOTE G: CAPITAL ASSETS**

Capital Assets Balances and Activity for the Year Ended June 30, 2013, is as follows:

	Balance 6/30/12	Additions	Deletions	Balance 6/30/13
<b>Governmental Activities</b>				
Capital Assets not being Depreciated				
Land	\$ 2,031,305	\$ 0	\$ 0	\$ 2,031,305
Total Capital Assets not being Depreciated	<u>2,031,305</u>	<u>0</u>	<u>0</u>	<u>2,031,305</u>
Capital Assets, being Depreciated				
Buildings	85,886,653	6,145,153	0	92,031,806
Equipment	<u>7,146,735</u>	<u>848,154</u>	<u>0</u>	<u>7,994,889</u>
Total Capital Assets being Depreciated	<u>93,033,388</u>	<u>6,993,307</u>	<u>0</u>	<u>100,026,695</u>
<b>Less Accumulated Depreciation</b>				
Buildings & Improvements	39,747,033	3,991,181	0	43,738,214
Equipment	<u>6,054,530</u>	<u>477,946</u>	<u>0</u>	<u>6,532,476</u>
Total Accumulated Depreciation	<u>45,801,563</u>	<u>4,469,127</u>	<u>0</u>	<u>50,270,690</u>
Capital Assets, net	\$ <u>49,263,130</u>	\$ <u>2,524,180</u>	\$ <u>0</u>	\$ <u>51,787,310</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$	4,469,127
Total depreciation expenses	\$	<u>4,469,127</u>

**NOTE H: LONG TERM DEBT**

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

	Balance 6/30/12	Additions	Reductions	Balance 6/30/13	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 1,090,000	\$ 0	\$ 1,090,000	\$ 0	\$ 0
Total Bonds	\$ <u>1,090,000</u>	\$ <u>0</u>	\$ <u>1,090,000</u>	\$ <u>0</u>	\$ <u>0</u>

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
Notes to the Financial Statements  
June 30, 2013

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Other Liabilities										
Compensated										
Absences	\$	148,184	\$	164,684	\$	157,117	\$	155,751	\$	0
Total Other Liabilities		148,184		164,684		157,117		155,751		0
Long-Term	\$	1,238,184	\$	164,684	\$	1,247,117	\$	155,751	\$	0

Payments on the general obligation bonds are made by the Debt Service Fund. The compensated absences liability will ultimately be liquidated by several of the District's governmental funds, with most being paid by the General Fund.

The current portion of the compensated absences is estimated at zero since there are no anticipated retirements or terminations.

**NOTE I: COMMITMENTS**

There are two major remodeling projects ongoing. The HB 33 and SB9 funds are financing the projects.

**NOTE J: PENSION PLAN**

**Plan Description**

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

**Funding Policy**

**Member Contributions**

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

**Employer Contributions**

In fiscal year 2013, the District was required to contribute 12.4% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 10.9% of the gross covered salary for employees whose annual salary is more than \$20,000.

In the future, the District will contribute the following percentages of the gross covered salary of employees: 13.15% of gross covered salary in fiscal year 2014; and 13.9% of gross covered salary in fiscal year 2015.

The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2013, 2012, and 2011, were \$3,877,850, \$3,982,291, and \$3,989,613 respectively, which equal the amount of the required contributions for each fiscal year.

#### **NOTE K: POST-EMPLOYMENT BENEFITS**

##### **Plan Description**

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

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

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

##### **Funding Policy**

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

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

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

The District's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$573,080, \$539,671, and \$491,211 respectively, which equal the required contributions for each year.

**NOTE L: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS**

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are presented on each individual Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

Reconciliations are located at the bottom of each budget actual.

**NOTE M: INSURANCE COVERAGE**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; and injuries to employees; and natural disasters. The District, as a New Mexico Public School, is insured through the New Mexico Public Schools Insurance Authority (NMPSIA). Annual premiums are paid by the District to NMPSIA for coverage provided in the following areas:

- Workers Compensation
- Property and Automobile Liability and Physical Damage
- Liability and Civil Rights and Personal Injury
- Contract School Bus Coverage; and
- Crime

**NOTE N: JOINT POWERS AGREEMENTS**

The Southeastern New Mexico Educational Resource Center was established in recognition of the need to compensate for the unique isolation of the school districts in southeastern New Mexico. The primary mission of the regional center is to provide resources to the school districts in Chaves, Eddy, and Lea Counties through the collaborative efforts of the eleven participating districts and three government agencies. Local businesses have also joined in this partnership by providing sponsorship to many of the programs developed by the partners. Southeastern New Mexico Educational Resource Center is not a legal entity since it was not properly formed through a joint powers agreement adopted by each participating school district.

A joint powers agreement was entered into between the Artesia Public Schools (District) and the New Mexico Human Services Department to participate in the Medicaid School-Based Services program.

The Human Services Department (HSD) shall oversee the provision of direct services in the Medicaid School Based Services program. The District shall identify the special education and related services needs of each IDEA-eligible child or youth, regardless of whether all services identified qualify for Medicaid reimbursement. The District will collaborate with local community health and human service providers to develop and implement a Collaborative Plan that identifies health needs with the community and outlines strategies to meet those needs.

The purpose of the program is provide Medicaid reimbursable services to Medicaid eligible children.

The agreement became effective February 28, 2005 and remains in effect until terminated by the parties pursuant to the terms of the agreement.

The Human Services Department will reimburse the District for administrative costs in an amount not to exceed \$50,000 for each fiscal year.

The total expenditures for the year ending June 30, 2013 were \$42,615.

The District and HSD shall maintain fiscal records, as required by applicable federal and state laws and regulations. The District shall provide copies of such reports to HSD when requested, in accordance with the requirements of the Medicaid Provider Participation Agreement. The District has the audit responsibility for the revenues and expenditures at the District.

**NOTE O: SURETY BOND**

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

**NOTE P: DEFICIT FUND BALANCE**

Instructional Materials-14000 had a deficit fund balance of (\$4,203).

**SUPPLEMENTAL INFORMATION RELATED TO  
MAJOR FUNDS**



STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
 CAPITAL PROJECT FUND-HOUSE BILL 33-31600  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Non-GAAP-Budgetary Basis)  
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 7,620,756	\$ 7,620,756	\$ 10,429,515	\$ 2,808,759
Interest Income	11,000	11,000	7,871	(3,129)
Miscellaneous	0	0	20	20
Total Revenues	<u>7,631,756</u>	<u>7,631,756</u>	<u>10,437,406</u>	<u>2,805,650</u>
<b>Expenditures</b>				
Support Services-General Administration				
Professional & Tech Services	25,000	25,000	31,539	(6,539)
Total Support Services-General Administration	<u>25,000</u>	<u>25,000</u>	<u>31,539</u>	<u>(6,539)</u>
Operation & Maintenance of Plant				
Personnel Services	65,162	65,162	65,086	76
Employee Benefits	19,158	19,158	20,006	(848)
Total Operation & Maintenance of Plant	<u>84,320</u>	<u>84,320</u>	<u>85,092</u>	<u>(772)</u>
Capital Outlay				
Building Improvements	8,400,000	8,400,000	4,916,786	3,483,214
Land Improvements	4,829,128	4,829,128	944,947	3,884,181
Building Purchases	50,000	50,000	11,023	38,977
Fixed Assets	200,000	200,000	114,580	85,420
Supply Assets	1,500,000	1,500,000	173,318	1,326,682
Total Capital Outlay	<u>14,979,128</u>	<u>14,979,128</u>	<u>6,160,654</u>	<u>8,818,474</u>
Total Expenditures	<u>15,088,448</u>	<u>15,088,448</u>	<u>6,277,285</u>	<u>8,811,163</u>
Excess (Deficiency) of Revenues Over Expenditures	(7,456,692)	(7,456,692)	4,160,121	11,616,813
Cash Balance Beginning of Year	<u>7,456,692</u>	<u>7,456,692</u>	<u>7,456,692</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,616,813</u>	<u>\$ 11,616,813</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 4,160,121	
Net change in Taxes Receivable			(131,358)	
Net change in Accounts Payable			21,579	
Net change in Deferred Revenue			6,103	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 4,056,445</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
CAPITAL PROJECT FUND-SENATE BILL NINE-31700  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 3,169,218	\$ 3,169,218	\$ 4,326,774	\$ 1,157,556
Interest Income	1,600	1,600	3,024	1,424
State Grants	99,042	99,042	79,473	(19,569)
Miscellaneous	0	0	42,073	42,073
Total Revenues	<u>3,269,860</u>	<u>3,269,860</u>	<u>4,451,344</u>	<u>1,181,484</u>
<b>Expenditures</b>				
Support Services-General Administration				
Professional & Tech Services	10,500	10,500	14,668	(4,168)
Total Support Services-General Administration	<u>10,500</u>	<u>10,500</u>	<u>14,668</u>	<u>(4,168)</u>
<b>Capital Outlay</b>				
Maintenance & Repairs	2,290,878	2,290,878	1,335,579	955,299
Building Improvements	1,085,949	1,085,949	170,799	915,150
Supplies	1,320,527	1,320,527	403,268	917,259
Land Improvements	220,000	220,000	82,628	137,372
Building Purchases	0	0	18,969	(18,969)
Vehicles	99,042	99,042	69,198	29,844
Buses	200,000	200,000	369,688	(169,688)
Fixed Assets	100,000	100,000	294,688	(194,688)
Supply Assets	650,000	650,000	594,216	55,784
Total Capital Outlay	<u>5,966,396</u>	<u>5,966,396</u>	<u>3,339,033</u>	<u>2,627,363</u>
Total Expenditures	<u>5,976,896</u>	<u>5,976,896</u>	<u>3,353,701</u>	<u>2,623,195</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,707,036)	(2,707,036)	1,097,643	3,804,679
Cash Balance Beginning of Year	<u>2,735,908</u>	<u>2,735,908</u>	<u>2,735,908</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 28,872</u>	<u>\$ 28,872</u>	<u>\$ 3,833,551</u>	<u>\$ 3,804,679</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,097,643	
Net change in Taxes Receivable			(86,414)	
Net change in Accounts Payable			(79,311)	
Net change in Deferred Revenue			4,136	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 936,054</u>	

The notes to the financial statements are an integral part of this statement.

**SUPPLEMENTAL INFORMATION RELATED TO  
NON MAJOR FUNDS**

#### **NONMAJOR SPECIAL REVENUE FUNDS**

**Food Service (21000)** To account for revenue and expenditures associated with the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements. Authority for creation of this fund is NMSA 22-13-13.

**Athletics (22000)** To account for revenue and expenditures associated with the District's budgeted athletic activities. (NMAC 6.20.2).

**IDEA Preschool (24109)** To account for a program funded by a Federal grant to assist the District in providing a free appropriate public education to preschool disabled children aged three through five years. Funding authorized by the Individuals with Disabilities Education Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, 101-476, and 102-119. The fund was created by the authority of federal grant provisions.

**English Language Acquisition (24153)** To account for revenues and expenditures received from a federal grant provided to develop school-wide programs for limited English proficient students that reform, restructure, and upgrade all relevant programs. The fund was created by the Elementary and Secondary Education Act of 1965, as amended, Title VII, Part A.

**Rural Low-Income Schools (24160)** To account for revenues and expenditures received from a federal grant that is designed to address the needs of rural, low-income schools by providing additional funds to impact the student proficiency and AYP of groups not meeting State standards. The fund was created by Title VI, Part B of the Elementary and Secondary Education Act of 1965, as amended by Public Law 107-110.

**Title XIX Medicaid (25153)** To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. The fund was created by the authority of federal grant provisions. (Title XIX Social Security Act).

**Dual Credits Instructional Materials (27103)** To provide funding to the District to purchase college books for students attending college classes and obtaining dual credits. The fund was created by grant provisions.

**GO Students Library (27106)** To account for a bond issue to fund a state grant to provide library books for school districts. The fund was created by state grant provisions.

**Formative Assessments (27111)** To account for the revenue and expenditures to provide testing materials for students. The fund was created by state grant provision.

**Breakfast for Elementary Students (27155)** To account for the revenue and expenditures to provide elementary students with breakfast. The fund was created by state grant provision.

**Summer School/After School (27166)** To account for the revenue and expenditures to provide students with additional services in an after school program. The fund was created by state grant provision.

#### **NON-MAJOR DEBT SERVICE FUND**

##### **Debt Service (41000)**

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values. Expenditures are restricted to debt reduction.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2013

	Special Revenue Funds		
	Food Service 21000	Athletics 22000	IDEA Preschool 24109
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 102,653	\$ 116,132	\$ 0
Receivables			
Property Taxes	0	0	0
Due From Grantor	0	0	19,103
Inventory	14,150	0	0
Total Assets	<u>116,803</u>	<u>116,132</u>	<u>19,103</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balances	0	0	19,103
Accounts Payable	36,654	4,640	0
Deferred Revenue	0	0	0
Total Liabilities	<u>36,654</u>	<u>4,640</u>	<u>19,103</u>
Fund Balance			
Nonspendable-Inventory	14,150	0	0
Restricted for, reported in Special Revenue Funds	65,999	111,492	0
Debt Service	0	0	0
Total Fund Balance	<u>80,149</u>	<u>111,492</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 116,803</u>	<u>\$ 116,132</u>	<u>\$ 19,103</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2013

	Special Revenue Funds		
	English Language Acquisition 24153	Rural and Low-Income Schools 24160	Title XIX Medicaid 25153
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 98,285
Receivables			
Property Taxes	0	0	0
Due From Grantor	1,474	2,269	0
Inventory	0	0	0
Total Assets	<u>1,474</u>	<u>2,269</u>	<u>98,285</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balances	1,474	2,269	0
Accounts Payable	0	0	0
Deferred Revenue	0	0	0
Total Liabilities	<u>1,474</u>	<u>2,269</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for, reported in Special Revenue Funds	0	0	98,285
Debt Service	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>98,285</u>
Total Liabilities and Fund Balance	<u>\$ 1,474</u>	<u>\$ 2,269</u>	<u>\$ 98,285</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2013

	Special Revenue Funds		
	Duel Credits Instructional Materials 27103	GO Student Library 27106	Formative Assessments 27111
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Property Taxes	0	0	0
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>0</u>	<u>0</u>	<u>0</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balances	0	0	0
Accounts Payable	0	0	0
Deferred Revenue	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for, reported in Special Revenue Funds	0	0	0
Debt Service	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2013

	<u>Special Revenue Funds</u>		
	Breakfast for Elementary Students <u>27155</u>	Summer/ After School 27166 <u>27166</u>	Debt Service 41000 <u>41000</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 584,320
Receivables			
Property Taxes	0	0	1,707
Due From Grantor	2,652	31,573	0
Inventory	0	0	0
Total Assets	<u>2,652</u>	<u>31,573</u>	<u>586,027</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balances	2,652	31,573	0
Accounts Payable	0	0	0
Deferred Revenue	0	0	1,124
Total Liabilities	<u>2,652</u>	<u>31,573</u>	<u>1,124</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for, reported in Special Revenue Funds	0	0	0
Debt Service	0	0	584,903
Total Fund Balance	<u>0</u>	<u>0</u>	<u>584,903</u>
Total Liabilities and Fund Balance	<u>\$ 2,652</u>	<u>\$ 31,573</u>	<u>\$ 586,027</u>

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2013

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	<u>Total</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 901,390
Receivables	
Property Taxes	1,707
Due From Grantor	57,071
Inventory	14,150
Total Assets	<u>974,318</u>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Interfund Balances	57,071
Accounts Payable	41,294
Deferred Revenue	1,124
Total Liabilities	<u>99,489</u>
Fund Balance	
Nonspendable-Inventory	14,150
Restricted for, reported in	
Special Revenue Funds	275,776
Debt Service	584,903
Total Fund Balance	<u>874,829</u>
Total Liabilities and Fund Balance	<u>\$ 974,318</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2013

	Special Revenue Funds		
	Food Service 21000	Athletics 22000	IDEA Preschool 24109
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	142	0
Fees	458,022	196,011	0
State & Local Grants	0	0	0
Federal Grants	1,050,806	0	44,005
Miscellaneous	8,348	119	0
Total Revenues	<u>1,517,176</u>	<u>196,272</u>	<u>44,005</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	0	164,818	10,794
Support Service-Students	0	0	0
Support Service-Instruction	0	0	0
Support Service-General Administration	0	0	888
Support Service-School Administration	0	0	32,323
Transportation	0	0	0
Food Services	1,569,759	0	0
<b>Debt Service</b>			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>1,569,759</u>	<u>164,818</u>	<u>44,005</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(52,583)</u>	<u>31,454</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>			
Transfers	100,000	0	0
Total Other Sources (Uses)	<u>100,000</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	47,417	31,454	0
Fund Balances at Beginning of Year	<u>32,732</u>	<u>80,038</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 80,149</u>	<u>\$ 111,492</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2013

	Special Revenue Funds		
	English Language Acquisition 24153	Rural and Low-Income Schools 24160	Title XIX Medicaid 25153
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	0	0	213,409
State & Local Grants	0	0	0
Federal Grants	12,524	37,472	0
Miscellaneous	0	0	0
Total Revenues	<u>12,524</u>	<u>37,472</u>	<u>213,409</u>
<b>Expenditures</b>			
Current			
Instruction	11,573	36,716	154,538
Support Service-Students	0	0	0
Support Service-Instruction	0	0	0
Support Service-General Administration	253	756	3,507
Support Service-School Administration	698	0	14,839
Transportation	0	0	0
Food Services	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>12,524</u>	<u>37,472</u>	<u>172,884</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>40,525</u>
Other Financing Sources (Uses)			
Transfers	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	40,525
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>57,760</u>
Fund Balance End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 98,285</u></u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2013

	Special Revenue Funds		
	Duel Credits Instructional Materials 27103	GO Student Library 27106	Formative Assessments 27111
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	0	0	0
State & Local Grants	5,031	0	22,336
Federal Grants	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>5,031</u>	<u>0</u>	<u>22,336</u>
<b>Expenditures</b>			
Current			
Instruction	5,031	0	22,336
Support Service-Students	0	0	0
Support Service-Instruction	0	0	0
Support Service-General Administration	0	0	0
Support Service-School Administration	0	0	0
Transportation	0	0	0
Food Services	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>5,031</u>	<u>0</u>	<u>22,336</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>			
Transfers	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2013

	<u>Special Revenue Funds</u>		
	Breakfast for Elementary Students 27155	Summer/ After School 27166	Debt Service 41000
	<u>27155</u>	<u>27166</u>	<u>41000</u>
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 303,803
Interest Income	0	0	765
Fees	0	0	0
State & Local Grants	8,843	31,573	0
Federal Grants	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>8,843</u>	<u>31,573</u>	<u>304,568</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	0	16,146	0
Support Service-Students	0	0	0
Support Service-Instruction	0	0	212
Support Service-General Administration	0	0	0
Support Service-School Administration	0	8,307	0
Transportation	0	7,120	0
Food Services	8,843	0	0
<b>Debt Service</b>			
Principal	0	0	1,090,000
Interest	0	0	19,204
Total Expenditures	<u>8,843</u>	<u>31,573</u>	<u>1,109,416</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>(804,848)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	(804,848)
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>1,389,751</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 584,903</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2013

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	<u>Total</u>
Revenues	
Property Taxes	\$ 303,803
Interest Income	907
Fees	867,442
State & Local Grants	67,783
Federal Grants	1,144,807
Miscellaneous	8,467
Total Revenues	<u>2,393,209</u>
Expenditures	
Current	
Instruction	421,952
Support Service-Students	0
Support Service-Instruction	212
Support Service-General Administration	5,404
Support Service-School Administration	56,167
Transportation	7,120
Food Services	1,578,602
Debt Service	
Principal	1,090,000
Interest	19,204
Total Expenditures	<u>3,178,661</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(785,452)</u>
Other Financing Sources (Uses)	
Transfers	100,000
Total Other Sources (Uses)	<u>100,000</u>
Net Change in Fund Balance	(685,452)
Fund Balances at Beginning of Year	<u>1,560,281</u>
Fund Balance End of Year	<u>\$ 874,829</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
SPECIAL REVENUE FUND-FOOD SERVICE-21000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Interest Income	\$ 119	\$ 119	\$ 0	\$ (119)
Fees	461,345	461,345	458,022	(3,323)
Federal Grant	967,045	967,045	963,652	(3,393)
Miscellaneous	0	0	8,348	8,348
Total Revenues	<u>1,428,509</u>	<u>1,428,509</u>	<u>1,430,022</u>	<u>1,513</u>
<b>Expenditures</b>				
<b>Food Services</b>				
Personnel Services	461,167	461,167	431,786	29,381
Employee Benefits	218,089	218,089	236,326	(18,237)
Professional & Tech Services	4,000	4,000	2,701	1,299
Other Purchased Services	12,000	12,000	6,622	5,378
Supplies	12,580	12,580	776,789	(764,209)
Supply Assets	747,528	747,528	0	747,528
Total Food Services	<u>1,455,364</u>	<u>1,455,364</u>	<u>1,454,224</u>	<u>1,140</u>
Total Expenditures	<u>1,455,364</u>	<u>1,455,364</u>	<u>1,454,224</u>	<u>1,140</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(26,855)</u>	<u>(26,855)</u>	<u>(24,202)</u>	<u>373</u>
<b>Other Financing Sources (Uses)</b>				
Transfers	0	0	100,000	100,000
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>100,000</u>
Net Change in Fund Balance	(26,855)	(26,855)	75,798	101,140
Cash Balance Beginning of Year	<u>26,855</u>	<u>26,855</u>	<u>26,855</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 102,653</u>	<u>\$ 101,140</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Net Change in Cash Balance			\$ 75,798	
Net Change in Inventory			8,273	
Net Change in Accounts Payables			(36,654)	
Net Change in Fund Balance			<u>\$ 47,417</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
SPECIAL REVENUE FUND-ATHLETICS-22000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Interest Income	\$ 175,000	\$ 175,000	\$ 196,011	\$ 21,011
Fees	100	100	142	42
Miscellaneous	0	0	119	119
Total Revenues	<u>175,100</u>	<u>175,100</u>	<u>196,272</u>	<u>21,172</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	58,600	58,600	45,723	12,877
Employee Benefits	16,560	16,560	11,016	5,544
Professional & Tech Services	14,908	14,908	10,134	4,774
Other Purchased Services	89,562	89,562	77,514	12,048
Supplies	50,000	50,000	16,006	33,994
Total Instruction	<u>229,630</u>	<u>229,630</u>	<u>160,393</u>	<u>69,237</u>
Total Expenditures	<u>229,630</u>	<u>229,630</u>	<u>160,393</u>	<u>69,237</u>
Excess (Deficiency) of Revenues Over Expenditures	(54,530)	(54,530)	35,879	90,409
Cash Balance Beginning of Year	<u>80,253</u>	<u>80,253</u>	<u>80,253</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 25,723</u>	<u>\$ 25,723</u>	<u>\$ 116,132</u>	<u>\$ 90,409</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 35,879	
Net Change in Accounts Payable			<u>(4,425)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 31,454</u>	

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
SPECIAL REVENUE FUND-IDEA PRESCHOOL-24109  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 57,140	\$ 95,542	\$ 40,129	\$ (55,413)
Total Revenues	<u>57,140</u>	<u>95,542</u>	<u>40,129</u>	<u>(55,413)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personal Services	5,395	6,395	6,508	(113)
Employee Benefits	0	0	1,844	(1,844)
Other Purchased Services	1,000	1,000	0	1,000
Supplies	0	17,000	2,442	14,558
Total Instruction	<u>6,395</u>	<u>24,395</u>	<u>10,794</u>	<u>13,601</u>
<b>Support Services-Students</b>				
Professional & Tech Services	3,208	17,206	0	17,206
Other Purchased Services	0	5,000	0	5,000
Total Support Services-Students	<u>3,208</u>	<u>22,206</u>	<u>0</u>	<u>22,206</u>
<b>Support Services-General Administration</b>				
Professional & Tech Services	1,033	1,860	888	972
Total Support Services-General Administration	<u>1,033</u>	<u>1,860</u>	<u>888</u>	<u>972</u>
<b>Support Services-School Administration</b>				
Personnel Services	22,010	22,010	20,010	2,000
Employee Benefits	8,867	8,867	7,871	996
Professional & Tech Services	400	977	4,442	(3,465)
Total Support Services-School Administration	<u>31,277</u>	<u>31,854</u>	<u>32,323</u>	<u>(469)</u>
Total Expenditures	<u>41,913</u>	<u>80,315</u>	<u>44,005</u>	<u>36,310</u>
Excess (Deficiency) of Revenues Over Expenditures	15,227	15,227	(3,876)	(19,103)
Cash Balance Beginning of Year	<u>(15,227)</u>	<u>(15,227)</u>	<u>(15,227)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (19,103)</u>	<u>\$ (19,103)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (3,876)	
Net change in Due from Grantor			3,876	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
SPECIAL REVENUE FUND-ENGLISH LANGUAGE ACQUISITION-24153  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 12,990	\$ 17,008	\$ 15,514	\$ (1,494)
Total Revenues	<u>12,990</u>	<u>17,008</u>	<u>15,514</u>	<u>(1,494)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	1,585	3,008	2,372	636
Employee Benefits	405	982	795	187
Professional & Tech Services	3,526	3,526	1,050	2,476
Purchased Services	250	250	95	155
Supplies	2,025	3,808	7,261	(3,453)
Total Instruction	<u>7,791</u>	<u>11,574</u>	<u>11,573</u>	<u>1</u>
<b>Support Services-General Administration</b>				
Professional & Tech Services	185	270	253	17
Total Support Services-General Administration	<u>185</u>	<u>270</u>	<u>253</u>	<u>17</u>
<b>Support Services-School Administration</b>				
Professional & Tech Services	550	700	71	629
Purchased Services	0	0	627	(627)
Total Support Services-School Administration	<u>550</u>	<u>700</u>	<u>698</u>	<u>2</u>
Total Expenditures	<u>8,526</u>	<u>12,544</u>	<u>12,524</u>	<u>20</u>
Excess (Deficiency) of Revenues Over Expenditures	4,464	4,464	2,990	(1,474)
Cash Balance Beginning of Year	<u>(4,464)</u>	<u>(4,464)</u>	<u>(4,464)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,474)</u>	<u>\$ (1,474)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,990	
Net change in Due from Grantor			<u>(2,990)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
SPECIAL REVENUE FUND-RURAL & LOW INCOME SCHOOLS-24160  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 60,729	\$ 70,492	\$ 35,204	\$ (35,288)
Total Revenues	<u>60,729</u>	<u>70,492</u>	<u>35,204</u>	<u>(35,288)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	23,533	33,196	27,152	6,044
Employee Benefits	5,222	5,222	8,869	(3,647)
Professional & Tech Services	18,894	18,894	696	18,198
Supplies	<u>5,580</u>	<u>5,580</u>	<u>0</u>	<u>5,580</u>
Total Instruction	<u>53,229</u>	<u>62,892</u>	<u>36,717</u>	<u>26,175</u>
<b>Support Services-Instruction</b>				
Professional & Tech Services	5,000	5,000	0	5,000
Purchased Services	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total Support Services-Instruction	<u>6,000</u>	<u>6,000</u>	<u>0</u>	<u>6,000</u>
<b>Support Services-General Administration</b>				
Professional & Tech Services	<u>1,500</u>	<u>1,600</u>	<u>756</u>	<u>844</u>
Total Support Services-General Administration	<u>1,500</u>	<u>1,600</u>	<u>756</u>	<u>844</u>
Total Expenditures	<u>60,729</u>	<u>70,492</u>	<u>37,473</u>	<u>33,019</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(2,269)	(2,269)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,269)</u>	<u>\$ (2,269)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (2,269)	
Net change in Due from Grantor			<u>2,269</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
SPECIAL REVENUE FUND- TITLE XIX-MEDICAID-25153  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Fees	\$ 187,528	\$ 187,528	\$ 213,409	\$ 25,881
Total Revenues	<u>187,528</u>	<u>187,528</u>	<u>213,409</u>	<u>25,881</u>
Expenditures				
Support Services-Students				
Personnel Services	103,569	103,569	99,702	3,867
Employee Benefits	38,798	38,798	34,601	4,197
Other Purchased Services	12,000	12,000	13,138	(1,138)
Supplies	<u>2,000</u>	<u>2,000</u>	<u>7,943</u>	<u>(5,943)</u>
Total Support Services-Students	<u>156,367</u>	<u>156,367</u>	<u>155,384</u>	<u>983</u>
Support Services-General Administration				
Professional & Tech Services	<u>4,632</u>	<u>4,632</u>	<u>3,507</u>	<u>1,125</u>
Total Support Services-General Administration	<u>4,632</u>	<u>4,632</u>	<u>3,507</u>	<u>1,125</u>
Support Services-School Administration				
Personnel Services	14,972	14,972	11,654	3,318
Employee Benefits	6,899	6,899	2,867	4,032
Professional & Tech Services	3,658	3,658	318	3,340
Supplies	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total Support Services-School Administration	<u>26,529</u>	<u>26,529</u>	<u>14,839</u>	<u>11,690</u>
Total Expenditures	<u>187,528</u>	<u>187,528</u>	<u>173,730</u>	<u>13,798</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	39,679	39,679
Cash Balance Beginning of Year	<u>58,606</u>	<u>58,606</u>	<u>58,606</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 58,606</u>	<u>\$ 58,606</u>	<u>\$ 98,285</u>	<u>\$ 39,679</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 39,679	
Net Change in Due from Grantor			<u>846</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 40,525</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
SPECIAL REVENUE FUND-DUAL CREDIT-27103  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 1,478	\$ 8,846	\$ 6,509	\$ (2,337)
Total Revenues	<u>1,478</u>	<u>8,846</u>	<u>6,509</u>	<u>(2,337)</u>
Expenditures				
Instruction				
Supplies	0	7,368	5,031	2,337
Total Instruction	<u>0</u>	<u>7,368</u>	<u>5,031</u>	<u>2,337</u>
Total Expenditures	<u>0</u>	<u>7,368</u>	<u>5,031</u>	<u>2,337</u>
Excess (Deficiency) of Revenues Over Expenditures	1,478	1,478	1,478	0
Cash Balance Beginning of Year	<u>(1,478)</u>	<u>(1,478)</u>	<u>(1,478)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,478	
Net Change Due from Grantor			<u>(1,478)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
SPECIAL REVENUE FUND-GO STUDENT LIBRARY-27106  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 1,821	\$ 1,821	\$ 1,821	\$ 0
Total Revenues	<u>1,821</u>	<u>1,821</u>	<u>1,821</u>	<u>0</u>
<b>Expenditures</b>				
Support Services-Instruction				
Supplies	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services-Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	1,821	1,821	1,821	0
Cash Balance Beginning of Year	<u>(1,821)</u>	<u>(1,821)</u>	<u>(1,821)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,821	
Net Change in Due from Grantor			<u>(1,821)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
SPECIAL REVENUE FUND-FORMATIVE ASSESSMENTS-27111  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 26,253	\$ 22,336	\$ (3,917)
Total Revenues	<u>0</u>	<u>26,253</u>	<u>22,336</u>	<u>(3,917)</u>
Expenditures				
Instruction				
Supplies	0	26,253	22,336	3,917
Total Instruction	<u>0</u>	<u>26,253</u>	<u>22,336</u>	<u>3,917</u>
Total Expenditures	<u>0</u>	<u>26,253</u>	<u>22,336</u>	<u>3,917</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
SPECIAL REVENUE FUND-BREAKFAST FOR ELEMENTARY STUDENTS-27155  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 8,843	\$ 6,191	\$ (2,652)
Total Revenues	<u>0</u>	<u>8,843</u>	<u>6,191</u>	<u>(2,652)</u>
Expenditures				
Instruction				
Supplies	0	8,843	8,843	0
Total Instruction	<u>0</u>	<u>8,843</u>	<u>8,843</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>8,843</u>	<u>8,843</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(2,652)	(2,652)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,652)</u>	<u>\$ (2,652)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (2,652)	
Net change in Due from Grantor			<u>2,652</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
SPECIAL REVENUE FUND-SUMMER SCHOOL/AFTER SCHOOL-27166  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 0	\$ 33,686	\$ 0	\$ (33,686)
Total Revenues	<u>0</u>	<u>33,686</u>	<u>0</u>	<u>(33,686)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personal Services	0	11,080	12,609	(1,529)
Employee Benefits	0	2,290	3,003	(713)
Supplies	0	2,776	534	2,242
Total Instruction	<u>0</u>	<u>16,146</u>	<u>16,146</u>	<u>0</u>
<b>Support Services-School Administration</b>				
Personnel Services	0	7,875	7,259	616
Employee Benefits	0	1,624	1,047	577
Total Support Services-School Administration	<u>0</u>	<u>9,499</u>	<u>8,306</u>	<u>1,193</u>
<b>Transportation</b>				
Other Purchased Services	0	8,041	7,121	920
Total Transportation	<u>0</u>	<u>8,041</u>	<u>7,121</u>	<u>920</u>
Total Expenditures	<u>0</u>	<u>33,686</u>	<u>31,573</u>	<u>2,113</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(31,573)	(31,573)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (31,573)</u>	<u>\$ (31,573)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (31,573)	
Net change in Due from Grantor			<u>31,573</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
DEBT SERVICE-41000

Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 920,919	\$ 920,919	\$ 384,613	\$ (536,306)
Interest Income	900	900	765	(135)
Total Revenues	<u>921,819</u>	<u>921,819</u>	<u>385,378</u>	<u>(536,441)</u>
<b>Expenditures</b>				
Support Services-General Administration				
Professional & Tech Services	<u>9,209</u>	<u>9,209</u>	<u>212</u>	<u>8,997</u>
Total Support Services-General Administration	<u>9,209</u>	<u>9,209</u>	<u>212</u>	<u>8,997</u>
<b>Debt Service</b>				
Principal	2,190,288	2,190,288	1,090,000	1,100,288
Interest	<u>20,919</u>	<u>20,919</u>	<u>19,204</u>	<u>1,715</u>
Total Debt Service	<u>2,211,207</u>	<u>2,211,207</u>	<u>1,109,204</u>	<u>1,102,003</u>
Total Expenditures	<u>2,220,416</u>	<u>2,220,416</u>	<u>1,109,416</u>	<u>1,111,000</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,298,597)	(1,298,597)	(724,038)	574,559
Cash Balance Beginning of Year	<u>1,308,358</u>	<u>1,308,358</u>	<u>1,308,358</u>	<u>0</u>
Cash Balance End of Year	\$ <u>9,761</u>	\$ <u>9,761</u>	\$ <u>584,320</u>	\$ <u>574,559</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (724,038)	
Net change in Taxes Receivable			(86,363)	
Net change in Deferred Revenue			5,553	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(804,848)</u>	

The notes to the financial statements are an integral part of this statement.

**OTHER SUPPLEMENTAL INFORMATION**

**AGENCY FUND**

**Activity Trust Fund**

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

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
 AGENCY FUNDS - ACTIVITY  
 Schedule of Changes in Assets and Liabilities - Agency Funds  
 For the Year Ended June 30, 2013

	Balance 6/30/12	Receipts	Disbursements	Balance 6/30/13
<b>ASSETS</b>				
Interest on Investments	\$ 6,246	\$ 1,641	\$ 0	\$ 7,887
Miscellaneous	0	5,260	5,260	0
Red Ribbon Campaign	226	0	41	185
Book Fund	11,888	1,755	12,990	653
Elementary Art Program	123	0	0	123
General Fund	683	1,850	270	2,263
Gifted Programs	1,629	0	176	1,453
Cafeteria General	985	14,148	15,069	64
Maintenance	0	741	741	0
Bulldog Dance	0	300	300	0
AIS PTO	0	24,290	8,155	16,135
Summer School	2,258	21,408	20,906	2,760
Snack Bar	740	0	0	740
Yeso General	1,273	11,314	6,129	6,458
Central Memorial	2,138	15,159	14,544	2,753
Central General	3,176	1,196	1,031	3,341
Central Special Account	1,115	2,138	0	3,253
Grand Heights General	4,269	36,222	24,230	16,261
Golf Boosters	1,263	6,870	5,149	2,984
Hermosa General	1,825	5,730	4,725	2,830
Hermosa Special	273	22,306	18,473	4,106
Penasco General	288	129	196	221
AHS Paw Prowlers	248	760	974	34
Roselawn General	5,250	6,920	4,075	8,095
Elementary Science	20	300	0	320
Yucca General	3,568	8,777	10,866	1,479
HS Activity Miscellaneous	12,322	0	12,322	0
HS Boys A Club	4,774	6,157	2,724	8,207
HS Boys Track Team	1,685	12,131	11,928	1,888
HS Girls A Club	223	0	0	223
HS Enrichment	1,449	150	1,599	0
Lou Smith Scholarship	1,331	737	1,600	468
J. Clark Bruce Scholarship	26	1,050	1,050	26
Estell Yates Special	4,592	635,019	322,474	317,137
Navajo Pie	62,568	10,000	34,274	38,294
Mack Chase Scholarship	62,933	0	40,000	22,933
HS Arts and Crafts	3,700	150	0	3,850
HS Annual Fund	11,119	14,355	12,538	12,936
HS Band Fund	6,483	40,396	40,478	6,401
HS Baseball Boosters	4,298	66,365	33,062	37,601
HS Beacon	1,315	160	655	820
HS Girls Basketball	944	7,128	6,258	1,814
HS Tennis	7,583	5,128	5,026	7,685
HS Boys Basketball Camp	2,008	11,626	9,310	4,324
HS Cheerleaders	\$ 11,634	\$ 42,437	\$ 41,920	\$ 12,151

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
 AGENCY FUNDS - ACTIVITY  
 Schedule of Changes in Assets and Liabilities - Agency Funds  
 For the Year Ended June 30, 2013

	Balance 6/30/12	Receipts	Disbursements	Balance 6/30/13
Yeso Library	\$ 1,861	\$ 452	\$ 1,161	\$ 1,152
HS Chorus	11,366	46,399	39,918	17,847
HS Night Classes	2,560	230	1,182	1,608
Workbook Fees	10,351	0	5,040	5,311
Science Scholarship	879	0	0	879
Class Of 2014	3,499	16,076	11,457	8,118
Class Of 2013	4,225	0	2,863	1,362
Zac Herrera Memorial	2,547	0	2,547	0
RDC Scholarship	2,416	0	0	2,416
Class of 2015	2,431	2,995	2,431	2,995
Chase Special Projects	389,205	50,000	82,895	356,310
Rodeo	11,938	6,916	7,071	11,783
HS Cross Country	702	302	0	1,004
HS Girls Soccer	5,796	7,827	4,160	9,463
Boys Soccer	4,657	1,580	4,959	1,278
Drivers Education	505	15,137	14,720	922
HS DECA	6,763	5,125	6,295	5,593
HS FFA	5,808	122,392	118,579	9,621
HS Volleyball	1,141	11,319	7,437	5,023
Grads Activity	3,986	1,215	1,208	3,993
HS Football Boosters	17,695	9,997	11,329	16,363
HS Football Playoffs	33,017	19,585	37,185	15,417
HS General	243	20,226	13,520	6,949
HS Honor Society	142	1,170	1,254	58
Athletic General	10,454	20,546	8,962	22,038
HS Industrial Arts	1,796	3,860	4,527	1,129
Grads Co-Pay	2,079	8,537	248	10,368
HS Library	5,534	10,840	7,508	8,866
HS Locker Fund	0	13	13	0
HS Masques	414	5,945	635	5,724
Kaci Houghtaling	1,088	0	0	1,088
HS Ideal NM	562	1,925	1,400	1,087
Yeso Private Donations	6,653	0	769	5,884
HS BPA	0	6,449	6,298	151
Scholarship Fund	28,694	74,500	97,235	5,959
HS Key Club	1,187	0	0	1,187
HS Special Education	4,853	2,095	910	6,038
HS Student Council	1,644	705	128	2,221
HS Swimming Fund	0	14,952	10,193	4,759
HS Vocational Ag	3,250	75	0	3,325
HS Concessions	382	36,404	32,552	4,234
HS VICA-Auto Mechanics	515	3,470	2,890	1,095
Girls Softball	1,601	23,445	20,125	4,921
HS Testing	4,300	7,853	9,737	2,416
Park Activity Misc.	1,161	3,461	2,810	1,812
Park Annual	3,531	6,375	3,180	6,726
Park Vending	\$ 1,341	\$ 39,279	\$ 24,811	\$ 15,809

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
 AGENCY FUNDS - ACTIVITY  
 Schedule of Changes in Assets and Liabilities - Agency Funds  
 For the Year Ended June 30, 2013

	Balance 6/30/12	Receipts	Disbursements	Balance 6/30/13
Park Arts and Crafts	\$ 4,144	\$ 1,130	\$ 270	\$ 5,004
Park Band	0	45	0	45
Park Cheerleaders	7,977	7,474	5,756	9,695
Park FHA	1,990	14,412	15,695	707
Park General	7,997	6,153	6,468	7,682
AJHS Football	1,097	1,111	713	1,495
Park Honor Society	1,603	560	756	1,407
AJHS Border Conference	0	587	512	75
Park Industrial Arts	7,181	19,514	20,053	6,642
AJHS Track	1,909	850	1,309	1,450
Park Library	2,639	841	0	3,480
HS Boys Athletics	1,076	0	0	1,076
APS Transportation	2,861	1,133	782	3,212
Park Student Council	1,000	0	0	1,000
TW Harvey Football	10,076	0	10,076	0
Zia General	9,710	40,776	36,930	13,556
Zia Library	583	617	876	324
District 4-AAA	421	0	421	0
Zia Grants	6	0	0	6
Zia Vending	3,225	6,495	5,871	3,849
Zia Band	0	27,364	18,730	8,634
5th Grade Choir	6,414	13,000	13,132	6,282
Zia Student Council	1,491	1,174	1,238	1,427
Teacher Scholarship	0	775	775	0
HS Chorus	4,424	25,424	20,865	8,983
Children First	14	0	0	14
HS Art	1,443	2,014	1,790	1,667
HS Girls Athletics	2,340	0	896	1,444
NMAA District Chair	2,423	14,451	6,952	9,922
HS Bowling	1,268	10,000	11,219	49
Flex System	0	483	483	0
Yeso PTO	0	53,732	38,539	15,193
Roselawn PTO	0	12,285	5,104	7,181
Yucca PTO	0	32,880	22,355	10,525
Penasco PTO	0	9,165	5,871	3,294
Rachel's Challenge	0	1,050	430	620
LG Henerson	0	8,080	0	8,080
E Yates II	0	1,050,000	5,350	1,044,650
GH Morgan	0	41,050	0	41,050
NMPSIA	134	64	26	172
Special Projects	1,742	0	0	1,742
<b>Total Assets</b>	<b>\$ 942,431</b>	<b>\$ 3,056,564</b>	<b>\$ 1,603,903</b>	<b>\$ 2,395,092</b>
<b>LIABILITIES</b>				
Deposits Held for Others	\$ 942,431	\$ 3,056,564	\$ 1,603,903	\$ 2,395,092
<b>Total Liabilities</b>	<b>\$ 942,431</b>	<b>\$ 3,056,564</b>	<b>\$ 1,603,903</b>	<b>\$ 2,395,092</b>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
Cash Reconciliations - All Funds  
For the Year Ended June 30, 2013

		Beginning Cash 6/30/12	Revenues	Expenditures	Ending Cash 6/30/13
Operational	11000	\$ 1,464,464	\$ 25,674,917	\$ 25,408,287	\$ 1,731,094
Teacherage	12000	49,644	79,165	106,648	22,161
Transportation	13000	0	1,318,710	1,285,982	32,728
Instructional Materials	14000	26,538	238,281	269,021	(4,202)
Food Services	21000	26,855	1,530,021	1,454,224	102,652
Athletics	22000	80,253	196,272	160,390	116,135
Federal Flow through	24000	(520,926)	1,866,093	1,920,772	(575,605)
Federal Direct	25000	58,606	213,409	173,730	98,285
State Flow through	27000	(3,298)	36,857	67,784	(34,225)
HB 33	31600	7,456,692	10,437,406	6,277,285	11,616,813
SB-9	31700	2,735,909	4,451,344	3,353,702	3,833,551
Debt Service	41000	1,308,358	385,378	1,109,416	584,320
Agency Funds		942,431	3,056,564	1,603,903	2,395,092
Total		\$ <u>13,625,526</u>	\$ <u>49,484,417</u>	\$ <u>43,191,144</u>	\$ <u>19,918,799</u>

The notes to the financial statements are an integral part of this statement.



## FEDERAL COMPLIANCE

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2013

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	State ID Number	Total Federal Awards Expended
<u>U. S. Department of Agriculture</u>			
Pass-through State Public Education Department:			
National School Lunch Program	10.555	21000	\$ 631,121
School Breakfast Program	10.553	21000	332,531
Total Child Nutrition Cluster			<u>963,652</u>
Pass-through State Department of Human Services:			
Commodities Program	10.565	21000 (1)	87,154
Direct Program			
Forest Reserve	10.670	11000	<u>14,910</u>
Total U. S. Department of Agriculture			<u>1,065,716</u>
<u>U. S. Department of Education</u>			
Pass-through State Public Education Department:			
Special Education Cluster			
IDEA, Part B Entitlement	84.027	24106	\$ 918,187
IDEA Preschool	84.173	24109	44,005
Total Special Education Cluster			<u>962,192</u>
Title I			
English Language Acquisition	84.010	24101	717,859
Improving Teacher Quality	84.365	24153	12,524
Rural and Low Income Schools	84.367	24154	196,136
	84.358	24160	37,472
Direct Program			
Impact Aid	84.041		64
Total U. S. Department of Education			<u>\$ 1,926,247</u>
Total Federal Assistance			<u>\$ 2,991,963</u>

(1) Non-cash assistance

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

Notes to the Schedule of Expenditures of Federal Awards  
June 30, 2013

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**Note 1: Significant Accounting Policies used in preparing the Schedule of Expenditure of Federal Awards**

The modified accrual basis was used to prepare the Schedule of Expenditures of Federal Awards

**Note 2: Insurance Requirements**

There are no insurance requirements on the federal awards disclosed on the Schedule of Expenditures of Federal Awards

**Note 3: Loans or Loan Guarantees**

There were no loans or loan guarantees outstanding at year end.

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed  
In Accordance with *Government Auditing Standards*

Independent Auditor's Report

Mr. Hector Balderas  
State Auditor of the State of New Mexico  
Board Members of the Artesia Public Schools

Mr. Balderas and Members of the Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Artesia Public Schools (District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplemental information, and have issued our report thereon dated October 25, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that are less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies. 12-1, 12-5, 13-1, 13-2

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of it's 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 12-1, 12-5, 13-1, 13-2, 13-3

#### The District's Responses to Findings

The District's responses to the findings identified in our audit as described in the accompanying schedule of findings and questioned cost. responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### Purpose of this Report

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

*De'Ann Willoughby CPA PC*

Clovis, New Mexico  
October 25, 2013

Report on Compliance With Requirements  
Applicable To Each Major Program and Internal Control  
Over Compliance in Accordance With OMB Circular A-133

Independent Auditor's Report

Mr. Hector Balderas  
State Auditor of the State of New Mexico  
Board Members of the Artesia Public Schools

Mr. Balderas and Members of the Board

Compliance

We have audited Artesia Public Schools (District) compliance with the types of compliance requirements described in the *OMB A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*De'Ann Willoughby CPA PC*

Clovis, New Mexico  
October 25, 2013

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2013

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**A. SUMMARY OF AUDIT RESULTS**

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting

- \* Material Weakness(es)  yes  no
- \* Significant deficiencies(s) identified that are not considered to be material weaknesses?  yes  none reported
- Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major programs:

- \* Material Weakness(es)  yes  no
- \* Significant deficiencies(s) identified that are not considered to be material weaknesses?  yes  none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133  yes  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
	Special Education Cluster
84.027	IDEA B Entitlement
84.173	IDEA Preschool

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low risk Auditee  yes  no



STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2013

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**Federal Compliance Findings**

**Prior Year Audit Findings** None  
**Current Year Audit Findings** None

**Financial Statements Findings**

**Prior Year Audit Findings**

	<u>Status</u>
12-1 PED Cash Reports	Repeated
12-2 Incorrect posting of Revenue	Resolved
12-3 Request for grant expenditures	Resolved
12-4 Sponsor's external bank account	Resolved
12-5 Payroll	Repeated & Modified

**Current Year Audit Findings**

**12-1 PED Cash Reports -Compliance and Internal Control-Significant Deficiency Condition**

The District's PED Cash Report at year end did not properly reflect the June 30, 2013 audited cash balances. The difference was \$10,025.23.

**Criteria**

6.20.2.11 (B) (6) NMAC and Regulation SBE-6 the reports sent to the New Mexico Public Education Department (PED) must agree to the District's general ledger and must be submitted quarterly and annually by July 31.

**Cause**

There was some confusion last year on the adjusting journal entries to close out the old grants causing this year's PED report to be different than the audited balances on June 30, 2013.

**Effect**

The District is not in compliance with NMAC 6.20.2.11 (b) (6) and Regulation SBE-6. Noncompliance may result in impaired decision making by the District's governing board.

**Recommendation**

None. The issue is resolved.

**Response**

None

**12-5 Payroll-Compliance and Internal Control-Significant Deficiency**

**Condition**

During the course of the audit of payroll we noted the following:

- 1) The District is not paying hourly employees within 10 days of the end of pay period.
- 2) Time sheets have a stamped supervisor's name instead of an original signature.
- 3) Out of 64 employees entitled to compensated absences, 2 had negative balances totaling \$1,140.73.
- 4) One personnel contract had a salary of \$67,780 plus a special increment of \$(33,890) for a total of \$33,890 paid over 24 installments. The employee's September 25th paycheck was for \$3,766 at 24 pay periods totaled \$90,384. The District explained the employee was only working part of the year. Based on the documentation, the correct amount paid could not be determined.

**Criteria**

NMAC 6.20.2.18 states the local board shall establish written policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. New Mexico State Statute 50-4-2 requires non-exempt employees to be paid within ten days of a pay period end.

**Cause**

Management was not aware employees were not being paid within the required ten day period. The supervisor allowed the employees to use a copy of a timesheet with his signature rather than sign each one. Management was aware there were negative compensated balances. The template used for the contract allowed a negative amount to be entered as a special increment.

**Effect**

The District is subject to penalties if employees are not paid within the required ten days. The supervisor is depending on the honesty of the employees and taking responsibility for time worked without proper authorization. Negative compensated balances could result in a loss to the District if employees terminated. Erroneous contracts could result in an incorrect amount paid to employees.

**Recommendation**

Nonexempt employees should be paid within ten days of the end of the payroll period. Timesheets should have an original supervisor's signature verifying the hours worked. Compensated absences should not be allowed if not earned. Contracts should clearly display the number of days to be worked, amount to be paid over the correct number of pay periods.

**Response**

We will adjust our pay periods to allow nonexempt employees to be paid within ten days. We will require original supervisor signatures on all timesheets. We will not allow negative compensated absences and contracts will be worded in a manner that clearly state the employees 'compensation.

**13-1 Expenditures Over Budget-Compliance and Internal Control-Significant Deficiency**

**Condition**

The District has maintained expenditures at the function level in which actual expenditures exceeded budgetary authority in the following funds:

<u>MAJOR</u>	<u>Amount</u>
HB 33 - 31600	
Support Services-General	(\$7,311)
SB-9 - 31700	
Support Services	(\$4,168)

**Criteria**

Sound financial management and state regulation 6.20.2.9 (A), NMAC and state statutes 22-8-5 through 22-8-12.2, NMSA 1978, require that budgets not be exceeded at the legal level of control. For School District's, the expenditure function is the legal level of control.

**Cause**

The District did not make the appropriate budgetary adjustments requests and transfers to the funds mentioned in the condition, which would alleviate over-expenditure within the functions prior to the year end.

**Effect**

As a result, the district is in non compliance with New Mexico law, and the control established by the use of budgets has been compromised. Continued over-expenditure of budgeted balances may result in unnecessary usage of operating funds to absorb over-expenditure of budgeted balances may result in unnecessary usage of operating funds to absorb over-expenditures.

**Recommendation**

The District must establish a policy of budgetary review at year-end, and make the necessary budget adjustments.

**Response**

We will be more diligent to amend our budget to avoid a budget violation.

**13-2 Capital Assets-Compliance and Internal Control-Significant Deficiency**

**Condition**

The depreciation schedule contains several very old computers that are fully depreciated and are not in use. There are several small priced fully depreciated items that should be removed.

**Criteria**

Good accounting practices require a review of the depreciation schedule, remove and dispose of all equipment not in use.

**Cause**

The depreciation schedule has not been compared to the inventory list to remove the computers that have been replaced as well as other items that may not be in use.

**Effect**

The net effect on the financials is nothing. Capital Assets and accumulated depreciation both are overstated by the same amount.

**Recommendation**

The depreciation schedule should be compared to the inventory lists used by technology, administration and teachers use to complete the annual physical inventory.

**Response**

Items not in use will be removed from the depreciation schedule.

**13-3 Late Audit Contract-Compliance-Other Matter**

**Condition**

The audit contract was not received by the Office of the State Auditor by the required due date of April 15, 2013.

**Criteria**

Paragraph (6) or Subsection G of 2.2.2.8 NMAC requires the contract be received by the Office of the State Auditor by April 15, 2013.

**Cause**

The auditor was not on the approved audit list until after that date.

**Effect**

Paragraph (6) or Subsection G of 2.2.2.8 NMAC was violated.

**Recommendation**

The auditors will make every effort to be on the approved auditors' list timely in the future.

**Agency Response**

We will contract with an approved auditor timely.

**Financial Statement Preparation**

The financial statements were prepared by De'Aun Willoughby CPA. However, they are the responsibility of management.

**Exit Conference**

An exit was held on October 25, 2013. Present were Dr. Crit D. Caton-Superintendent, Thad Phipps-Assistant Superintendent of Operations, John Ross Null-Assistant Superintendent for Curriculum, Becky Harwell-Board Member, Vana Conner-Human Resources, Josie Reyes-Secretary to Superintendent, Ester Earl-Payroll/Business Office, Stephanie Faulkenberry-Payroll Business Office, Cindy Panzer-Business Office/Cafeteria, Melany Cardwell-STARS Coordinator, Joy Conklin-Assistant Business Manager, Janet Grice-Business Manager, and DeAun Willoughby, CPA.