

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

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COMPREHENSIVE FINANCIAL ANNUAL REPORT  
AND  
SUPPLEMENTAL INFORMATION  
YEAR ENDED JUNE 30, 2015  
WITH  
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



ACCOUNTING & FINANCIAL  
**SOLUTIONS**  
CERTIFIED PUBLIC ACCOUNTANTS

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# INTRODUCTORY SECTION

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STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

OFFICIAL ROSTER  
June 30, 2015

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BOARD OF EDUCATION

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

SCHOOL OFFICIALS

Dr. Crit Caton	Superintendent
Thad Phipps	Assistant Superintendent Operations/Transportation Procurement Officer
J.R. Null	Assistant Superintendent Curriculum/Testing
Rick Stewart	Assistant Superintendent Federal Programs/Testing
Janet Grice	Business Manager

AUDIT COMMITTEE

Carolyn Shearman	Member
Margaret Aguilar	Member
Melany Cardwell	Member
Dr. Crit Caton	Superintendent
Thad Phipps	Assistant Superintendent Operations/Transportation
J.R. Null	Assistant Superintendent Curriculum/Testing
Janet Grice	Business Manager

FINANCE COMMITTEE

Carolyn Shearman	Member
Margaret Aguilar	Member
Dr. Crit Caton	Superintendent
Thad Phipps	Assistant Superintendent Operations/Transportation
J.R. Null	Assistant Superintendent Curriculum/Testing
Janet Grice	Business Manager

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FINANCIAL SECTION

FISCAL YEAR 2015

JULY 1, 2014 THROUGH JUNE 30, 2015

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## INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor,  
The Board of Education, and  
The Audit Committee of Artesia Public Schools

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Artesia Public Schools, as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise Artesia Public Schools basic financial statements as listed in the table of contents. We also have audited the financial statements of each of Artesia Public Schools nonmajor governmental funds and the budgetary comparisons for the major capital project funds and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, 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 misstatement, 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 from 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 Artesia Public Schools' 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 Artesia Public Schools, as of June 30, 2015, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental of Artesia Public Schools as of June 30, 2015, and the respective changes in financial position thereof 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.

Tim Keller, State Auditor,  
The Board of Education, and  
The Audit Committee of Artesia Public Schools

### ***Emphasis of Matter***

As discussed in Note I.C and Note IV.F, during the year ended June 30, 2015 Artesia Public Schools adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on Artesia Public Schools' 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 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 September 21, 2015 on our consideration of the Artesia Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Artesia Public Schools' internal control over financial reporting and compliance.

*Accounting & Financial Solutions, LLC*  
Farmington, New Mexico  
September 21, 2015

## BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

STATEMENT OF NET POSITION  
**June 30, 2015**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 33,453,877
Receivables:	
Delinquent property taxes receivable	546,697
Grant	628,016
Due from other governments	508,499
USDA commodities inventory	2,387
Food inventory	5,568
Non-current:	
Non-depreciable assets	215,439
Depreciable capital assets, net	<u>54,366,660</u>
<b>Total Assets</b>	<u>89,727,143</u>
<b>Deferred Outflows of Resources:</b>	
Contributions to pension subsequent to the measurement date	<u>2,849,014</u>
<b>Liabilities</b>	
Accounts payable	99,569
Compensated absences	137,493
Aggregate net pension liability	<u>39,228,602</u>
<b>Total Liabilities</b>	<u>39,465,664</u>
<b>Deferred Inflows of Resources</b>	
Difference between expected and actual experience	584,369
Net difference between projected and actual investment earnings on plan investments	3,566,061
Change in proportionate share of pension liability	<u>558,635</u>
<b>Total Deferred Inflows of Resources</b>	<u>4,709,065</u>
<b>Net Position</b>	
Net investment in capital assets	54,671,281
Restricted for:	
Inventories	7,955
Special revenue funds	247,845
Capital projects	30,487,397
Debt service	3,480
Unrestricted	<u>(37,016,530)</u>
<b>Total Net Position</b>	<u>\$ 48,401,428</u>

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



STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Primary government:</b>					
<b>Governmental activities:</b>					
Instruction	\$ 21,288,149	\$ 233,489	\$ 16,848,483	\$ 235,777	\$ (3,970,400)
Support Services - Students	2,797,116	199,819	2,213,775	30,979	(352,543)
Support Services - Instruction	723,541	-	572,646	8,014	(142,881)
Support Services - General Administration	849,540	-	672,368	9,409	(167,763)
Support Services - School Administration	2,955,512	-	2,339,137	32,734	(583,641)
Central Services	716,335	-	566,943	-	(149,392)
Operations & Maintenance of Plant	7,925,102	-	6,272,314	-	(1,652,788)
Student Transportation	1,380,330	-	1,254,193	-	(126,137)
Other Support Services	60,250	-	47,685	-	(12,565)
Food Services	<u>1,874,491</u>	<u>483,491</u>	<u>1,156,486</u>	<u>-</u>	<u>(234,514)</u>
<b>Total governmental activities</b>	<b><u>\$ 40,570,366</u></b>	<b><u>\$ 916,799</u></b>	<b><u>\$ 31,944,030</u></b>	<b><u>\$ 316,913</u></b>	<b><u>(7,392,624)</u></b>
			General revenues:		
			Taxes:		
			Property Taxes:		
			General purposes	333,102	
			Capital projects	4,841,736	
			Debt service	84,862	
			Oil and gas	11,433,300	
			Grants and contributions not restricted	<u>345,647</u>	
			Total general revenues	<u>17,038,647</u>	
			<i>Change in net position</i>	<u>9,646,023</u>	
			<b>Net position - beginning</b>	80,447,957	
			Restatement	<u>(41,692,552)</u>	
			Net position - beginning as restated	<u>38,755,405</u>	
			<b>Net position - ending</b>	<b><u>\$ 48,401,428</u></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, 2015**

	General <u>Fund</u>	Title I <u>Fund #24101</u>	Entitlement IDEA-B <u>Fund #24106</u>	Kindergarten 3-Plus <u>Fund #27166</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 3,557,634	\$ -	\$ -	\$ -
Receivables:				
Property taxes	35,507	-	-	-
Grant	-	278,584	162,683	107,819
Due from other governments	33,576	-	-	-
Due from other funds	641,723	-	-	-
USDA commodities inventory	-	-	-	-
Food inventory	-	-	-	-
<b>Total assets</b>	<u>\$ 4,268,440</u>	<u>\$ 278,584</u>	<u>\$ 162,683</u>	<u>\$ 107,819</u>
 <b>Liabilities, deferred inflows, and fund balance</b>				
Liabilities:				
Accounts payable	\$ 53,634	\$ -	\$ -	\$ -
Due to other funds	-	278,584	162,683	107,819
Total liabilities	<u>53,634</u>	<u>278,584</u>	<u>162,683</u>	<u>107,819</u>
Deferred inflows of resources:				
Delinquent property taxes	<u>5,190</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Unassigned	<u>4,209,616</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>4,209,616</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ 4,268,440</u>	<u>\$ 278,584</u>	<u>\$ 162,683</u>	<u>\$ 107,819</u>

( cont'd; 1 of 2 )

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

GOVERNMENTAL FUNDS

**Balance Sheet**  
**June 30, 2015**

	Capital Improvements HB-33 <u>Fund #31600</u>	Capital Improvements SB-9 <u>Fund #31700</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 23,080,237	\$ 6,549,162	\$ 266,844	\$ 33,453,877
Receivables:				
Property taxes	365,462	145,468	260	546,697
Grant	-	-	78,930	628,016
Due from other governments	339,520	135,403	-	508,499
Due from other funds	-	-	-	641,723
USDA commodities inventory	-	-	2,387	2,387
Food inventory	-	-	5,568	5,568
<b>Total assets</b>	<u>\$ 23,785,219</u>	<u>\$ 6,830,033</u>	<u>\$ 353,989</u>	<u>\$ 35,786,767</u>
 <b>Liabilities, deferred inflows, and fund balance</b>				
Liabilities:				
Accounts payable	\$ -	\$ 44,103	\$ 1,832	\$ 99,569
Due to other funds	-	-	92,637	641,723
Total liabilities	<u>-</u>	<u>44,103</u>	<u>94,469</u>	<u>741,292</u>
Deferred inflows of resources:				
Delinquent property taxes	<u>60,225</u>	<u>23,527</u>	<u>240</u>	<u>89,182</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	7,955	7,955
Restricted for:				
Special revenue funds	-	-	247,845	247,845
Capital projects funds	23,724,994	6,762,403	-	30,487,397
Debt service	-	-	3,480	3,480
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,209,616</u>
Total fund balance	<u>23,724,994</u>	<u>6,762,403</u>	<u>259,280</u>	<u>34,956,293</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ 23,785,219</u>	<u>\$ 6,830,033</u>	<u>\$ 353,989</u>	<u>\$ 35,786,767</u>

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STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

RECONCILIATION OF THE BALANCE SHEET - ALL GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
**June 30, 2015**

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

Fund balances - total governmental funds	\$	34,956,293
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		103,648,132
Accumulated depreciation		(49,066,033)
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable		89,182
Deferred outflows of resources are not financial resources, and therefore are not reported in the funds and include:		
Contributions to pension subsequent to the measurement date		2,849,014
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		
Accrued vacation payable		(137,493)
Net pension liability		(39,228,602)
Deferred inflows of resources are not financial resources, and therefore are not reported in the funds and include:		
Difference between expected and actual experience		(584,369)
Net difference between projected and actual investment earnings on plan investments		(3,566,061)
Change in proportionate share of pension liability		<u>(558,635)</u>
Net position of governmental activities	\$	<u>48,401,428</u>

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Year Ended June 30, 2015

	General <u>Fund</u>	Title I <u>Fund #24101</u>	Entitlement IDEA-B <u>Fund #24106</u>	Kindergarten 3- Plus <u>Fund #27166</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ 338,077	\$ -	\$ -	\$ -
Oil and gas	760,823	-	-	-
Intergovernmental - federal grants	62,433	674,409	886,188	-
Intergovernmental - state grants	28,120,810	-	-	415,480
Contributions - private grants	342,342	-	-	-
Charges for services	233,489	-	-	-
Investment and interest income	<u>7,159</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<u>29,865,133</u>	<u>674,409</u>	<u>886,188</u>	<u>415,480</u>
<b>Expenditures:</b>				
Current:				
Instruction	18,007,663	499,134	552,535	331,692
Support services:				
Students	2,175,863	-	172,738	-
Instruction	705,377	-	-	-
General Administration	526,338	16,515	21,679	-
School Administration	2,323,382	158,760	139,236	48,722
Central Services	659,262	-	-	-
Operation & Maintenance of Plant	3,036,225	-	-	-
Student transportation	1,254,193	-	-	16,162
Other Support services	55,450	-	-	-
Food services operations	-	-	-	18,904
Capital outlay	<u>46,138</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>28,789,891</u>	<u>674,409</u>	<u>886,188</u>	<u>415,480</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,075,242</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources and financing uses:</b>				
Transfers in	599,780	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources and financing uses</b>	<u>599,780</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	1,675,022	-	-	-
<b>Fund balance at beginning of the year</b>	<u>2,534,594</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ 4,209,616</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

( cont'd; 1 of 2 )

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**  
**Year Ended June 30, 2015**

	Capital Improvements HB- 33 <u>Fund #31600</u>	Capital Improvements SB-9 <u>Fund #31700</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ 3,578,194	\$ 1,413,993	\$ 1,854	\$ 5,332,118
Oil and gas	7,623,013	3,045,725	3,739	11,433,300
Intergovernmental - federal grants	-	-	1,596,839	3,219,869
Intergovernmental - state grants	-	-	484,871	29,021,161
Contributions - private grants	-	-	3,305	345,647
Charges for services	-	-	683,310	916,799
Investment and interest income	<u>7,637</u>	<u>4,859</u>	<u>258</u>	<u>19,913</u>
<b>Total revenues</b>	<u>11,208,844</u>	<u>4,464,577</u>	<u>2,774,176</u>	<u>50,288,807</u>
<b>Expenditures:</b>				
Current:				
Instruction	-	-	530,504	19,921,528
Support services:				
Students	-	-	225,660	2,574,261
Instruction	-	-	4,412	709,789
General Administration	192,036	14,011	11,275	781,854
School Administration	-	-	49,937	2,720,037
Central Services	-	-	-	659,262
Operation & Maintenance of Plant	1,561,451	2,696,008	-	7,293,684
Student transportation	-	-	-	1,270,355
Other Support services	-	-	-	55,450
Food services operations	-	-	1,706,240	1,725,144
Capital outlay	<u>3,609,752</u>	<u>650,908</u>	<u>297,000</u>	<u>4,603,798</u>
<b>Total expenditures</b>	<u>5,363,239</u>	<u>3,360,927</u>	<u>2,825,028</u>	<u>42,315,162</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>5,845,605</u>	<u>1,103,650</u>	<u>(50,852)</u>	<u>7,973,645</u>
<b>Other financing sources and financing uses:</b>				
Transfers in	-	-	-	599,780
Transfers out	<u>-</u>	<u>-</u>	<u>(599,780)</u>	<u>(599,780)</u>
<b>Total other financing sources and financing uses</b>	<u>-</u>	<u>-</u>	<u>(599,780)</u>	<u>-</u>
<i>Net change in fund balance</i>	5,845,605	1,103,650	(650,632)	7,973,645
<b>Fund balance at beginning of the year</b>	<u>17,879,389</u>	<u>5,658,753</u>	<u>909,912</u>	<u>26,982,648</u>
<b>Fund balance at end of the year</b>	<u>\$ 23,724,994</u>	<u>\$ 6,762,403</u>	<u>\$ 259,280</u>	<u>\$ 34,956,293</u>

( 2 of 2 )

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STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
**Year Ended June 30, 2015**

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

Net change in fund balance - total governmental funds	\$ 7,973,645
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year</p>	
Capital outlay	4,603,798
Depreciation	(3,232,370)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
<p>Deferred property taxes at:</p>	
June 30, 2014	(161,600)
June 30, 2015	89,182
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
<p>Compensated absences at:</p>	
June 30, 2014	181,388
June 30, 2015	(137,493)
Deferred contributions to pension plan	2,849,014
Pension expense	<u>(2,519,541)</u>
Change in net position of governmental activities	<u>\$ 9,646,023</u>

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

GENERAL FUND  
**Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ 245,000	\$ 245,000	\$ 340,663	\$ 95,663
Oil and gas	745,000	745,000	765,153	20,153
Intergovernmental - federal grants	27,000	28,559	62,433	33,874
Intergovernmental - state grants	27,265,585	28,140,154	28,120,810	(19,344)
Contributions - private grants	-	-	342,342	342,342
Charges for services	348,000	348,000	207,115	(140,885)
Investment and interest income	8,535	8,535	33,532	24,997
Miscellaneous	-	-	1,141	1,141
<b>Total revenues</b>	<b>28,639,120</b>	<b>29,515,248</b>	<b>29,873,189</b>	<b>357,941</b>
<b>Expenditures:</b>				
Current:				
Instruction	18,013,911	19,013,133	18,056,127	957,006
Support services:				
Students	2,101,938	2,346,938	2,175,863	171,075
Instruction	746,045	851,021	716,855	134,166
General Administration	553,964	597,164	542,865	54,299
School Administration	2,347,840	2,516,640	2,382,879	133,761
Central Services	695,227	836,052	686,368	149,684
Operation & Maintenance of Plant	4,639,972	4,624,966	3,119,655	1,505,311
Student transportation	1,138,736	1,254,193	1,254,193	-
Other Support services	149,782	191,782	55,450	136,332
Capital outlay:				
Construction in progress	-	599,780	-	599,780
<b>Total expenditures</b>	<b>30,387,415</b>	<b>32,831,669</b>	<b>28,990,255</b>	<b>3,841,414</b>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,748,295)	(3,316,421)	882,934	4,199,355
<b>Other financing sources:</b>				
Transfers in	-	-	599,780	599,780
<i>Net change in fund balance</i>	(1,748,295)	(3,316,421)	1,482,714	4,799,135
<i>Beginning cash balance budgeted</i>	1,748,295	3,316,421	-	(3,316,421)
<b>Fund balance at beginning of the year</b>	<b>-</b>	<b>-</b>	<b>2,534,594</b>	<b>2,534,594</b>
<b>Fund balance at end of the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>4,017,308</b>	<b>\$ 4,017,308</b>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			(46,606)	
Change in due from other governments			33,577	
Change in payables			(7,751)	
Change in accrued liabilities			208,113	
Change in deferred property taxes			4,975	
<b>Fund balance at end of the year (GAAP basis)</b>			<b>\$ 4,209,616</b>	

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

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

TITLE I FUND - NO. 24101  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 663,110	\$ 775,614	\$ 691,631	\$ (83,983)
<b>Expenditures:</b>				
Current:				
Instruction	485,109	592,835	507,543	85,292
Support services:				
General Administration	13,925	16,703	16,515	188
School Administration	<u>164,076</u>	<u>166,076</u>	<u>161,073</u>	<u>5,003</u>
<b>Total expenditures</b>	<u>663,110</u>	<u>775,614</u>	<u>685,131</u>	<u>90,483</u>
<i>Excess of revenues over expenditures</i>	-	-	6,500	6,500
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	6,500	<u>\$ 6,500</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(17,222)	
Change in payables			4,367	
Change in accrued liabilities			<u>6,355</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

ENTITLEMENT IDEA-B FUND - NO. 24106  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 784,124	\$ 1,193,726	\$ 936,087	\$ (257,639)
<b>Expenditures:</b>				
Current:				
Instruction	487,190	710,853	559,551	151,302
Support services:				
Students	141,653	252,153	176,254	75,899
General Administration	16,153	24,592	21,679	2,913
School Administration	138,128	163,628	141,897	21,731
Capital outlay:				
Equipment	1,000	42,500	-	42,500
<b>Total expenditures</b>	<u>784,124</u>	<u>1,193,726</u>	<u>899,381</u>	<u>294,345</u>
<i>Excess of revenues over expenditures</i>	-	-	36,706	36,706
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>36,706</u>	<u>\$ 36,706</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(49,899)	
Change in payables			134	
Change in accrued liabilities			13,059	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

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

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

KINDERGARTEN 3-PLUS FUND - NO. 27166  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 260,877	\$ 427,047	\$ 450,367	\$ 23,320
<b>Expenditures:</b>				
Current:				
Instruction	195,294	332,889	331,692	1,197
Support services:				
School Administration	26,874	50,160	48,722	1,438
Student transportation	19,067	23,734	16,162	7,572
Food Services Operations	<u>19,642</u>	<u>20,264</u>	<u>18,904</u>	<u>1,360</u>
<b>Total expenditures</b>	<u>260,877</u>	<u>427,047</u>	<u>415,480</u>	<u>11,567</u>
<i>Excess of revenues over expenditures</i>	-	-	34,887	34,887
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	34,887	<u>\$ 34,887</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>(34,887)</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

AGENCY FUNDS  
**Statement of Fiduciary Assets and Liabilities**  
**June 30, 2015**

ASSETS

Pooled cash and investments \$ 1,501,199

LIABILITIES

Deposits held for others \$ 1,501,199

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

## I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

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

The District's financial statements include all entities over which the Board of Education exercises oversight responsibility. Oversight responsibility includes such aspects as appointment of governing body members, designation of management, the ability to significantly influence operations, and accountability for fiscal matters. Based upon the application of these criteria, no component units or fiduciary units were included in the financial statements.

Generally Accepted Accounting Principles (GAAP) requires that financial statements present the District (primary government) and its component units. The District has no component units that are required to be presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*.

#### 1. Blended Component Units

The District does not have any component units reported as blended component units.

#### 2. Discretely Presented Component Units

The District does not have any component units reported as discretely presented component units.

During fiscal year 2015, Artesia Public Schools adopted the following GASB Statements:

- GASB 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. This Statement requires the liability of defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position.
- GASB 69, *Government Combinations and Disposals of Government Operations*, which distinguishes between a government merger and a government acquisition and establishes accounting and financial reporting standards related to government combinations and disposals of government operations.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (Amendment to GASB 68)*, improve accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. This Statement will be effective at the implementation of GASB 68.

Other accounting standards that Artesia Public Schools is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 72, *Fair Value Measurement and Application*, This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement will be effective for the year ended June 30, 2016.



# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### A. Reporting Entity (cont'd)

- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, this Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. This Statement will be effective for the year ended June 30, 2016.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. This Statement will be effective for the year ended June 30, 2017.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, this Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement will be effective for the year ended June 30, 2018.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement will be effective for the year ended June 30, 2016.

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Artesia Public Schools' management who is responsible for their integrity and objectivity. The financial statements of the District conform to GAAP as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the school district. For the most part, the effect of inter-fund activity has been removed from these statements.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

#### ➤ General Fund

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

#### ➤ Title I Special Revenue Fund (Fund No. 24101) Minimum Balance: None

To help local education agencies (LEAs) and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards. Funding authorization: Elementary and Secondary Education Act of 1965, Title I, Part A, 20 U.S.C. 6301 et seq.

#### ➤ Entitlement IDEA-B Special Revenue Fund (Fund No. 24106) Minimum Balance: None

Program provides grants to states that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

#### ➤ Kindergarten 3-Plus Special Revenue Fund (Fund No. 27166) Minimum Balance: None

To account for funds received to provide the opportunity for the district to address early literacy. The full day kindergarten program is the first step in the implementation of a sequential early literacy approach to teaching reading.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

- Capital Improvements HB – 33 Capital Projects Fund (Fund No. 31600) Minimum Balance: None  
This fund provides financing for the purchase of equipment and capital improvements to School District property. Funding is received from a 5 mill property tax levy and interest earned on investments, under House Bill 33.
- Capital Improvements SB – 9 Capital Projects Fund (Fund No. 31700) Minimum Balance: None  
This fund provides financing for the purchase of equipment and capital improvements to School District property. Funding is received from a 2 mill property tax levy and interest earned on investments, under New Mexico Senate Bill 9.

Additionally, the government reports the following fund types:

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

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

Fiduciary Funds – Fiduciary Funds are the agency funds used to account for financial resources used by the student activity groups for which the District has stewardship

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

### D. Assets, Liabilities, and Net Position or Equity

#### 1. *Deposits and investments*

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

State statutes authorize the investment of the District's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The District is also allowed to invest in United States Government obligations. All funds for the District must follow the above investment policies.

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

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

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

#### 2. *Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due from/to other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due from/to other funds."

The District's property taxes are levied each year on the assessed valuation of property located in the School District as of the preceding January 1st. Mill levy rates are set by the State of New Mexico each year for the General Fund, HB-33 Capital Improvements Fund SB – 9 Capital Improvements Fund, and Debt Service Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### D. Assets, Liabilities, and Net Position or Equity (cont'd)

Under GASB Statement 33, property taxes are impressed non-exchange revenue. Assets from impressed non-exchange transactions are reported when the District has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date. Taxes are payable in two equal installments on November 10 and April 10th following the levy and become delinquent after 30 days. Therefore, the District has recorded a delinquent tax receivable and revenue for taxes received within the sixty days following year-end. A receivable and deferred revenue have been recorded for uncollected delinquent taxes. On the government-wide financial statements, the district has recorded delinquent property taxes receivable and revenue for taxes assessed as of year-end that have not be collected, as prescribed in GASB 34. An allowance for refunds and uncollectible amounts has not been recorded.

#### 3. *Inventories*

USDA Commodities are recorded at estimated costs and other inventories are recorded at cost, which approximates market. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

#### 4. *Capital assets*

Capital assets, which include property, plant, and equipment (software), are reported in the applicable governmental-wide financial statements. Beginning July 1, 2005, the threshold for defining Capital assets by the government was raised from \$1,000 to assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Software costs have been included with the cost of computer equipment and are capitalized with that equipment. The District does not develop software for internal use or any other use.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction projects has not been capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Building improvements	20
Land Improvements	10-20
Vehides	5-7
Office equipment	5
Computer equipment	3-5

#### 5. *Compensated absences*

It is the District's policy to permit employees to accumulate earned but unused vacation up to 20 days, which may be paid to employees upon separation from the District's service. Twelve-month employees that are full time are entitled to two weeks paid vacation per year.

Accumulated sick leave is not payable upon termination and is recorded as expenditures when it is paid.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### D. Assets, Liabilities, and Net Position or Equity (cont'd)

#### 6. *Long-term obligations*

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

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

#### 7. *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Education Retirement Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

#### 8. *Fund balance*

##### a. Non-Spendable

The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

##### b. Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

##### c. Committed

Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the District's Board of Education should be reported as committed fund balance. The committed amounts cannot be used for any other purpose unless the District's Board of Education removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District did not have committed fund balances for the year ended June 30, 2015.

##### d. Assigned

Assigned fund balance includes (a) all remaining amounts, except for negative balances, that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed and amounts in the general fund that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent, and removal of, is expressed by the Board of Education or the Finance Committee. The District did not have assigned fund balances for the year ended June 30, 2015.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### D. Assets, Liabilities, and Net Position or Equity (cont'd)

#### e. Unassigned

The remaining fund balance, after all other classifications, within the general fund is reported as unassigned fund balance. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, a negative fund balance will be reported as unassigned fund balance.

When committed, assigned, and unassigned resources are available for use, it is the District's policy to use committed first followed by assigned and unassigned resources as they are needed.

#### 9. *Net Position*

Net Position is presented on the Statement of Net Position and may be presented in any of three components.

##### a. Net investment in capital assets

This component of Net Position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. That portion of the debt is included in restricted for capital projects.

##### b. Restricted Net Position

Net Position is reported as being restricted when the restriction is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

##### c. Unrestricted Net Position

Unrestricted Net Position consists of Net Position that does not meet the definition of "net investment in capital assets" or "restricted."

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

In the governmental environment, Net Position often is designated to indicate that management does not consider them to be available for general operations. In contrast to restricted Net Position, these types of constraints on resources are internal and management can remove or modify them. However, enabling legislation established by the reporting government should not be construed as an internal constraint.

#### 10. *Indirect Costs*

The District's General Fund receives indirect cost reimbursements from the various federal programs it administers. These reimbursements are for expenses incurred in performing administrative functions on behalf of the Special Revenue Funds. They are shown as expenditures in the Special Revenue Funds, and as other special federal revenue in the General Fund.

#### 11. *Estimates*

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### D. Assets, Liabilities, and Net Position or Equity (cont'd)

#### 12. Revenues

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$26,593,102 in state equalization guarantee distributions during the year ended June 30, 2015.

Transportation Distribution: School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$1,254,193 in transportation distributions during the year ended June 30, 2015.

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. Budgetary Information

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

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

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

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

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

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called for.
4. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

### A. Budgetary Information (cont'd)

6. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2015 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	<u>Original Budget</u>	<u>Final Budget</u>
General Fund	\$ 30,387,415	\$ 32,831,669
Special Revenue Fund	4,182,558	5,354,703
Capital Projects Fund	32,869,113	37,218,643
Debt Service Fund	<u>598,450</u>	<u>579</u>
Totals	<u>\$ 68,037,536</u>	<u>\$ 75,405,594</u>

### B. Budgetary Violations

The District did not have any budgetary violations during the year ended June 30, 2015.

### C. Deficit Fund Equity

There was one deficit fund balance of \$5,835 in the Food Service Special Revenue Fund as of June 30, 2015. These deficits will be funded by future grants or by the Operational Fund.



## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

### III. DETAILED NOTES ON ALL FUNDS

#### A. Cash and Temporary Investments

At June 30, 2015, the carrying amount of the District's deposits was \$34,955,076 and the bank balance was \$36,191,128 with the difference consisting of outstanding checks. Of this balance \$505,367 was covered by federal depository insurance and \$22,057,519 was covered by collateral held in joint safekeeping by a third party.

#### Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The statement listed below will meet the State of New Mexico Office of the State Auditor's requirement in reporting the uninsured portion of the deposits. As of June 30, 2015, \$13,128,242 of the District's bank balance of \$36,191,128 was exposed to custodial risk as follows:

	<u>Western Bank</u>	<u>First American Bank</u>	<u>Artesia Credit Union</u>	<u>Total</u>
Uninsured and uncollateralized	\$ 1,942,514	\$ 11,685,728	\$ -	\$ 13,628,242
Uninsured and collateral held by pledging bank's trust dept not in the District's name	4,226,620	17,830,899	-	22,057,519
Total uninsured	6,169,134	29,516,627	-	35,685,761
Insured (FDIC)	250,000	250,000	5,367	505,367
Total deposits	\$ 6,419,134	\$ 29,766,627	\$ 5,367	\$ 36,191,128
State of New Mexico collateral requirement:				
50% of uninsured public fund bank deposits	\$ 3,084,567	\$ 14,758,314	\$ -	\$ 17,842,881
Pledged security	4,226,620	17,830,899	-	22,057,519
Over collateralization	\$ 1,142,053	\$ 3,072,585	\$ -	\$ 4,214,638

The collateral pledged is listed on Page 89 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the schools. Time deposits, savings deposits and interest bearing "Now" accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

#### B. Receivables

Receivables as of year-end for the government's individual major funds and non-major funds in the aggregate, including the following:

	Receivables		Due from Other	
	Delinquent			
	<u>Property Taxes</u>	<u>Grant</u>	<u>Governments</u>	<u>Funds</u>
Major Funds:				
General	\$ 35,507	\$ -	\$ 33,576	\$ 641,723
Title I	-	278,584	-	-
Entitlement IDEA-B	-	162,683	-	-
Kindergarten 3-Plus	-	107,819	-	-
Capital Improvements HB - 33	365,462	-	339,520	-
Capital Improvements SB - 9	145,468	-	135,403	-
Other Governmental Funds	260	78,930	-	-
Total	\$ 546,697	\$ 628,016	\$ 508,499	\$ 641,723

An allowance for doubtful accounts has not been established. All receivables are expected to be collectible.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

### III. DETAILED NOTES ON ALL FUNDS (cont'd)

#### B. Receivables (cont'd)

Governmental funds reported deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Grant drawdowns prior to meeting all eligibility requirements		
Other Governmental Funds	\$ -	\$ -
Delinquent property taxes		
General Fund	5,190	-
Capital Improvements HB-33	60,225	-
Capital Improvements SB - 9	23,527	-
Other Governmental Funds	240	-
Total deferred/unearned revenue for governmental funds	\$ 89,182	\$ -

#### C. Inter-Fund Receivables and Payables

The inter-fund receivables and payables at June 30, 2015 were:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 641,723	\$ -
Title I	-	278,584
Entitlement IDEA-B	-	155,794
Kindergarten 3-Plus	-	107,819
Other Governmental Funds	-	99,526
Total	\$ 641,723	\$ 641,723

The inter-fund loans were made for the purposes of cash shortfalls within the individual funds. The loans are expected to be repaid within the next fiscal year.

#### D. Inter-Fund Transfers

The inter-fund transfers during the year ended June 30, 2015 were:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 599,780	\$ -
Other Governmental Funds	-	599,780
Total Due To/Due From Other Funds	\$ 599,780	\$ 599,780

The transfers were to clear funds that are no longer being used and were approved by the New Mexico Department of Education.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

### III. DETAILED NOTES ON ALL FUNDS (cont'd)

#### E. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning <u>Balance</u>	Restatement	Beginning Balance <u>Restated</u>	Increases	Decreases	Adjustments	Ending Balance
Governmental activities:							
Capital assets not being depreciated:							
Land	\$ 2,031,305	\$ -	\$ 2,031,305	\$ -	\$ -	\$ (1,815,866)	\$ 215,439
Capital assets being depreciated:							
Land improvements	-	-	-	181,948	-	10,098,302	10,280,250
Buildings and improvements	94,397,404	(3,189,889)	91,207,515	3,207,565	-	(8,282,436)	86,132,644
Furniture, fixtures, and equipment	10,270,194	(4,464,680)	5,805,514	1,214,285	-	-	7,019,799
Total capital assets being depreciated	<u>104,667,598</u>	<u>(7,654,569)</u>	<u>97,013,029</u>	<u>4,603,798</u>	<u>-</u>	<u>1,815,866</u>	<u>103,432,693</u>
Less accumulated depreciation for:							
Land improvements	-	-	-	(492,834)	-	(2,417,101)	(2,909,935)
Buildings and improvements	(46,337,605)	2,481,317	(43,856,288)	(2,230,370)	-	2,417,101	(43,669,557)
Furniture, fixtures, and equipment	(6,876,201)	4,898,826	(1,977,375)	(509,166)	-	-	(2,486,541)
Total accumulated depreciation	<u>(53,213,806)</u>	<u>7,380,143</u>	<u>(45,833,663)</u>	<u>(3,232,370)</u>	<u>-</u>	<u>-</u>	<u>(49,066,033)</u>
Total capital assets being depreciated, net	<u>51,453,792</u>	<u>(274,426)</u>	<u>51,179,366</u>	<u>1,371,428</u>	<u>-</u>	<u>1,815,866</u>	<u>54,366,660</u>
Total capital assets, net	<u>\$ 53,485,097</u>	<u>\$ (274,426)</u>	<u>\$ 53,210,671</u>	<u>\$ 1,371,428</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,582,099</u>

Depreciation has been allocated to the functions by the following amounts:

<u>Depreciation Allocation to Functions</u>	
Instruction	\$ 1,687,849
Support Services - Students	224,051
Support Services - Instruction	57,956
Support Services - General Administration	68,049
Support Services - School Administration	236,739
Central Services	57,379
Operations & Maintenance of Plant	634,807
Student Transportation	110,566
Food Services	4,826
Community Services	150,148
Total Depreciation Expense	<u>\$ 3,232,370</u>

The Schedule of Capital Assets Used by Source, and the Schedule of Changes in Capital Assets by Function and Activity have not been prepared because the detailed information is unavailable.

The restatement of \$274,426 in capital assets is detailed in Note IV.F on page 43.

#### Construction commitments

The District is involved in long-term construction projects as part of their master plan for upgrading the district buildings. The amount in the capital projects funds designated for subsequent years expenditures are committed for funding these projects. Interest on construction projects is not capitalized.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

## III. DETAILED NOTES ON ALL FUNDS (cont'd)

### F. Long-Term Debt

Changes in long term debt – During the year ended June 30, 2015 the following changes occurred in liabilities reported in the general obligation bonds account group:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>	Amount Due <u>Within One Year</u>
Compensated absences:					
Compensated vacation	\$ 181,388	\$ 91,787	\$ 135,682	\$ 137,493	\$ 137,493

The liability of compensated absences is liquidated with resources from the general fund and several special revenue funds.

## IV. OTHER INFORMATION

### A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2015.

### B. Employee Retirement Plan

Plan Description - Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, Sections 1 through 52, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the New Mexico Educational Employees' Retirement Plan (Plan), which is a cost-sharing multiple-employer defined benefit retirement plan. ERB issues a separate, publicly available financial report that includes the financial statements and required supplementary information for the plan. That report may be obtained [www.nmerb.org](http://www.nmerb.org), [www.saonm.org](http://www.saonm.org), or by writing to:

ERB  
P.O. Box 26129  
Santa Fe, New Mexico 87502-6129  
[www.nmerb.org](http://www.nmerb.org)

Membership in the Plan is a condition of employment. Employees of public schools, universities, regional cooperatives, special schools and state agencies providing educational programs, who are employed at more than 25% of a full-time equivalency, are required to be members of the Plan. There were 140,008 active, retired, and inactive members in fiscal year 2014; there were 135,603 active, retired, and inactive members in fiscal year 2013.

Benefits Provided - The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. Benefits are based on three components: Final Average Salary (FAS), years of both earned and allowed service credits, and a 2.35% factor. The gross annual benefit is determined by multiplying the three components together. FAS is the higher of annual earnings for the previous 20 calendar quarters prior to retirement or the highest average annual earnings for any 20 consecutive calendar quarters.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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## IV. OTHER INFORMATION (cont'd)

### B. Employee Retirement Plan (cont'd)

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member's age and earned service credit add up to the sum or 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date is as follows: the member's age and earned service credit add up to the sum of 80 or more; the member is at least sixty-seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100% survivor's benefit; or single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit.

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the COLA would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

The member, upon retirement, has three options as to how to receive the benefit.

Option A – If the member elects the Option A, there is no reduction to the monthly benefit other than any "Rule of 75" deductions or any community property or child support reductions. There will be no continuing benefit to a beneficiary or estate upon the retiree's death, except the balance, if any, of member contributions. Those contributions are usually exhausted in the first three to four years of retirement.

Option B – If the member elects Option B, the monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member and upon the retiree's death, the same benefit is paid to the beneficiary for his or her lifetime. The named beneficiary may not be changed after the effective date of retirement since the amount of the option is calculated by using both the age of the member and the beneficiary. If the beneficiary predeceases the member, the member's benefit will be adjusted by returning it to the Option A Benefit amount. The IRS prohibits selection of Option B for a non-spouse beneficiary more than ten years younger than the member.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

## IV. OTHER INFORMATION (cont'd)

### B. Employee Retirement Plan (cont'd)

Option C – If the member elects Option C, the monthly benefit is reduced to provide for a 50% survivor's benefit. The benefit is payable during the life of the member and upon the retiree's death, one half of the member's benefit is paid to the beneficiary for his or her lifetime. Here again, the named beneficiary may not be changed after the effective date of retirement. If the beneficiary predeceases the member, the member's benefit is adjusted by returning it to the Option A Benefit amount.

Under the provisions of Options B and C coverage, the beneficiary must be a person, and only one beneficiary may be named. The term beneficiary means a person having an insurable interest in the life of the member.

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: 10.7% of their gross salary in fiscal year 2015.

Employer Contributions – In fiscal year 2015, the District was required to contribute 13.9% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 13.9% of the gross covered salary for employees whose annual salary is more than \$20,000. 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, 2015, 2014, and 2013, were \$2,849,014, \$2,489,711, and \$2,090,445, respectively, which equal the amount of the required contributions for each fiscal year.

#### Employers

The Educational Retirement Act designates employers as Local Administrative Units, directly responsible for payment of compensation for the employment of members or participants of this Plan. There were 213 contributing employers in fiscal year 2014; there were 212 contributing employers in fiscal year 2013.

#### Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources, and Expense Related to Pensions

At June 30, 2015, the District reported a liability of \$39,228,602 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District's proportion was 0.6875 percent, which was a decrease of 0.012 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$2,519,541.

#### **Pension Expense Calculation**

Add:	Net pension liability - end of the year	\$ 39,228,602
Deduct:	Net pension liability - beginning of the year	(43,907,837)
Deduct:	Deferred outflows of resources during the year	-
Add:	First year of amortization of deferred outflows of resources	-
Add:	Deferred inflows of resources during the year	4,709,065
Deduct:	First year of amortization of deferred inflows of resources	-
Add:	Layerd amortization of prior year(s) deferred outflows of resources	-
Deduct:	Layerd amortization of prior year(s) deferred inflows of resources	-
	Reductions to ending net pension liability due contributions paid	2,489,711
	Total Pension Expense	\$ 2,519,541

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

## IV. OTHER INFORMATION (cont'd)

### B. Employee Retirement Plan (cont'd)

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 584,369
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	3,566,063
Changes in proportion and differences between District contributions and proportionate share of contributions	-	558,635
District contributions subsequent to the measurement date	<u>2,849,014</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 2,849,014</u></b>	<b><u>\$ 4,709,067</u></b>

Deferred outflows of resources related to pensions in the amount of \$2,849,014 resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2016	\$ 1,288,392
2017	1,288,392
2018	1,240,767
2019	891,516
2020	-
Thereafter	<u>-</u>
<b>Total</b>	<b><u>\$ 4,709,067</u></b>

#### Actuarial Assumptions

A single discount rate of 7.75% was used to measure the total pension liability as of June 30, 2014. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the assumptions described below and the projection of cash flows, pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. The long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of June 30, 2013. The total pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2013. The total pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. Specifically, the liabilities measured as of June 30, 2014 incorporate the following assumptions:

- 1) All members with an annual salary of more than \$20,000 will contribute 10.10% during the fiscal year ending June 30, 2014 and 10.7%, thereafter.
- 2) Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their Cost of Living Adjustment (COLA) will be deferred until age 67.
- 3) COLAs for most retirees are reduced until ERB attains a 100% funded status.
- 4) These assumptions were adopted by ERB on April 26, 2013 in conjunction with the six year experience study period ending June 30, 2012.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

## IV. OTHER INFORMATION (cont'd)

### B. Employee Retirement Plan (cont'd)

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years. The actuarial methods and assumptions used to determine contributions rates included in the measurement are as follows:

Actuarial Cost Method Entry Age:	Normal
Amortization Method:	Level Percentage of Payroll
Remaining Period:	Amortized - closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method:	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation:	3.00%
Salary Increases:	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return:	7.75%
Retirement Age:	Experience based table of age and service rates
Mortality:	90% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2014 using Scale AA (one year setback for females)

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2014 and 2013 for 30-year return assumptions are summarized in the following table:

	2014 Long-Term Expected <u>Real Rate of Return</u>	2013 Long-Term Expected <u>Real Rate of Return</u>
Cash	1.50%	0.75%
Treasuries	2.00%	1.00%
IG Corp Credit	3.50%	3.00%
MBS	2.25%	2.50%
Core Bonds	2.53%	2.04%
TIPS	2.50%	1.50%
High Yield Bonds	4.50%	5.00%
Bank Loans	5.00%	5.00%
Global Bonds (Unhedged)	1.25%	0.75%
Global Bonds (Hedged)	1.38%	0.93%
EMD External	5.00%	4.00%
EMD Local Currency	5.75%	5.00%
Large Cap Equities	6.25%	6.75%
Small/Mid Cap	6.25%	7.00%
International Equities (Unhedged)	7.25%	7.75%
International Equities (Hedged)	7.50%	8.00%
Emerging International Equities	9.50%	9.75%
Private Equity	8.75%	9.00%
Private Debt	8.00%	8.50%
Private Real Assets	7.75%	8.00%
Real Estate	6.25%	6.00%
Commodities	5.00%	5.00%
Hedge Funds Low Vol	5.50%	4.75%
Hedge Funds Mod Vol	5.50%	6.50%



# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

## IV. OTHER INFORMATION (cont'd)

### B. Employee Retirement Plan (cont'd)

#### Rate of Return

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following:

- 1) Rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.),
- 2) Application of key economic projections (inflation, real growth, dividends, etc.), and
- 3) Structural themes (supply and demand imbalances, capital flows, etc.).

These items are developed for each major asset class.

#### Sensitivity of the Net Pension Liability to Changes in the Discount Rate Assumption

The following table shows the sensitivity of the net pension liability to changes in the discount rate as of fiscal year end 2014. In particular, the table presents the Plan's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

		1% Decrease 6.75%	Current Single Rate Assumption 7.75%	1% Increase 8.75%
<b>ERB (All Employers)</b>				
2014	\$	7,763,304,829	\$	5,705,730,813
2013	\$	8,286,923,513	\$	6,276,852,149
<b>Artesia Public Schools</b>				
2014	\$	53,375,040	\$	39,228,602
2013	\$	57,968,687	\$	43,907,837

### C. Post-Retirement Health Care Benefits

#### *Plan Description*

Artesia Public Schools 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:

Retiree Health Care Authority  
4308 Carlisle NE, Suite 104  
Albuquerque, NM 87107

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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## IV. OTHER INFORMATION (cont'd)

### C. Post-Retirement Health Care Benefits (cont'd)

#### *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, 2014, 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, 2015, 2014 and 2013 were \$409,942, \$378,700, and \$381,098, respectively, which equal the required contributions for each year.

### D. Contingent Liabilities

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

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

### E. Cash Flows

The District's federal and state grants operate on a reimbursement basis. The District must support the expenditures of these grants with monies from the unrestricted operating monies. Operating on a reimbursement basis for these grants in its self does not adversely affect the District's ability to operate effectively. However, the time it takes to receive reimbursement, if extensive, does significantly affect the District's cash flows and the ability to deliver educational services to the community in an effective manner. This could affect the District's financial operations in subsequent years.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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## IV. OTHER INFORMATION (cont'd)

### F. Restatement

There was a restatement of the basic financial statements of \$41,415,798 for the implementation of GASB68 which requires the recognition of the District portion of the cost-sharing pension liability. Additionally, there was a restatement of capital assets of \$274,426 for assets that were previously reported and have been removed from the capital asset listing during the transition to the new accounting system. The assets were beneath the threshold of \$5,000. During the transition the District was instructed to not include those assets as that they were below the threshold. The detail of the assets is not readily available due to the previous software vendor's lack of cooperation during and after the transition.

### G. Subsequent Events

Subsequent events were evaluated through September 21, 2015 which is the date the financial statements were available to be issued.

# REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2015

## SCHEDULE OF THE ARTESIA PUBLIC SCHOOLS' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Educational Retirement Board (ERB) Pension Plan  
Last 10 Fiscal Years\*

	<u>2015</u>
District's proportion of the net pension liability	0.687530%
District's proportionate share of the net pension liability	\$ 39,228,602
District's covered-employee payroll	\$ 18,950,850
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	207.00%
Plan fiduciary net position as a percentage of the total pension liability	66.54%

\* These schedules are intended to present 10 years of trending history. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

## SCHEDULE OF ARTESIA PUBLIC SCHOOLS' CONTRIBUTIONS

Educational Retirement Board (ERB) Pension Plan  
Last 10 Fiscal Years\*

	<u>2015</u>
Contractually required contribution	\$ 2,489,711
Contributions in relation to the contractually required	<u>(2,489,711)</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$ 18,950,850
Contribution as a percentage of covered-employee payroll	13.14%

\* These schedules are intended to present 10 years of trending history. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2015

*Changes of benefit terms:* The COLA and retirement eligibility benefits changes in recent years are described in the Benefits Provided subsection of the financial statement note disclosure General Information on the Pension Plan.

*Changes of assumptions:* ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on April 26, 2013, ERB implemented the following changes in assumptions for fiscal years 2014 and 2013.

- 1) Fiscal year 2014 and 2013 valuation assumptions that changed based on this study:
  - a. Lower wage inflation from 4.75% to 4.25%
  - b. Lower payroll growth from 3.75% to 3.50%
  - c. Minor changes to demographic assumptions
  - d. Population growth per year from 0.75% to 0.50%
  
- 2) Assumptions that were not changed:
  - a. Investment return will remain at 7.75%
  - b. Inflation will remain at 3.00%

See also the Note IV (B) *Actuarial Assumptions* of the financial statement note disclosure on the Pension Plan.

**GENERAL FUNDS**  
YEAR ENDED JUNE 30, 2013

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**OPERATING FUND**

The government's primary fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**TEACHERAGE FUND**

Accounts for all financial resources used in the housing of teachers.

**TRANSPORTATION FUND**

Accounts for all the Transportation funds received through the state that are used in the maintaining and operating vehicles used to transport students.

**INSTRUCTIONAL MATERIALS FUND**

Accounts for all the Instructional Materials funds received through the state for the purpose of acquiring study materials for the students.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

GENERAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2015**

	Operational Fund #11000	Teacherege Fund #12000	Transportation Fund #13000	Instructional Materials Fund #14000	Total General Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 3,310,401	\$ 153,835	\$ -	\$ 93,398	\$ 3,557,634
Receivables:					
Property taxes	35,507	-	-	-	35,507
Due from other governments	33,576	-	-	-	33,576
Due from other funds	<u>641,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>641,723</u>
<b>Total assets</b>	<u>\$ 4,021,207</u>	<u>\$ 153,835</u>	<u>\$ -</u>	<u>\$ 93,398</u>	<u>\$ 4,268,440</u>
 <b>Liabilities and fund balance</b>					
Liabilities:					
Accounts payable	\$ 53,230	\$ 404	\$ -	\$ -	\$ 53,634
Deferred inflows of resources:					
Delinquent property taxes	5,190	-	-	-	5,190
Fund balance:					
Unassigned	<u>3,962,787</u>	<u>153,431</u>	<u>-</u>	<u>93,398</u>	<u>4,209,616</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ 4,021,207</u>	<u>\$ 153,835</u>	<u>\$ -</u>	<u>\$ 93,398</u>	<u>\$ 4,268,440</u>

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

GENERAL FUNDS  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Year Ended June 30, 2015

	<u>General Funds</u>				Total General <u>Fund</u>
	<u>Operational Fund #11000</u>	<u>Teacherage Fund #12000</u>	<u>Transportation Fund #13000</u>	<u>Instructional Materials Fund #14000</u>	
<b>Revenues:</b>					
Taxes:					
Property	\$ 338,077	\$ -	\$ -	\$ -	\$ 338,077
Oil and gas	760,823	-	-	-	760,823
Intergovernmental - federal grants	62,433	-	-	-	62,433
Intergovernmental - state grants	26,593,102	-	1,254,193	273,515	28,120,810
Contributions - private grants	342,342	-	-	-	342,342
Charges for services	85,056	148,433	-	-	233,489
Investment and interest income	<u>7,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,159</u>
<b>Total revenue</b>	<u>28,188,992</u>	<u>148,433</u>	<u>1,254,193</u>	<u>273,515</u>	<u>29,865,133</u>
<b>Expenditures:</b>					
Current:					
Instruction	17,817,496	-	-	190,167	18,007,663
Support services:					
Students	2,175,863	-	-	-	2,175,863
Instruction	705,377	-	-	-	705,377
General Administration	526,338	-	-	-	526,338
School Administration	2,323,382	-	-	-	2,323,382
Central Services	659,262	-	-	-	659,262
Operation & Maintenance of Plant	2,968,836	67,389	-	-	3,036,225
Student transportation	-	-	1,254,193	-	1,254,193
Other Support services	55,450	-	-	-	55,450
Capital outlay	<u>46,138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,138</u>
<b>Total expenditures</b>	<u>27,278,142</u>	<u>67,389</u>	<u>1,254,193</u>	<u>190,167</u>	<u>28,789,891</u>
<i>Excess of revenues over expenditures</i>	910,850	81,044	-	83,348	1,075,242
<b>Other financing sources:</b>					
Transfers in	<u>599,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>599,780</u>
<i>Net change in fund balance</i>	1,510,630	81,044	-	83,348	1,675,022
<b>Fund balance at beginning of the year</b>	<u>2,452,157</u>	<u>72,387</u>	<u>-</u>	<u>10,050</u>	<u>2,534,594</u>
<b>Fund balance at end of the year</b>	<u>\$ 3,962,787</u>	<u>\$ 153,431</u>	<u>\$ -</u>	<u>\$ 93,398</u>	<u>\$ 4,209,616</u>

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

OPERATIONAL FUND - NO. 11000  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ 245,000	\$ 245,000	\$ 340,663	\$ 95,663
Oil and gas	745,000	745,000	765,153	20,153
Intergovernmental - federal grants	27,000	28,559	62,433	33,874
Intergovernmental - state grants	25,907,872	26,614,326	26,593,102	(21,224)
Contributions - private grants	-	-	342,342	342,342
Charges for services	262,000	262,000	58,682	(203,318)
Investment and interest income	8,535	8,535	33,532	24,997
Miscellaneous	-	-	1,141	1,141
<b>Total revenues</b>	<u>27,195,407</u>	<u>27,903,420</u>	<u>28,197,048</u>	<u>293,628</u>
<b>Expenditures:</b>				
Current:				
Instruction	17,772,499	18,712,637	17,847,149	865,488
Support services:				
Students	2,101,938	2,346,938	2,175,863	171,075
Instruction	746,045	851,021	716,855	134,166
General Administration	553,964	597,164	542,865	54,299
School Administration	2,347,840	2,516,640	2,382,879	133,761
Central Services	695,227	836,052	686,368	149,684
Operation & Maintenance of Plant	4,533,972	4,458,972	3,045,062	1,413,910
Other Support services	149,782	191,782	55,450	136,332
Capital outlay:				
Construction in progress	-	599,780	-	599,780
<b>Total expenditures</b>	<u>28,901,267</u>	<u>31,110,986</u>	<u>27,452,491</u>	<u>3,658,495</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,705,860)	(3,207,566)	744,557	3,952,123
<b>Other financing sources:</b>				
Transfers in	-	-	599,780	599,780
<i>Net change in fund balance</i>	(1,705,860)	(3,207,566)	1,344,337	4,551,903
<i>Beginning cash balance budgeted</i>	1,705,860	3,207,566	-	(3,207,566)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>2,452,157</u>	<u>2,452,157</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>3,796,494</u>	<u>\$ 3,796,494</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			(46,606)	
Change in due from other governments			33,577	
Change in payables			(33,766)	
Change in accrued liabilities			208,113	
Change in deferred property taxes			4,975	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 3,962,787</u>	



STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

TEACHERAGE FUND - NO. 12000  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Charges for services	\$ 86,000	\$ 86,000	\$ 148,433	\$ 62,433
<b>Expenditures:</b>				
Current:				
Support services:				
Operation & Maintenance of Plant	<u>106,000</u>	<u>165,994</u>	<u>74,593</u>	<u>91,401</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(20,000)	(79,994)	73,840	153,834
<i>Beginning cash balance budgeted</i>	20,000	79,994	-	(79,994)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>72,387</u>	<u>72,387</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	146,227	<u>\$ 146,227</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			<u>7,204</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 153,431</u>	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

TRANSPORTATION FUND - NO. 13000  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 1,138,736	\$ 1,254,193	\$ 1,254,193	\$ -
<b>Expenditures:</b>				
Current:				
Support services:				
Student transportation	1,138,736	1,254,193	1,254,193	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	-	\$ -
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

INSTRUCTIONAL MATERIALS FUND - NO. 14000  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 218,977	\$ 271,635	\$ 273,515	\$ 1,880
<b>Expenditures:</b>				
Current:				
Instruction	<u>241,412</u>	<u>300,496</u>	<u>208,978</u>	<u>91,518</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(22,435)	(28,861)	64,537	93,398
<i>Beginning cash balance budgeted</i>	22,435	28,861	-	(28,861)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>10,050</u>	<u>10,050</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	74,587	<u>\$ 74,587</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>18,811</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 93,398</u>	

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## MAJOR CAPITAL PROJECTS FUNDS

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

CAPITAL IMPROVEMENTS HB-33 FUND - NO. 31600

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ 2,400,000	\$ 2,400,000	\$ 3,625,988	\$ 1,225,988
Oil and gas	7,766,978	7,766,978	7,650,961	(116,017)
Investment and interest income	6,200	6,200	7,637	1,437
Miscellaneous	-	-	929	929
<b>Total revenues</b>	10,173,178	10,173,178	11,285,515	1,112,337
<b>Expenditures:</b>				
Current:				
Support services:				
General Administration	226,885	237,715	192,036	45,679
Operation & Maintenance of Plant	5,900,000	5,900,000	1,564,275	4,335,725
Capital outlay:				
Land and improvements	850,000	850,000	143,475	706,525
Buildings and improvements	300,000	300,000	26,767	273,233
Equipment	1,896,293	1,896,293	658,103	1,238,190
Construction in progress	15,000,000	17,851,806	2,983,359	14,868,447
<b>Total expenditures</b>	24,173,178	27,035,814	5,568,015	21,467,799
<i>Excess (deficiency) of revenues over expenditures</i>	(14,000,000)	(16,862,636)	5,717,500	22,580,136
<i>Beginning cash balance budgeted</i>	14,000,000	16,862,636	-	(16,862,636)
<b>Fund balance at beginning of the year</b>	-	-	17,879,389	17,879,389
<b>Fund balance at end of the year</b>	\$ -	\$ -	23,596,889	\$ 23,596,889
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			(463,047)	
Change in due from other governments			339,521	
Change in payables			204,776	
Change in deferred property taxes			46,855	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 23,724,994	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

CAPITAL IMPROVEMENTS SB-9 FUND - NO. 31700

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ 1,284,644	\$ 1,284,644	\$ 1,428,997	\$ 144,353
Oil and gas	3,106,791	3,106,791	3,061,758	(45,033)
Intergovernmental - state grants	-	85,054	-	(85,054)
Investment and interest income	<u>4,500</u>	<u>4,500</u>	<u>4,859</u>	<u>359</u>
<b>Total revenues</b>	<u>4,395,935</u>	<u>4,480,989</u>	<u>4,495,614</u>	<u>14,625</u>
<b>Expenditures:</b>				
Current:				
Support services:				
General Administration	40,000	40,000	14,011	25,989
Operation & Maintenance of Plant	5,970,935	7,180,989	2,651,906	4,529,083
Capital outlay:				
Land and improvements	375,000	375,000	69,937	305,063
Buildings and improvements	35,000	135,000	14,830	120,170
Equipment	1,300,000	1,476,840	529,280	947,560
Construction in progress	<u>675,000</u>	<u>675,000</u>	<u>68,330</u>	<u>606,670</u>
<b>Total expenditures</b>	<u>8,395,935</u>	<u>9,882,829</u>	<u>3,348,294</u>	<u>6,534,535</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(4,000,000)	(5,401,840)	1,147,320	6,549,160
<i>Beginning cash balance budgeted</i>	4,000,000	5,401,840	-	(5,401,840)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>5,658,753</u>	<u>5,658,753</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>6,806,073</u>	<u>\$ 6,806,073</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			(186,524)	
Change in due from other governments			135,404	
Change in payables			(12,634)	
Change in deferred property taxes			<u>20,084</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 6,762,403</u>	

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## NONMAJOR GOVERNMENTAL FUNDS

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**NONMAJOR GOVERNMENTAL FUNDS**  
YEAR ENDED JUNE 30, 2015

**Nonmajor Special Revenue Funds**

Special revenue funds are operating funds used to account for the proceeds of specific revenue sources that are intended for specific purposes other than special assessments or major capital projects.

- **FOOD SERVICE (Fund No. 21000)** Minimum Balance: None  
This program provides financing for the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-4, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 stat. 889, as amended; 84 stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 sat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 stat. 3341; Public Law 100-71, 101 stat. 430.
  
- **ATHLETICS (Fund No. 22000)** Minimum Balance: None  
This fund provides financing for school athletic activities. Funding is provided by fees from patrons.
  
- **PRESCHOOL IDEA-B (Fund No. 24109)** Minimum Balance: None  
The Preschool program is for the purpose of enhancing Special Education for handicapped children from ages 3 to 5. The program is funded by the United States government, under the Individuals With Disabilities Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, and 101-476.
  
- **TITLE III ENGLISH LANGUAGE (Fund No. 24153)** Minimum Balance: None  
To ensure that limited English proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same standards as all children and youth are expected to meet; to provide assistance to Native American, Native Hawaiian, Native American Pacific Islander, and Alaskan native children with certain modifications relative to the unique status of native American language under Federal Law; to develop to the extent possible, the native language skills of such children. The fund is authorized through the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101,3129.
  
- **TITLE II TEACHER QUALITY (Fund No. 24154)** Minimum Balance: None  
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 the academic achievement. Authorization is granted through the Elementary and Secondary Education Act of 1965, as amended, Title II, Part A, Public Law 107-110.
  
- **RURAL & LOW-INCOME SCHOOLS (Fund No. 24160)** Minimum Balance: None  
To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act, Title VI, Part B.
  
- **TITLE XIX MEDICAID (Fund No. 25153)** Minimum Balance: None  
To provide financial assistance from the Federal government which flows-through the State of New Mexico to school districts, for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women and the aged who meet income and resource requirements, and other categorically-eligible groups. The program is funded by the U.S. government under the Social Security Act, Title XIX, as amended; Public Laws 92-223, 92-602, 93-66, 93-233, 96-499, 97-35, 97-2248, 98-369, 99-272, 99-509, 100-93, 100-202, 100-203, 100-360, 100-436, 100-485, 100-647, 101-166, 101-234, 101-239, 101-508, 101-517, 102-234, 102-170, 102-394, 103-66, 103-14, 103-333, 104-91, 104-191, 104-193, 104-208, and 104-134; Balanced Budget Act of 1997, Public Law 105-33.

**NONMAJOR GOVERNMENTAL FUNDS**  
YEAR ENDED JUNE 30, 2015

**Nonmajor Special Revenue Funds (cont'd)**

- LIBRARIES GO BOND 2010 (Fund No. 27106) Minimum Balance: None

To be used to fund each library facility for improvement or acquisition and to acquire library books and library resources to support the library program. Funds generated by GO Bonds may not be used to supplant existing or prior library material funding within school districts receiving these monies. This funding will supplement and be in addition to current and existing funding. Authorized through Senate Bill 2010 SB333.
- LIBRARY GO BONDS 2012 (Fund No. 27107) Minimum Balance: None

Funds to be used for library books and library resources for public school libraries statewide. Library resources include computers, software, projectors, televisions, other related hardware and software, shelving, desks, chairs, and book trucks/carts. Senate Bill 66, Laws of 2012, 2nd Session, Chapter 54, Section 10.B.(3).
- READS TO LEAD (Fund No. 27114) Minimum Balance: None

Provides an aligned approach for districts and schools to ensure that children can read by the end of third grade—giving them essential skills for future career and college success. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators.
- BREAKFAST FOR ELEMENTARY STUDENTS (Fund No. 27155) Minimum Balance: None

To provide elementary students with the nutrition necessary to facilitate learning.
- STEM TEACHER INITIATIVE (Fund No. 27181) Minimum Balance: None

The purpose of these funds is to provide a \$5,000 stipend per year to 125 highly effective STEM teachers to teach Science, Technology, Engineering, or Mathematics (grades 7-12) for two years to serve in hard to staff (low performing CD/F), rural, urban) schools.

**Nonmajor Capital Projects Funds**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

- SPECIAL CAPITAL OUTLAY – STATE (Fund No. 31400) Minimum Balance: None

This fund provides financing for special appropriation monies received from the State of New Mexico under Chapter 367, Laws of 1993.

**Nonmajor Debt Service Funds**

Debt service funds are used to account for the payment of principal and interest on long-term debt. Debt Service revenues are from taxes and other operating revenues, some of which are pledged specifically to repay certain outstanding bond issues.

- DEBT SERVICE FUND (Fund No. 41000) Minimum Balance: None

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2015**

	<b>Special Revenue Funds</b>				
	Food Service Fund #21000	Athletics Fund #22000	Preschool IDEA-B Fund #24109	Title III English Language Fund #24153	Title II Teacher Quality Fund #24154
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 170,564	\$ -	\$ -	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	2,393	-	17,773	1,517	23,447
USDA commodities inventory	2,387	-	-	-	-
Food inventory	<u>5,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 10,348</u>	<u>\$ 170,564</u>	<u>\$ 17,773</u>	<u>\$ 1,517</u>	<u>\$ 23,447</u>
<b>Liabilities and fund balance</b>					
Liabilities:					
Accounts payable	\$ 83	\$ 1,749	\$ -	\$ -	\$ -
Due to other funds	<u>16,100</u>	<u>-</u>	<u>17,773</u>	<u>1,517</u>	<u>23,447</u>
Total liabilities	<u>16,183</u>	<u>1,749</u>	<u>17,773</u>	<u>1,517</u>	<u>23,447</u>
Deferred inflows of resources:					
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:					
Non-spendable:					
Inventories	7,955	-	-	-	-
Restricted for:					
Special revenue funds	(13,790)	168,815	-	-	-
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>(5,835)</u>	<u>168,815</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ 10,348</u>	<u>\$ 170,564</u>	<u>\$ 17,773</u>	<u>\$ 1,517</u>	<u>\$ 23,447</u>

( cont'd; 1 of 4 )

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2015**

	<b>Special Revenue Funds</b>				
	Rural & Low- Income Schools <u>Fund #24160</u>	Title XIX Medicaid <u>Fund #25153</u>	Dual Credit Instructional Materials <u>Fund #27103</u>	Libraries GO Bond 2010 <u>Fund #27106</u>	Libraries GO Bond 2012 <u>Fund #27107</u>
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 92,820	\$ -	\$ -	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	15,588	-	-	-	2,102
USDA commodities inventory	-	-	-	-	-
Food inventory	-	-	-	-	-
<b>Total assets</b>	<u>\$ 15,588</u>	<u>\$ 92,820</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,102</u>
<b>Liabilities and fund balance</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>15,588</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,102</u>
Total liabilities	<u>15,588</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,102</u>
Deferred inflows of resources:					
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Special revenue funds	-	92,820	-	-	-
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>92,820</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ 15,588</u>	<u>\$ 92,820</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,102</u>

( cont'd; 2 of 4 )

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2015**

	<b>Special Revenue Funds</b>			<b>Total</b>
	<b>Reads to Lead</b>	<b>Breakfast for</b>	<b>STEM Teacher</b>	<b>Non-Major</b>
	<b>Fund #27114</b>	<b>Elementary</b>	<b>Initiative</b>	<b>Special Revenue</b>
	<b>Fund #27114</b>	<b>Students</b>	<b>Fund #27181</b>	<b>Funds</b>
	<b>Fund #27114</b>	<b>Fund #27155</b>	<b>Fund #27181</b>	<b>Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 263,384
Receivables:				
Property taxes	-	-	-	-
Grant	4,513	832	10,765	78,930
USDA commodities inventory	-	-	-	2,387
Food inventory	-	-	-	5,568
<b>Total assets</b>	<b>\$ 4,513</b>	<b>\$ 832</b>	<b>\$ 10,765</b>	<b>\$ 350,269</b>
<b>Liabilities and fund balance</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,832
Due to other funds	4,513	832	10,765	92,637
Total liabilities	4,513	832	10,765	94,469
Deferred inflows of resources:				
Delinquent property taxes	-	-	-	-
Fund balance:				
Non-spendable:				
Inventories	-	-	-	7,955
Restricted for:				
Special revenue funds	-	-	-	247,845
Debt service	-	-	-	-
Total fund balance	-	-	-	255,800
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 4,513</b>	<b>\$ 832</b>	<b>\$ 10,765</b>	<b>\$ 350,269</b>

(cont'd; 3 of 4)

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2015**

	Special Capital Outlay - State <u>Fund #31400</u>	Debt Service <u>Fund #41000</u>	Total Nonmajor Governmental <u>Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 3,460	\$ 266,844
Receivables:			
Property taxes	-	260	260
Grant	-	-	78,930
USDA commodities inventory	-	-	2,387
Food inventory	<u>-</u>	<u>-</u>	<u>5,568</u>
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 3,720</u>	<u>\$ 353,989</u>
<b>Liabilities and fund balance</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 1,832
Due to other funds	<u>-</u>	<u>-</u>	<u>92,637</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>94,469</u>
Deferred inflows of resources:			
Delinquent property taxes	<u>-</u>	<u>240</u>	<u>240</u>
Fund balance:			
Non-spendable:			
Inventories	-	-	7,955
Restricted for:			
Special revenue funds	-	-	247,845
Debt service	<u>-</u>	<u>3,480</u>	<u>3,480</u>
Total fund balance	<u>-</u>	<u>3,480</u>	<u>259,280</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ -</u>	<u>\$ 3,720</u>	<u>\$ 353,989</u>

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STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Year Ended June 30, 2015

	<u>Special Revenue Funds</u>				
	<u>Food Service Fund #21000</u>	<u>Athletics Fund #22000</u>	<u>Preschool IDEA-B Fund #24109</u>	<u>Title III English Language Fund #24153</u>	<u>Title II Teacher Quality Fund #24154</u>
<b>Revenues:</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	1,156,486	-	50,560	8,225	112,206
Intergovernmental - state grants	-	-	-	-	-
Contributions - private grants	-	3,305	-	-	-
Charges for services	483,491	199,819	-	-	-
Investment and interest income	<u>12</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<u>1,639,989</u>	<u>203,124</u>	<u>50,560</u>	<u>8,225</u>	<u>112,206</u>
<b>Expenditures:</b>					
Current:					
Instruction	-	176,488	4,895	8,064	109,501
Support services:					
Students	-	-	8,135	-	-
Instruction	-	-	-	-	-
General Administration	-	-	1,303	161	2,705
School Administration	-	-	36,227	-	-
Food services operations	1,680,094	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>1,680,094</u>	<u>176,488</u>	<u>50,560</u>	<u>8,225</u>	<u>112,206</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(40,105)	26,636	-	-	-
<b>Other financing uses:</b>					
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	(40,105)	26,636	-	-	-
<b>Fund balance at beginning of the year</b>	<u>34,270</u>	<u>142,179</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ (5,835)</u>	<u>\$ 168,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

( cont'd; 1 of 4 )

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Year Ended June 30, 2015

	<u>Special Revenue Funds</u>				
	Rural & Low- Income Schools Fund #24160	Title XIX Medicaid Fund #25153	Dual Credit Instructional Materials Fund #27103	Libraries GO Bond 2010 Fund #27106	Libraries GO Bond 2012 Fund #27107
<b>Revenues:</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	77,409	191,953	-	-	-
Intergovernmental - state grants	-	-	7,987	-	4,412
Contributions - private grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
<b>Total revenues</b>	<u>77,409</u>	<u>191,953</u>	<u>7,987</u>	<u>-</u>	<u>4,412</u>
<b>Expenditures:</b>					
Current:					
Instruction	75,543	-	7,987	-	-
Support services:					
Students	-	217,525	-	-	-
Instruction	-	-	-	-	4,412
General Administration	1,866	3,916	-	-	-
School Administration	-	13,710	-	-	-
Food services operations	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<u>77,409</u>	<u>235,151</u>	<u>7,987</u>	<u>-</u>	<u>4,412</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	(43,198)	-	-	-
<b>Other financing uses:</b>					
Transfers out	-	-	-	-	-
<i>Net change in fund balance</i>	-	(43,198)	-	-	-
<b>Fund balance at beginning of the year</b>	-	136,018	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ 92,820</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

( cont'd; 2 of 4 )

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Year Ended June 30, 2015

	Special Revenue Funds			Total Nonmajor Special Revenue Funds
	Reads to Lead Fund #27114	Breakfast for Elementary Students Fund #27155	STEM Teacher Initiative Fund #27181	
<b>Revenues:</b>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-
Intergovernmental - federal grants	-	-	-	1,596,839
Intergovernmental - state grants	127,796	26,146	21,530	187,871
Contributions - private grants	-	-	-	3,305
Charges for services	-	-	-	683,310
Investment and interest income	-	-	-	<u>12</u>
<b>Total revenues</b>	<u>127,796</u>	<u>26,146</u>	<u>21,530</u>	<u>2,471,337</u>
<b>Expenditures:</b>				
Current:				
Instruction	126,496	-	21,530	530,504
Support services:				
Students	-	-	-	225,660
Instruction	-	-	-	4,412
General Administration	1,300	-	-	11,251
School Administration	-	-	-	49,937
Food services operations	-	26,146	-	1,706,240
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>127,796</u>	<u>26,146</u>	<u>21,530</u>	<u>2,528,004</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	(56,667)
<b>Other financing uses:</b>				
Transfers out	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	(56,667)
<b>Fund balance at beginning of the year</b>	-	-	-	<u>312,467</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,800</u>

( cont'd; 3 of 4 )

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Year Ended June 30, 2015

	Special Capital Outlay - State <u>Fund #31400</u>	Debt Service <u>Fund #41000</u>	Total Nonmajor Governmental <u>Funds</u>
<b>Revenues:</b>			
Taxes:			
Property	\$ -	\$ 1,854	\$ 1,854
Oil and gas	-	3,739	3,739
Intergovernmental - federal grants	-	-	1,596,839
Intergovernmental - state grants	297,000	-	484,871
Contributions - private grants	-	-	3,305
Charges for services	-	-	683,310
Investment and interest income	<u>-</u>	<u>246</u>	<u>258</u>
<b>Total revenues</b>	<u>297,000</u>	<u>5,839</u>	<u>2,774,176</u>
<b>Expenditures:</b>			
Current:			
Instruction	-	-	530,504
Support services:			
Students	-	-	225,660
Instruction	-	-	4,412
General Administration	-	24	11,275
School Administration	-	-	49,937
Food services operations	-	-	1,706,240
Capital outlay	<u>297,000</u>	<u>-</u>	<u>297,000</u>
<b>Total expenditures</b>	<u>297,000</u>	<u>24</u>	<u>2,825,028</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	5,815	(50,852)
<b>Other financing uses:</b>			
Transfers out	<u>-</u>	<u>(599,780)</u>	<u>(599,780)</u>
<i>Net change in fund balance</i>	-	(593,965)	(650,632)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>597,445</u>	<u>909,912</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ 3,480</u>	<u>\$ 259,280</u>

( 4 of 4 )

NONMAJOR GOVERNMENTAL FUNDS  
BUDGETARY PRESENTATION

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

FOOD SERVICE FUND - NO. 21000  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 1,111,808	\$ 1,261,808	\$ 1,045,687	\$ (216,121)
Charges for services	458,276	458,276	483,491	25,215
Investment and interest income	-	-	12	12
<b>Total revenues</b>	1,570,084	1,720,084	1,529,190	(190,894)
<b>Expenditures:</b>				
Current:				
Food Services Operations	1,572,684	1,748,370	1,573,576	174,794
<i>Excess (deficiency) of revenues over expenditures</i>	(2,600)	(28,286)	(44,386)	(16,100)
<i>Beginning cash balance budgeted</i>	2,600	28,286	-	(28,286)
<b>Fund balance at beginning of the year</b>	-	-	34,270	34,270
<b>Fund balance at end of the year</b>	\$ -	\$ -	(10,116)	\$ (10,116)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in inventory			(2,723)	
Change in receivables			2,393	
Change in accrued liabilities			4,611	
<b>Fund balance (deficit) at end of the year (GAAP basis)</b>			\$ (5,835)	

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

ATHLETICS FUND - NO. 22000  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Contributions - private grants	\$ -	\$ -	\$ 3,305	\$ 3,305
Charges for services	<u>175,000</u>	<u>175,000</u>	<u>199,819</u>	<u>24,819</u>
<b>Total revenues</b>	175,000	175,000	203,124	28,124
<b>Expenditures:</b>				
Current:				
Instruction	<u>299,997</u>	<u>317,374</u>	<u>174,935</u>	<u>142,439</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(124,997)	(142,374)	28,189	170,563
<i>Beginning cash balance budgeted</i>	124,997	142,374	-	(142,374)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>142,179</u>	<u>142,179</u>
<b>Fund balance at end of the year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	170,368	<u><u>\$ 170,368</u></u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			(1,608)	
Change in accrued liabilities			<u>55</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u><u>\$ 168,815</u></u>	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

PRESCHOOL IDEA-B FUND - NO. 24109

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 39,446	\$ 81,343	\$ 59,090	\$ (22,253)
<b>Expenditures:</b>				
Current:				
Instruction	4,494	25,495	8,438	17,057
Support services:				
Students	3,904	14,404	8,135	6,269
General Administration	813	1,709	1,304	405
School Administration	30,235	39,735	36,227	3,508
<b>Total expenditures</b>	39,446	81,343	54,104	27,239
<i>Excess of revenues over expenditures</i>	-	-	4,986	4,986
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	4,986	\$ 4,986
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(8,529)	
Change in accrued liabilities			3,543	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	



STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

TITLE III ENGLISH LANGUAGE FUND - NO. 24153  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 12,161	\$ 20,520	\$ 8,524	\$ (11,996)
<b>Expenditures:</b>				
Current:				
Instruction	11,918	20,118	8,064	12,054
Support services:				
General Administration	243	402	161	241
<b>Total expenditures</b>	12,161	20,520	8,225	12,295
<i>Excess of revenues over expenditures</i>	-	-	299	299
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	299	\$ 299
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(299)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

TITLE II TEACHER QUALITY FUND - NO. 24154  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 124,371	\$ 141,731	\$ 125,535	\$ (16,196)
<b>Expenditures:</b>				
Current:				
Instruction	121,299	138,659	109,501	29,158
Support services:				
General Administration	3,072	3,072	2,705	367
<b>Total expenditures</b>	124,371	141,731	112,206	29,525
<i>Excess of revenues over expenditures</i>	-	-	13,329	13,329
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	13,329	\$ 13,329
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(13,329)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

RURAL & LOW-INCOME SCHOOLS FUND - NO. 24160  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 73,694	\$ 88,279	\$ 85,331	\$ (2,948)
<b>Expenditures:</b>				
Current:				
Instruction	71,675	85,975	75,543	10,432
Support services:				
General Administration	2,019	2,304	1,866	438
<b>Total expenditures</b>	<u>73,694</u>	<u>88,279</u>	<u>77,409</u>	<u>10,870</u>
<i>Excess of revenues over expenditures</i>	-	-	7,922	7,922
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	7,922	<u>\$ 7,922</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(7,922)	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

TITLE XIX MEDICAID FUND - NO. 25153  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 217,536	\$ 217,536	\$ 191,953	\$ (25,583)
<b>Expenditures:</b>				
Current:				
Support services:				
Students	197,760	323,777	217,525	106,252
General Administration	3,916	3,916	3,916	-
School Administration	15,860	25,860	13,710	12,150
<b>Total expenditures</b>	217,536	353,553	235,151	118,402
<i>Excess (deficiency) of revenues over expenditures</i>	-	(136,017)	(43,198)	92,819
<i>Beginning cash balance budgeted</i>	-	136,017	-	(136,017)
<b>Fund balance at beginning of the year</b>	-	-	136,018	136,018
<b>Fund balance at end of the year</b>	\$ -	\$ -	92,820	\$ 92,820
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 92,820	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

DUAL CREDIT INSTRUCTIONAL MATERIALS FUND - NO. 27103  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ 9,397	\$ 7,987	\$ (1,410)
<b>Expenditures:</b>				
Current:				
Instruction	-	9,397	7,987	1,410
<i>Excess of revenues over expenditures</i>	-	-	-	-
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	-	\$ -
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

LIBRARIES GO BOND 2010 FUND - NO. 27106

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ -	\$ 1,084	\$ 1,084
<b>Expenditures:</b>				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	1,084	1,084
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	1,084	\$ 1,084
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(1,084)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

LIBRARIES GO BOND 2012 FUND - NO. 27107

**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 4,558	\$ 4,558	\$ 31,612	\$ 27,054
<b>Expenditures:</b>				
Current:				
Support services:				
Instruction	4,558	4,558	4,412	146
<i>Excess of revenues over expenditures</i>	-	-	27,200	27,200
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	27,200	\$ 27,200
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(27,200)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

READS TO LEAD FUND - NO. 27114  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 130,000	\$ 130,000	\$ 130,054	\$ 54
<b>Expenditures:</b>				
Current:				
Instruction	128,700	128,700	126,496	2,204
Support services:				
General Administration	1,300	1,300	1,300	-
<b>Total expenditures</b>	130,000	130,000	127,796	2,204
<i>Excess of revenues over expenditures</i>	-	-	2,258	2,258
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	2,258	\$ 2,258
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(2,258)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	



STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

BREAKFAST FOR ELEMENTARY STUDENTS FUND - NO. 27155  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
 Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ 26,741	\$ 25,314	\$ (1,427)
<b>Expenditures:</b>				
Current:				
Food Services Operations	-	26,741	26,147	594
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(833)	(833)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	(833)	\$ (833)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			833	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

STEM TEACHER INITIATIVE FUND - NO. 27181  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
 Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ 36,450	\$ 21,530	\$ (14,920)
<b>Expenditures:</b>				
Current:				
Instruction	-	36,450	21,530	14,920
<i>Excess of revenues over expenditures</i>	-	-	-	-
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	-	\$ -
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

SPECIAL CAPITAL OUTLAY - STATE FUND - NO. 31400  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
 Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 300,000	\$ 300,000	\$ 297,000	\$ (3,000)
<b>Expenditures:</b>				
Current:				
Capital outlay:				
Construction in progress	300,000	300,000	297,000	3,000
<i>Excess of revenues over expenditures</i>	-	-	-	-
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	-	\$ -
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

DEBT SERVICE FUND - NO. 41000  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ 500	\$ 129	\$ 2,389	\$ 2,260
Oil and gas	2,500	-	3,719	3,719
Investment and interest income	450	450	246	(204)
<b>Total revenues</b>	3,450	579	6,354	5,775
<b>Expenditures:</b>				
Current:				
Support services:				
General Administration	50	50	24	26
Debt service:				
Reserves	598,400	529	-	529
<b>Total expenditures</b>	598,450	579	24	555
<i>Excess (deficiency) of revenues over expenditures</i>	(595,000)	-	6,330	6,330
<b>Other financing uses:</b>				
Transfers out	-	-	(599,780)	(599,780)
<i>Net change in fund balance</i>	(595,000)	-	(593,450)	(593,450)
<i>Beginning cash balance budgeted</i>	595,000	-	-	-
<b>Fund balance at beginning of the year</b>	-	-	597,445	597,445
<b>Fund balance at end of the year</b>	\$ -	\$ -	3,995	\$ 3,995
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			(1,019)	
Change in deferred property taxes			504	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 3,480	

## OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

FIDUCIARY FUNDS  
**Schedule of Changes in Assets and Liabilities - All Agency Funds**  
**Year Ended June 30, 2015**

Activity		Balance			Balance
Fund	ASSETS	<u>June 30, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>June 30, 2015</u>
23700	Interest on Investments	\$ 9,152	\$ 11	\$ -	\$ 9,163
23701	Red Ribbon Campaign	185	-	-	185
23704	Book Fund	2,357	1,108	-	3,465
23705	Elementary Art Program	123	-	-	123
23706	General Fund	1,838	-	164	1,674
23707	Gifted Programs	1,109	-	-	1,109
23711	AIS PTO	10,566	16,442	16,793	10,215
23712	Summer School	1,347	20,160	350	21,157
23713	Snack Bar	740	-	-	740
23714	Yeso General	3,997	3,451	4,045	3,403
23715	Central Memorial	2,396	7,397	7,584	2,209
23716	Central General	6,017	3,478	1,988	7,507
23717	Central Special Account	150	-	53	97
23718	Grand Heights General	14,300	34,757	29,196	19,861
23719	Golf Boosters	2,464	6,510	8,400	574
23720	Hermosa General	5,089	5,381	8,182	2,288
23721	Hermosa PTO	10,626	34,571	30,320	14,877
23722	Penasco General	207	125	121	211
23723	AHS Paw Prowlers	284	450	198	536
23724	Roselawn General	7,295	6,646	7,133	6,808
23725	Elementary Science	320	-	-	320
23726	Yucca General	3,249	12,098	13,833	1,514
23727	AHS PTO	200	-	200	-
23728	AHS Boys A Club	10,875	7,290	9,548	8,617
23729	AHS Track Team	2,642	15,056	12,012	5,686
23730	AHS Girls A Club	223	-	-	223
23732	Lou Smith Scholarship	68	1,200	1,000	268
23733	J. Clark Bruce Scholarship	26	-	-	26
23734	Estell Yates Special	34,537	378,514	377,266	35,785
23735	Navajo Pie	22,906	365	22,492	779
23736	Mack Chase Scholarship	25,433	10,000	35,000	433
23737	AHS Arts and Crafts	3,995	180	1,964	2,211
23738	AHS Annual Fund	11,981	11,289	14,625	8,645
23739	AJHS Paw Prints	-	1	-	1
23740	AHS Band Fund	5,082	13,319	14,649	3,752
23741	AHS Baseball Boosters	25,384	28,076	33,170	20,290
23742	AHS Beacon	1,842	400	194	2,048
23743	AHS Girls Basketball	1,302	9,138	9,073	1,367
23744	AHS Tennis	5,293	5,265	4,410	6,148
23745	AHS Boys Basketball Camp	2,697	16,556	18,129	1,124
23746	AHS Cheerleaders	8,807	34,913	41,561	2,159
23747	Yeso Library	1,750	577	825	1,502
23748	AHS Chorus	12,820	52,823	47,570	18,073
23749	AHS Night Classes	1,074	500	282	1,292
23750	Workbook Fees	5,147	-	-	5,147
23751	Science Scholarship	\$ 879	\$ -	\$ 879	\$ -

( cont'd; 1 of 3 )

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

FIDUCIARY FUNDS  
**Schedule of Changes in Assets and Liabilities - All Agency Funds**  
**Year Ended June 30, 2015**

Activity		Balance			Balance
Fund	ASSETS	<u>June 30, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>June 30, 2015</u>
23752	Class Of 2014	\$ 4,345	\$ -	\$ 152	\$ 4,193
23753	Class Of 2013	3,917	19,345	13,437	9,825
23755	RDC Scholarship	2,416	-	-	2,416
23756	Class of 2015	5,165	-	2,422	2,743
23757	Chase Special Projects	316,506	73,730	69,977	320,259
23758	AHS Rodeo	11,545	6,559	4,514	13,590
23759	AHS Cross Country	1,550	5,873	6,880	543
23760	AHS Girls Soccer	4,667	1,100	1,158	4,609
23761	Boys Soccer	-	1,386	297	1,089
23762	Drivers Education	-	15,728	2,227	13,501
23763	AHS DECA	5,648	4,990	4,610	6,028
23764	AHS FFA	5,344	115,564	118,235	2,673
23765	AHS Volleyball	4,786	18,987	19,926	3,847
23766	Grads Activity	4,026	1,645	2,498	3,173
23767	AHS Football Boosters	7,286	13,402	15,364	5,324
23768	AHS Football Playoffs	-	57,713	47,916	9,797
23769	AHS General	5,670	14,454	14,129	5,995
23772	AHS Honor Society	297	1,769	1,525	541
23773	Athletic General	29,855	14,275	10,800	33,330
23774	AHS Industrial Arts	2,194	3,855	3,602	2,447
23775	Grads Co-Pay	10,368	-	-	10,368
23776	AHS Library	6,709	17,310	17,655	6,364
23777	FCA	-	3,000	1,702	1,298
23778	AHS Drama Masques	11,521	11,711	6,616	16,616
23779	Kaci Houghtaling	1,088	-	-	1,088
23780	AHS Ideal NM	1,137	3,000	2,200	1,937
23781	Yeso Thunderbirds	3,015	-	2,375	640
23782	AHS BPA	1,041	10,918	10,159	1,800
23783	Scholarship Fund	43,444	54,500	75,750	22,194
23784	AHS International Club	1,187	-	1,125	62
23785	AHS Special Education	6,365	1,500	895	6,970
23786	AHS Student Council	2,106	865	494	2,477
23787	AHS Swimming Fund	1,061	12,655	6,481	7,235
23788	AHS Vocational Ag	2,715	-	-	2,715
23789	AHS Concessions	8,396	51,154	34,769	24,781
23790	AHS Auto Mechanics	3,088	3,550	5,253	1,385
23791	Girls Softball	11,168	11,983	17,193	5,958
23792	AHS Testing	1,855	14,464	13,995	2,324
23793	AJHS Activity	-	35,000	-	35,000
23794	AJHS Annual	5,367	5,643	5,197	5,813
23795	AJHS Concessions	13,400	28,965	27,951	14,414
23796	AJHS Arts and Crafts	6,031	725	714	6,042
23797	AJHS Band	-	440	300	140
23798	AJHS Cheerleaders	6,339	6,959	8,496	4,802
23799	AJHS FACS	2,096	13,846	14,729	1,213
23800	AJHS General	8,306	43,333	34,414	17,225
23801	AJHS Football	1,495	-	1,490	5
23802	AJHS Honor Society	\$ 807	\$ 470	\$ 465	\$ 812

( cont'd; 2 of 3 )

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

FIDUCIARY FUNDS  
**Schedule of Changes in Assets and Liabilities - All Agency Funds**  
**Year Ended June 30, 2015**

Activity	Balance			Balance	
Fund	ASSETS	<u>June 30, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>June 30, 2015</u>
23803	AJHS Border Conference	\$ 71	\$ 2,466	\$ 2,362	\$ 175
23804	AJHS Industrial Arts	6,642	2,405	-	9,047
23805	AJHS Track	1,398	87	575	910
23806	AJHS Library	1,304	5,211	76	6,439
23807	AIS Boys Athletics	771	-	260	511
23808	AHS NM MESA	803	3,395	1,526	2,672
23809	APS Transportation	2,949	(555)	151	2,243
23810	AJHS Student Council	604	27	299	332
23812	AIS General	8,069	19,899	15,347	12,621
23813	AIS Library	162	665	318	509
23814	District 4-AAA	-	14,541	13,190	1,351
23815	AIS Grants	6	-	-	6
23816	AIS Vending	3,641	6,980	7,043	3,578
23817	AIS Band	10,295	23,035	24,233	9,097
23818	5th Grade Choir	8,167	-	3,742	4,425
23819	AIS Student Council	1,756	1,642	1,202	2,196
23821	AIS Chorus	12,614	36,713	30,940	18,387
23822	Children First	14	-	-	14
23823	AIS Art	1,609	4,932	2,113	4,428
23824	AIS Girls Athletics	551	1,179	999	731
23825	NMAA District Chair	9,753	10,649	14,477	5,925
23826	AHS Bowling	2,402	10,450	3,227	9,625
23829	Yeso PTO	10,529	49,246	44,202	15,573
23830	Roselawn PTO	5,752	3,480	6,173	3,059
23831	Yucca PTO	5,358	12,787	14,490	3,655
23832	Penasco PTO	4,250	8,489	7,013	5,726
23833	Rachel's Challenge	620	-	-	620
23834	LG Henerson	6,305	200	-	6,505
23835	Estel Yates II	401,799	-	-	401,799
23836	GH Morgan	429	120	262	287
23837	AIS Annual	2,210	3,576	1,771	4,015
23838	AHS Science	135	-	125	10
23839	Carol Tolle Scholarship	5,900	15,044	-	20,944
23840	PFS Activity	10	800	770	40
23841	Band All-State/Camp	-	6,348	6,348	-
23842	Masters Program	-	71,494	20,802	50,692
23843	Assets	-	238,698	238,698	-
23844	AJHS Navajo	-	10,000	75	9,925
23900	NMPSIA	172	-	-	172
23920	Special Projects	<u>1,742</u>	<u>-</u>	<u>-</u>	<u>1,742</u>
	Pooled cash and investments	<u>\$ 1,362,888</u>	<u>\$ 2,004,416</u>	<u>\$ 1,866,105</u>	<u>\$ 1,501,199</u>
 LIABILITIES					
	Deposits held for others	<u>\$ 1,362,888</u>	<u>\$ 2,004,416</u>	<u>\$ 1,866,105</u>	<u>\$ 1,501,199</u>

( 3 of 3 )



STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

SCHEDULE OF PLEDGED COLLATERAL  
**June 30, 2015**

	<u>Western Bank</u>	<u>First American Bank</u>	<u>Artesia Credit Union</u>	<u>Total</u>
Cash on deposit at June 30, 2015	\$ 6,419,134	\$ 29,766,627	\$ 5,367	\$ 36,191,128
Less: FDIC coverage	<u>250,000</u>	<u>250,000</u>	<u>5,367</u>	<u>505,367</u>
Uninsured funds	<u>\$ 6,169,134</u>	<u>\$ 29,516,627</u>	<u>\$ -</u>	<u>\$ 35,685,761</u>
50% collateral requirement	\$ 3,084,567	\$ 14,758,314	\$ -	\$ 17,842,881
Pledged collateral	<u>4,226,620</u>	<u>17,830,899</u>	<u>-</u>	<u>22,057,519</u>
Excess (deficiency) of pledged collateral	<u>\$ 1,142,053</u>	<u>\$ 3,072,585</u>	<u>\$ -</u>	<u>\$ 4,214,638</u>

Pledged collateral of financial institutions consists of the following at June 30, 2015

<u>Western Bank:</u>	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
Los Luna, NM	7/15/2021	545562PH7	\$ 545,000
Artesia, NM	6/1/2027	04310LAT7	355,000
UNM Gallup	10/15/2023	914684DW2	250,000
GNMA	4/20/2028	36202c2k8	20,628
FNMA	3/1/2038	31412SKY0	144,801
FNMA	6/27/2018	3136G0QL8	703,176
FNMA	4/1/2028	31371NU45	33,934
FNMA	5/26/2021	313G05J6	977,657
FHLB	6/11/2021	3133XFKF2	<u>1,196,424</u>
			<u>\$ 4,226,620</u>

The above securities are held at Federal Home Loan Bank in Dallas, TX.

<u>First American Bank:</u>	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
Dulce ISD	9/1/2018	264430KB4	\$ 191,393
Grant County	9/1/2016	387766BV9	513,235
Portales MSD	2/1/2017	736151DA6	400,628
Albuquerque, NM	8/1/2017	013572JD5	577,007
Artesia, NM	8/1/2017	04310KAT9	1,500,414
Gallup-McKinley SD	8/1/2017	364010NS3	211,354
San Juan ISD	8/1/2018	798359HQ1	938,349
Albuquerque SD	8/1/2019	013595QN6	212,384
Hobbs SD	7/15/2020	433866CR9	1,063,500
Belen MSD	8/1/2020	077581MQ6	180,381
Grants SD	11/15/2020	388240FZ1	815,712
Albuquerque SD	8/1/2022	013595LM3	2,190,680
Alamogordo MSD	8/1/2023	011464HL1	807,632
Torrance County	9/1/2023	891400NS8	359,852
Clovis SD	8/1/2024	189414JA4	652,828
Ruidoso, NM	6/1/2025	781346DP3	265,485
Belen MSD	8/1/2025	077581PT7	732,333
FNMA	12/1/2029	3138ENYB9	1,884,759
FNMA	1/1/1932	31410LQE5	1,862,187
FNMA	8/1/1936	3138ELZ97	1,573,063
GNMA	2/20/1942	36225FLV9	<u>897,723</u>
			<u>\$ 17,830,899</u>

The above securities are held at Federal Home Loan Bank in Dallas, TX.

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

CASH RECONCILIATION  
Year Ended June 30, 2015

	Beginning Cash	Receipts	Distributions	Other	Net Cash End of Period	Adjustments to the report	Total Cash on Report
Operations	\$ 2,607,786	\$ 28,197,048	\$ (27,452,490)	\$ 583,680	\$ 3,936,024	\$ (625,623)	\$ 3,310,401
Teachergage	79,995	148,432	(74,592)	-	153,835	-	153,835
Transportation	-	1,254,193	(1,254,193)	-	-	-	-
Instructional Materials	28,861	273,515	(208,978)	-	93,398	-	93,398
Food Services	28,287	1,529,190	(1,573,577)	16,100	-	-	-
Athletics	142,375	203,125	(174,936)	-	170,564	-	170,564
Activity Funds	-	-	-	-	-	-	-
Federal Flowthrough Funds	(569,334)	1,906,198	(1,836,455)	-	(499,591)	499,591	-
Federal Direct Funds	136,018	191,953	(235,151)	-	92,820	-	92,820
Local Grants	-	-	-	-	-	-	-
State Flowthrough Funds	(190,628)	667,948	(603,352)	-	(126,032)	126,032	-
Special Capital Outlay - State	-	297,000	(297,000)	-	-	-	-
Capital Improvements HB-33	17,362,736	11,285,516	(5,568,015)	-	23,080,237	-	23,080,237
Capital Improvements SB-9	5,401,841	4,495,614	(3,348,293)	-	6,549,162	-	6,549,162
Debt Service	596,910	6,354	(24)	(599,780)	3,460	-	3,460
Agency Funds	1,362,888	2,004,416	(1,866,105)	-	1,501,199	-	1,501,199
<b>Total</b>	<b>\$ 26,987,735</b>	<b>\$ 52,460,502</b>	<b>\$ (44,493,161)</b>	<b>\$ -</b>	<b>\$ 34,955,076</b>	<b>\$ -</b>	<b>\$ 34,955,076</b>

Account Name	Account Type	Bank Name	Bank Amount	Adjustments to report:	
Operational	Checking - Interest	Western Bank	\$ 6,397,033	Interfund loans - pooled cash	\$ (625,623)
Operational	Money Market - Interest	Western Bank	22,101	Interfund loans - pooled cash	499,591
Operational	Checking - Interest	First American Bank	5,567	Interfund loans - pooled cash	<u>126,032</u>
Operational	Money Market - Interest	First American Bank	1,021	Total adjustment to the report	<u>\$ -</u>
Cafeteria	Checking - Interest	First American Bank	5,342		
Activities	Checking - Interest	First American Bank	1,222	Adjustments to cash:	
Activities	Checking - Interest	Artesia Credit Union	5,367	Bank Balance	\$ 36,191,128
AP Clearing	Checking - Interest	First American Bank	1,071	Cash on hand	-
Capital improvement	Checking - Interest	First American Bank	29,250,967	Outstanding deposits	-
HB-33	Checking - Interest	First American Bank	1,437	Outstanding checks	<u>(1,236,052)</u>
Capital projects	Certificate of deposit	First American Bank	<u>500,000</u>	Total adjustment to cash	<u>\$ 34,955,076</u>
			<u>\$ 36,191,128</u>		

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

SCHEDULE OF VENDOR INFORMATION  
 (Individual Purchases in Exceeding \$60,000, Excluding Gross Receipts Tax)  
**Year Ended June 30, 2015**

Prepared by (Agency Staff Name): James T. Phipps Title: Assistant Superintendent of Operations Date: August 24, 2015

RFB/RFP #	Type of Procurement	Awarded To	Amount of Awarded Contract	Amount of Amended Contract	Name and Physical Address of All Respondents	In-State / Out-of-State Vendor	Veteran's Preference N/A for Federal Funds	Scope of Work
N/A	Cooperative	CES / CDW-G	\$ 206,340	\$ 206,340	CDW-G 75 Remittance Drive Suite 1515 Chicago, IL 60675-1515	Y	N	Laptop Computers
N/A	Cooperative	CES / CDW-G	94,050	94,050	CDW-G 75 Remittance Drive Suite 1515 Chicago, IL 60675-1515	Y	N	Laptop Computers
N/A	Cooperative	CES / AK Sales	103,048	103,048	AK Sales & Consulting Inc. 115 E. Country Club Roswell, NM 88201	Y	N	Computer Furniture
N/A	Cooperative	CES / ECI	83,715	83,715	Energy Control Inc. 2600 American Rd. SE #360 Rio Rancho, NM 87124	Y	N	Security Cameras
N/A	Cooperative	CES / CDW-G	336,950	336,950	CDW-G 75 Remittance Drive Suite 1515 Chicago, IL 60675-1515	Y	N	Laptop Computers
N/A	Cooperative	CES / ECI	81,357	81,357	Energy Control Inc. 2600 American Rd. SE #360 Rio Rancho, NM 87124	Y	N	Security Cameras
2014-2017	RFP	Dekker/Perich/Sabatini	164,998	164,998	Dekker/Perich/Sabatini 7601 Jefferson NE, Suite 100 Albuquerque, NM 87109	Y	N	Architectural Design Services
2014-2017	RFP	Dekker/Perich/Sabatini	153,914	153,914	Dekker/Perich/Sabatini 7601 Jefferson NE, Suite 100 Albuquerque, NM 87109	Y	N	Architectural Design Services
2014-2017	RFP	Dekker/Perich/Sabatini	133,825	133,825	Dekker/Perich/Sabatini 7601 Jefferson NE, Suite 100 Albuquerque, NM 87109	Y	N	Architectural Design Services
N/A	Cooperative	CES / AK Sales	84,401	84,401	AK Sales & Consulting Inc. 115 E. Country Club Roswell, NM 88201	Y	N	Storage Cabinets, Book Cases, etc.
N/A	Cooperative	CES / ECI	86,180	86,180	Energy Control Inc. 2600 American Rd. SE #360 Rio Rancho, NM 87124	Y	N	Security Cameras
Internet/Data 1516	RFP	Penasco Valley Telecommunic	86,400	98,400	Penasco Valley Telecommunications 4011 W. Main Artesia, NM 88210	Y	N	Internet/Phone Services

( contd; 1 of 3 )

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

SCHEDULE OF VENDOR INFORMATION  
 (Individual Purchases in Exceeding \$60,000, Excluding Gross Receipts Tax)  
**Year Ended June 30, 2015**

Prepared by (Agency Staff Name): James T. Phipps Title: Assistant Superintendent of Operations Date: August 24, 2015

RFB/RFP #	Type of Procurement	Awarded To	Amount of Awarded Contract	Amount of Amended Contract	Name and Physical Address of All Respondents	In-State / Out-of-State Vendor	Veteran's Preference	Scope of Work
N/A	Cooperative	CES / ECI	91,708	91,708	Energy Control Inc. 2600 American Rd. SE #360 Rio Rancho, NM 87124	Y	N	Security Cameras
No Name	RFB	Guy Chevrolet	80,720	80,720	Guy Chevrolet Company 101 W. Main Artesia, NM 88210	Y	N	Eight Passenger Vehicles
N/A	Cooperative	CES / Tillery Chevrolet	215,292	Have not paid for as of 9/16/2015	Tillery Chevrolet P.O. Box 609 Moriarty, NM 87035	Y	N	Activity Bus
PJT HVAC System Improvements	RFP	B & D Industries	888,309	Haven't paid final installment as of 9/16/2015	B & D Industries 9720 Bell Avenue SE Albuquerque, NM 87123	Y	N	HVAC Remodel
Auditorium HVAC System Improvements	RFP	Waide Construction	1,370,179	Job is not complete as of 9/16/2015	Waide Construction P.O. Box 2165 Roswell, NM 88202	Y	N	HVAC Remodel
Rosdawn Elementary Reroof	RFP	J3 Systems	65,760	65,760	J3 Systems 145 Bosque Farms Blvd Bosque Farms, NM 87069	Y	N	Roofing Remodel
Zia Intermediate Reroof	RFP	J3 Systems	1,064,895	Job is not complete as of 9/16/2015	J3 Systems 145 Bosque Farms Blvd Bosque Farms, NM 87069	Y	N	Roofing Remodel
N/A	Cooperative	CES/Waide Construction	65,117	69,554	Waide Construction P.O. Box 2165 Roswell, NM 88202	Y	N	Construction of Security Vestibule

( contd: 2 of 3 )

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

SCHEDULE OF VENDOR INFORMATION  
(Individual Purchases in Exceeding \$60,000, Excluding Gross Receipts Tax)  
**Year Ended June 30, 2015**

Prepared by (Agency Staff Name): James T. Phipps Title: Assistant Superintendent of Operations Date: August 24, 2015

RFB/REP #	Type of Procurement	Awarded To	Amount of Awarded Contract	Amount of Amended Contract	Name and Physical Address of All Respondents	In-State / Out-of-State Vendor	Veteran's Preference	Scope of Work
N/A	Cooperative	CES/Waide Construction	80,175	80,175	Waide Construction P.O. Box 2165 Roswell, NM 88202	Y	N	Construction of Security Vestibule
N/A	Cooperative	CES / AK Sales	83,487	Job is not complete as of 9/16/2015	AK Sales & Consulting Inc. 115 E. Country Club Roswell, NM 88201	Y	N	Construction of running Track
N/A	Cooperative	CES / AK Sales	105,095	105,095	AK Sales & Consulting Inc. 115 E. Country Club Roswell, NM 88201	Y	N	Installation of new storage cabinets
N/A	Cooperative	CES / CDW-G	300,600	300,600	CDW-G 75 Remittance Drive Suite 1515 Chicago, IL 60675-1515	Y	N	Laptop Computers
N/A	Cooperative	CES / CDW-G	142,340	142,340	CDW-G 75 Remittance Drive Suite 1515 Chicago, IL 60675-1515	Y	N	Laptop Computers
Janitorial Services	RFB	Quality Janitorial	161,387	161,387	Quality Janitorial P.O. Box 306 Hagerman, NM 88232	Y	N	Janitorial Services
Security Patrol Services	RFB	Sierra Security	104,558	104,558	Sierra Security R336 N. 13th Street Artesia, NM 88210	Y	N	Security Patrol Services
HVAC Services	RFB	Gunderson Heating & Cooling	129,000	139,333	Gunderson Heating & Cooling, LLC P.O. Box 69 Artesia, NM 88211	Y	N	HVAC Services
Plumbing Services	RFB	Crouch PHAC	Hourly Rate of \$74.00	190,780	Crouch PHAC, Inc. P.O. Box 1779 Artesia, NM 88211-1779	Y	N	Plumbing Services
Electrical Services	RFB	Wesson Electric	Hourly Rate of \$14.00	220,635	Wesson Electric P.O. Box 1838 Artesia, NM 88210	Y	N	Plumbing Services

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## **COMPLIANCE SECTION**

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

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Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance; and  
Report on the Schedule of Expenditures of  
Federal Awards Required By OMB Circular A-133

§

Schedule of Findings and Questioned Costs:  
Summary of Auditor's Results  
Financial Statement Findings  
Federal Award Findings

§

Summary Schedule of Prior Year Audit Findings

§

Schedule of Expenditures of Federal Awards  
Notes to the Schedule of Expenditures of Federal Awards

§

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

INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor  
The Board of Education and  
The Audit Committee of Artesia Public Schools

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 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Artesia Public Schools' basic financial statements, and the combining and individual funds and related budgetary comparisons of Artesia Public Schools, presented as supplemental information, and have issued our report thereon dated September 21, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit, of the financial statements, we considered Artesia Public Schools' 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 Artesia Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Artesia Public Schools' 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 Artesia Public Schools' financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a *material weakness*, yet important enough to merit attention by those charged with governance.

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. 2015-001.

Tim Keller, State Auditor  
The Board of Education and  
The Audit Committee of Artesia Public Schools

### Compliance and other matters

As part of obtaining reasonable assurance about whether Artesia Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

### Artesia Public Schools' Response to Findings

Artesia Public Schools responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Artesia Public Schools' 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 result of that testing, and not to provide an opinion on the effectiveness of the Artesia Public Schools' 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.

*Accounting & Financial Solutions, LLC*  
Farmington, New Mexico  
September 21, 2015

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

Tim Keller, State Auditor  
The Board of Education and  
The Audit Committee of Artesia Public Schools

**Report on Compliance for Each Major Federal Program**

We have audited Artesia Public Schools' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Artesia Public Schools' major federal programs for the year ended June 30, 2015. Artesia Public Schools' 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 Artesia Public Schools' 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 Artesia Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, Artesia Public Schools 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, 2015.

Tim Keller, State Auditor  
The Board of Education and  
The Audit Committee of Artesia Public Schools

### **Report on Internal Control Over Compliance**

Management of Artesia Public Schools 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 Artesia Public Schools' 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 Artesia Public Schools' 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.

*Accounting & Financial Solutions, LLC*  
Farmington, New Mexico  
September 21, 2015

SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
**Year Ended June 30, 2015**

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Cluster Programs</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture:</u>				
Direct Program:				
Forest Reserve	10.670	11000		\$ <u>12,987</u>
Pass-Through Program From:				
New Mexico Department of Education:				
<u>Child Nutrition Cluster:</u>				
USDA National School Lunch Program	10.555	21000	688,370	
USDA School Breakfast Program	10.553	21000	<u>359,710</u>	
Total Child Nutrition Cluster				1,048,080
Pass-Through Program From:				
New Mexico Human Service Department:				
USDA Commodities Program	10.550	21000		<u>108,407</u>
Subtotal Pass-Through Programs				<u>1,156,487</u>
Total U.S. Department of Agriculture				<u>1,169,474</u>
<u>U.S. Department of Education:</u>				
Pass-Through Programs From:				
New Mexico Department of Education:				
<u>Special Education (IDEA) Cluster:</u>				
Entitlement IDEA-B	84.027	24106	886,188	
Preschool IDEA-B	84.173	24109	<u>50,560</u>	
Total Special Education (IDEA) Cluster				936,748
Title I	84.010	24101		674,409
Title III English Language	84.365	24153		8,225
Title II Teacher Quality	84.367	24154		112,206
Rural & Low-Income Schools	84.358	24160		<u>77,409</u>
Subtotal Pass-Through Programs				<u>1,808,997</u>
Total U.S. Department of Education				<u>1,808,997</u>
<u>U.S. Department of Health and Human Services:</u>				
Pass-Through Program From:				
New Mexico Department of Health:				
Title XIX Medicaid	93.778	25153		<u>235,151</u>
Total Expenditures of Federal Awards				<u>\$ 3,213,622</u>

See the accompanying notes to the Schedule of Expenditures of Federal Awards.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 YEAR ENDED JUNE 30, 2015

1. Scope of audit pursuant to OMB Circular A-133

All federal grant operations of Artesia Public Schools (the “School District”) are included in the scope of the Office of management and Budget (“OMB”) Circular A-133 audit (the “Single Audit”). The Single Audit was performed in accordance with the provisions of the OMB Circular Compliance Supplement (Revised July 2015 the “Compliance Supplement”). Compliance testing of all requirements are described in the Compliance Supplement, was performed for the grants programs noted below. These programs represent all federal award programs and other grants with fiscal 2015 cash and non-cash expenditures to ensure coverage of at least 25% (LOW risk auditee) of federally granted funds. Actual coverage is approximately 33% of total cash and non-cash federal award program expenditures. Total cash expenditures were in the amount of \$2,996,808 and all non-cash expenditures amounted to \$108,407.

<u>Major Federal Award Program Description</u>	<u>Fiscal 2015 Expenditure</u>
Cash assistance:	
USDA Child Nutrition Cluster	<u>\$ 1,048,080</u>

The District had one federal program, USDA Child Nutrition Cluster, that was considered a high risk Type A programs for the 2015. The U.S. Department of Education is the School District’s oversight agency for single audit.

2. Summary of significant accounting policies

Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position and changes in net position of the District. All federal programs considered active during the year ended June 30, 2015, are reflected on the Schedule. An active federal program is defined as a federal program for which there were receipts or disbursements of funds or accrued (deferred) grant revenue adjustments during the fiscal year or a federal program considered as not completed or closed out at the beginning of the fiscal year. The Schedule is prepared using the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the District has met the qualifications for the respective grant. Grant revenues for the Food Donation Program are based upon commodities received, at amounts per standard price listing, published quarterly by the United States Department of Agriculture (the “USDA”). In addition, there is no federal insurance in effect during the year and loan or loan guarantee outstanding at year end.

Accrued and deferred reimbursements

Various reimbursement procedures are used for Federal awards received by the School District. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over receipts to date. Deferred balance at year-end represent an excess of cash receipts over reimbursable expenditure to date. Generally, accrued or deferred balances covered by differences in the timing of cash receipts and expenditures will be reversed in the remaining grant period.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 YEAR ENDED JUNE 30, 2015

I. SUMMARY OF AUDIT RESULTS

	<u>Yes</u>	<u>No</u>	<u>Occurrences</u>
<b>FINANCIAL STATEMENTS:</b>			
Type of auditor's report issued: <u>Unmodified</u>			
Internal control over financial reporting:			
Material weakness(es) identified?	—	✓	—
Significant Deficiency(ies) identified?	✓	—	1
Noncompliance material to financial statements noted?	—	✓	—
<b>FEDERAL AWARDS:</b>			
Internal control over major programs:			
Material weakness(es) identified?	—	✓	—
Significant Deficiency(ies) identified?	—	✓	—
Type of auditor's report issued on compliance with major programs: <u>Unmodified</u>			
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	—	✓	—
The programs treated as major programs include:			
<b><u>Name of Federal Program or Cluster</u></b>	<b><u>CFDA Number</u></b>		
USDA Child Nutrition Cluster	10.553 & 10.555		
The threshold for distinguishing types A and B programs: <u>\$300,000</u>			
Auditee qualified as low-risk auditee?	✓	—	



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
YEAR ENDED JUNE 30, 2015

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II. FINDINGS RELATED TO FINANCIAL STATEMENTS

2015 – 001 CONTROLS OVER CAPITAL ASSETS  
*Significant Deficiency in Internal Control*

Condition: Management does not have written policies and procedures for controlling the capital assets master file. There is not an approval process for making changes to the master file. Additionally, there is not a review process in place to ensure the accuracy and oversight of the capital asset information.

Criteria: NMAC 2.20.1.8A states “Agencies should implement systematic and well-documented methods for accounting for their fixed assets. A computerized system is recommended, with appropriate controls on access and authorization of transactions.” A system of internal controls should be in place to provide reasonable assurance that the objectives to external reporting and compliance with laws and regulations as recommended by COSO. .

Effect of condition: The capital asset master file is susceptible to unauthorized alterations, either intentional or accidental. The District is also at risk of not complying with laws and regulations in the event of an extended illness or other event that results in the position of maintaining the master file being vacated.

Cause: Management has not approved and implemented an official system of controls for maintaining and reviewing the capital assets master file.

Recommendation: An official system of controls over the capital assets master file should be developed, approved by the governing board, and implemented. The system should dictate the documenting and approval of changes to the master file. The system should also establish a regular monitoring of the master file to ensure it has not been altered and allows for consistent tracking and reporting.

Management’s response: We will develop a process through our internal controls to monitor and approve all updates and changes to our Capital Assets File. Since our District has fully implemented the Visions software, the process of monitoring and approving should be easier to regulate and maintain.

III. AUDIT FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings required to be reported relating to federal awards.

## SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2015

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### I. NOT RESOLVED

There were no findings to be reported from the prior year.

### II. RESOLVED

2012 – 005 PAYROLL-COMPLIANCE AND INTERNAL CONTROL-SIGNIFICANT DEFICIENCY

*Current Status:* Resolved. Not repeated in the current year.

2014 – 001 DISPOSAL OF CAPITAL ASSETS-COMPLIANCE AND OTHER MATTERS

*Current Status:* Resolved. Not repeated in the current year.

2014 – 002 NEW MEXICO NEW HIRE REPORTING - COMPLIANCE AND INTERNAL CONTROL-SIGNIFICANT DEFICIENCY

*Current Status:* Resolved. Not repeated in the current year.

2014 – 003 1099'S/W9'S-COMPLIANCE AND OTHER MATTERS

*Current Status:* Resolved. Not repeated in the current year.

2014 – 004 EXPENDITURE ISSUES - COMPLIANCE AND INTERNAL CONTROL-SIGNIFICANT DEFICIENCY

*Current Status:* Resolved. Not repeated in the current year.

## REQUIRED DISCLOSURES

Year Ended June 30, 2015

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The financial statements were prepared by the independent public accountants.

An exit conference was held September 21, 2015 during which the audit findings were discussed. The exit conference was attended by the following individuals:

### ARTESIA PUBLIC SCHOOLS

David Conklin	Member, Board of Education / Audit Committee
Dr. Crit Caton	Superintendent, Audit Committee
Thad Phipps	Assistant Superintendent, Audit Committee
J.R. Null	Assistant Superintendent, Audit Committee
Danny parker	Assistant Superintendent
Janet Grice	Business Manager; Member, Audit Committee

### ACCOUNTING & FINANCIAL SOLUTIONS, LLC

Terry Ogle, CPA	Partner
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