



**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS**

“CREATING SUCCESS TOGETHER...ONE STUDENT AT A TIME”

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

For the Year Ended June 30, 2013

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
FINANCIAL STATEMENTS AND SUPPLEMENTAL
INFORMATION
YEAR ENDED JUNE 30, 2013**

WITH REPORT OF INDEPENDENT AUDITORS

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
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DES MOINES MUNICIPAL SCHOOLS
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DES MOINES MUNICIPAL SCHOOLS
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**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
OFFICIAL ROSTER
Year Ended June 30, 2013**

Board of Education

Damon Brown
Barry Hittson
Zach Osborn
Alfred Newkirk
Scott Warner

President
Vice-President
Secretary
Member
Member

School Officials

Dr. Tena Hoyle
Terri Trujillo

Superintendent
Business Manager

Report of Independent Auditors

Mr. Hector Balderas
New Mexico State Auditor
&
The Board of Education
Des Moines Municipal Schools

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund and the major special revenue funds of the Des Moines Municipal Schools (District), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's non major governmental funds and the budgetary comparisons for the major debt service fund and all non major funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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

Mr. Hector Balderas
New Mexico State Auditor
&
The Board of Education
Des Moines Municipal Schools

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

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

Opinions

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

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.

Mr. Hector Balderas
New Mexico State Auditor
&
The Board of Education
Des Moines Municipal Schools

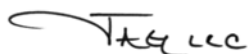
Other Information

Our audit was conducted for the purpose of forming opinions on the District's financial statements, the combining and individual fund financial statements, and budgetary comparisons. The Schedule of Changes in Fiduciary Net Assets and Liabilities – Agency Funds and the Schedule of Cash Receipts and Disbursements – All Funds by School District Classification required by the New Mexico State Audit Rule 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 Changes in Fiduciary Net Assets and Liabilities – Agency Funds and the Schedule of Cash Receipts and Disbursements – All Funds by School District Classification 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 Changes in Fiduciary Net Assets and Liabilities – Agency Funds and the Schedule of Cash Receipts and Disbursements – All Funds by School District Classification 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 August 22, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Jaramillo Accounting Group LLC
Albuquerque, New Mexico
August 22, 2014

FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF NET POSITION
As of June 30, 2013**

	Governmental Activities
ASSETS	
Current assets	
Cash & cash equivalents	\$ 881,843
Taxes receivable	3,634
Due from grantors	46,524
Total current assets	932,001
Non-current assets	
Capital assets	7,282,681
Less accumulated depreciation	(3,007,032)
Total non-current assets	4,275,649
Total assets	\$ 5,207,650
LIABILITIES	
Current liabilities	
Cash overdraft	\$ 85,054
Unearned revenue	96,700
Accounts payable	52,874
Accrued liabilities	35,111
Accrued interest	1,387
Current portion of long-term obligations	115,000
Total current liabilities	386,126
Long-term obligations	
Non-current portion of long-term obligations	265,000
Compensated absences	6,358
Total long-term obligations	271,358
Total liabilities	657,484
NET POSITION	
Net investment in capital assets	3,895,649
Restricted for	
Capital projects	180,807
Debt service	145,888
Special grants	267,304
Unrestricted	60,518
Total net position	4,550,166
Total net position and liabilities	\$ 5,207,650

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2013**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue and Changes Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Expenses:					
Governmental activities:					
Direct instruction	\$ 952,038	28,938	69,815	-	(853,285)
Instructional support	1,155,659	-	269,527	235,221	(650,911)
Food services	42,952	14,217	33,273	-	4,538
Facilities, supplies, and other services	-	-	-	-	-
Depreciation	167,067	-	-	-	(167,067)
Interest on long-term obligations	11,283	-	-	-	(11,283)
Total Governmental activities	<u>\$ 2,328,999</u>	<u>43,155</u>	<u>372,615</u>	<u>235,221</u>	<u>(1,678,008)</u>

General revenues:

Taxes:

Property taxes, levied for general purpose	12,229
Property taxes, levied for capital project	53,719
Property taxes, levied for debt service	130,288

Federal and State aid not restricted to specific purpose:

State Equalization Guarantee	928,586
Emergency State Equalization Guarantee	600,000
Other	41,547
Interest and investment earnings	3,201
Total general revenues	<u>1,769,570</u>

Change in net position	91,562
Net position - beginning of year	<u>4,458,604</u>
Net position - end of year	<u>\$ 4,550,166</u>

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS
As of June 30, 2013

	<i>Fund 10000</i>	<i>Fund 24101</i>	<i>Fund 24106</i>	<i>Fund 25208</i>	<i>Fund 25233</i>	<i>Fund 26176</i>
	General	Title I	IDEA-B Entitlement	Farm to School Fund	REAP	Dental (NM Community Foundation)
Assets						
Cash and cash equivalent	\$ 354,482	-	-	32,081	19,637	27,835
Accounts receivable, collectible	206	-	-	-	-	-
Due from grantor	-	11,409	11,214	-	-	-
Due from other funds	-	22,718	24,276	-	-	-
Total Assets	\$ 354,688	34,127	35,490	32,081	19,637	27,835
Liabilities						
Cash overdraft	-	34,127	35,490	-	-	-
Accounts payable	-	-	-	11,111	-	-
Accrued liabilities	35,111	-	-	-	-	-
Interest payable	-	-	-	-	-	-
Due to other funds	52,273	-	-	-	-	-
Unearned revenues	-	-	-	20,970	19,637	27,835
Total Liabilities	87,384	34,127	35,490	32,081	19,637	27,835
Fund Balance						
Restricted for debt service	-	-	-	-	-	-
Restricted for capital projects	-	-	-	-	-	-
Restricted by grantor	-	-	-	-	-	-
Unassigned	267,304	-	-	-	-	-
Total Fund Balance	267,304	-	-	-	-	-
Total Liabilities and Fund Balances	\$ 354,688	34,127	35,490	32,081	19,637	27,835

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS
As of June 30, 2013

	<i>Fund 29130</i> School Based Health Center	<i>Fund 31900</i> Educational Technology Equipment Act	<i>Fund 41000</i> Debt Service	Other Governmental	Total
Assets					
Cash and cash equivalent	\$ 28,020	137,256	107,524	175,008	881,843
Accounts receivable, collectible	-	-	1,491	1,937	3,634
Due from grantor	13,743	-	-	10,158	46,524
Due from other funds	-	-	-	5,279	52,273
Total Assets	<u>\$ 41,763</u>	<u>137,256</u>	<u>109,015</u>	<u>192,382</u>	<u>984,274</u>
Liabilities					
Cash overdraft	-	-	-	15,437	85,054
Accounts payable	41,763	-	-	-	52,874
Accrued liabilities	-	-	-	-	35,111
Interest payable	-	-	627	760	1,387
Due to other funds	-	-	-	-	52,273
Unearned revenues	-	-	-	28,258	96,700
Total Liabilities	<u>41,763</u>	<u>-</u>	<u>627</u>	<u>44,455</u>	<u>323,399</u>
Fund Balance					
Restricted for debt service	-	-	108,388	37,500	145,888
Restricted for capital projects	-	137,256	-	43,551	180,807
Restricted by grantor	-	-	-	66,876	66,876
Unassigned	-	-	-	-	267,304
Total Fund Balance	<u>-</u>	<u>137,256</u>	<u>108,388</u>	<u>147,927</u>	<u>660,875</u>
Total Liabilities and Fund Balances	<u>\$ 41,763</u>	<u>137,256</u>	<u>109,015</u>	<u>192,382</u>	<u>984,274</u>

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
For The Year Ended June 30, 2013**

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

Total fund balances - governmental funds	\$	660,875
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds

The cost of capital assets	7,282,681	
Accumulated depreciation	<u>(3,007,032)</u>	
		4,275,649

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-term and other liabilities at year end consist of:

Bonds payable	(380,000)	
Compensated absences	<u>(6,358)</u>	
		<u>(386,358)</u>

Total net position - government funds	\$	<u>4,550,166</u>
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See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For The Year Ended June 30, 2013

	<i>Fund 10000</i>	<i>Fund 24101</i>	<i>Fund 24106</i>	<i>Fund 25208</i>	<i>Fund 25233</i>	<i>Fund 26176</i>
	General	Title I	IDEA-B Entitlement	Farm to School Fund	REAP	Dental (NM Community Foundation)
Revenues						
Property taxes	\$ 12,229	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Local sources	-	-	-	-	-	-
State sources	1,748,787	-	-	-	-	-
Federal sources	8,454	28,715	25,681	14,449	18,105	-
Earnings from investments	800	-	-	-	-	-
Gifts and donations	178	-	-	-	-	-
Rents and leases	7,011	-	-	-	-	-
Refunds	26,774	485	51	-	27	-
Total Revenues	1,804,233	29,200	25,732	14,449	18,132	-
Expenditures						
Current:						
Direct instruction	829,153	28,592	25,706	3,338	18,132	-
Instructional support	849,987	-	-	11,111	-	-
Food services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service						
Bonds - Principal	-	-	-	-	-	-
Bonds - Interest	-	-	-	-	-	-
Bonds - Cost of issuance	-	-	-	-	-	-
Total Expenditures	1,679,140	28,592	25,706	14,449	18,132	-
Excess (deficiency) of revenues over expenditures	125,093	608	26	-	-	-
Other financing sources (uses)						
Transfers	(22,074)	(608)	(26)	-	-	-
Proceeds from bond issuance	-	-	-	-	-	-
Total other financing sources (uses)	(22,074)	(608)	(26)	-	-	-
Net change in fund balance	103,019	-	-	-	-	-
Fund balance beginning of year	164,285	-	-	-	-	-
Fund balance end of year	\$ 267,304	-	-	-	-	-

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For The Year Ended June 30, 2013

	<i>Fund 29130</i> School Based Health Center	<i>Fund 31900</i> Educational Technology Equipment Act	<i>Fund 41000</i> Debt Service	Other Governmental	Total
Revenues					
Property taxes	\$ -	-	50,586	133,421	196,236
Charges for services	-	-	-	43,155	43,155
Local sources	-	-	-	-	-
State sources	212,890	-	-	3,618	1,965,295
Federal sources	-	-	-	51,081	146,485
Earnings from investments	-	1,601	-	800	3,201
Gifts and donations	-	-	-	-	178
Rents and leases	-	-	-	-	7,011
Refunds	753	-	-	6,268	34,358
Total Revenues	<u>213,643</u>	<u>1,601</u>	<u>50,586</u>	<u>238,343</u>	<u>2,395,919</u>
Expenditures					
Current:					
Direct instruction	-	-	-	58,256	963,177
Instructional support	3,603	224,122	903	65,933	1,155,659
Food services	-	-	-	42,952	42,952
Capital outlay	210,040	-	-	-	210,040
Debt service					
Bonds - Principal	-	-	45,000	40,000	85,000
Bonds - Interest	-	-	3,963	7,320	11,283
Bonds - Cost of issuance	-	-	-	-	-
Total Expenditures	<u>213,643</u>	<u>224,122</u>	<u>49,866</u>	<u>214,461</u>	<u>2,468,111</u>
Excess (deficiency) of revenues over expenditures	-	(222,521)	720	23,882	(72,192)
Other financing sources (uses)					
Transfers	-	-	-	22,708	-
Proceeds from bond issuance	-	-	-	-	-
Total other financing sources (uses)	-	-	-	22,708	-
Net change in fund balance	-	(222,521)	720	46,590	(72,192)
Fund balance beginning of year	-	359,777	107,668	101,337	733,067
Fund balance end of year	\$ -	137,256	108,388	147,927	660,875

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES -GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES -
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2013**

Total net changes in fund balances - governmental funds \$ (72,192)

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

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

Depreciation expense	(167,607)	
Capital outlays	<u>235,221</u>	
Excess of capital outlay over depreciation expense		67,614

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

Compensated absences	11,140
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The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds while the repayments of the principal of long-term debt consumes the current of financial resources of governmental funds.

Repayment of principal on long-term debt	<u>85,000</u>
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Change in net position of governmental activities	\$ <u><u>91,562</u></u>
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See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (10000)(Combination of Funds 11000, 12000, 13000, and 14000)
For The Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 10,798	10,798	15,627	4,829
Charges sources	-	-	8,454	8,454
Local sources	6,000	6,000	7,000	1,000
State sources	1,633,256	1,748,016	1,748,787	771
Federal sources	-	-	-	-
Earnings from investments	-	-	800	800
Total revenues	<u>\$ 1,650,054</u>	<u>1,764,814</u>	<u>1,780,668</u>	<u>15,854</u>
EXPENDITURES				
Direct instruction	\$ 873,574	964,025	865,116	98,909
Instructional support	814,321	838,630	786,048	52,582
Food services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 1,687,895</u>	<u>1,802,655</u>	<u>1,651,164</u>	<u>151,491</u>
BUDGETED CASH BALANCE	<u>\$ 37,841</u>	<u>37,841</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ 1,780,668
Change in receivables	(23,565)
Modified accrual basis	<u>\$ 1,804,233</u>
EXPENDITURES	
Budgetary basis	\$ 1,651,164
Change in payables	(27,976)
Modified accrual basis	<u>\$ 1,679,140</u>

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE I FUND (24101)
For The Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Federal sources	\$ 24,332	92,741	26,005	(66,736)
Total revenues	<u>\$ 24,332</u>	<u>92,741</u>	<u>26,005</u>	<u>(66,736)</u>
EXPENDITURES				
Direct instruction	\$ 24,332	92,741	28,592	64,149
Instructional support	-	-	-	-
Food services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 24,332</u>	<u>92,741</u>	<u>28,592</u>	<u>64,149</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>-</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES		
Budgetary basis	\$ 26,005	
Change in receivables	(3,195)	
Modified accrual basis	<u>\$ 29,200</u>	
EXPENDITURES		
Budgetary basis	\$ 28,592	
Change in payables	-	
Modified accrual basis	<u>\$ 28,592</u>	

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
IDEA-B ENTITLEMENT FUND (24106)
For The Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Federal sources	\$ 33,121	62,664	43,314	(19,350)
Total revenues	<u>\$ 33,121</u>	<u>62,664</u>	<u>43,314</u>	<u>(19,350)</u>
EXPENDITURES				
Direct instruction	\$ 33,121	62,664	25,706	36,958
Instructional support	-	-	-	-
Food services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 33,121</u>	<u>62,664</u>	<u>25,706</u>	<u>36,958</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>-</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES		
Budgetary basis	\$ 43,314	
Change in receivables	17,582	
Modified accrual basis	<u>\$ 25,732</u>	
EXPENDITURES		
Budgetary basis	\$ 25,706	
Change in payables	-	
Modified accrual basis	<u>\$ 25,706</u>	

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FARM TO SCHOOL (25208)
For The Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Federal sources	\$ -	39,355	35,420	(3,935)
Total revenues	<u>\$ -</u>	<u>39,355</u>	<u>35,420</u>	<u>(3,935)</u>
EXPENDITURES				
Direct instruction	\$ -	39,355	3,338	36,017
Instructional support	-	-	-	-
Food services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>39,355</u>	<u>3,338</u>	<u>36,017</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>-</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES		
Budgetary basis	\$ 35,420	
Change in receivables	20,971	
Modified accrual basis	<u>\$ 14,449</u>	
EXPENDITURES		
Budgetary basis	\$ 3,338	
Change in payables	(11,111)	
Modified accrual basis	<u>\$ 14,449</u>	

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
REAP (25233)
For The Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 20,699	20,699	30,043	9,344
Total revenues	<u>\$ 20,699</u>	<u>20,699</u>	<u>30,043</u>	<u>9,344</u>
EXPENDITURES				
Instructional support	\$ 20,669	20,669	18,132	2,537
Total expenditures	<u>\$ 20,669</u>	<u>20,669</u>	<u>18,132</u>	<u>2,537</u>

Reconciliation of budgetary basis to modified accrual statements

REVENUES

Budgetary basis	\$ 30,043
Change in receivables	11,911
Modified accrual basis	<u>\$ 18,132</u>

EXPENDITURES

Budgetary basis	\$ 18,132
Change in payables	-
Modified accrual basis	<u>\$ 18,132</u>

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DENTAL (NM COMMUNITY FOUNDATION FUND)(26176)
For The Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Local sources	\$ -	-	-	-
Total revenues	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Direct instruction	\$ -	-	-	-
Instructional support	10,534	10,534	-	10,534
Food services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 10,534</u>	<u>10,534</u>	<u>-</u>	<u>10,534</u>
BUDGETED CASH BALANCE	<u>\$ 10,534</u>	<u>10,534</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ -
Change in receivables	-
Modified accrual basis	<u>\$ -</u>
EXPENDITURES	
Budgetary basis	\$ -
Change in payables	-
Modified accrual basis	<u>\$ -</u>

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SCHOOL BASED HEALTH CENTER FUND (29130)
For The Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State sources	\$ -	533,855	171,880	(361,975)
Total revenues	<u>\$ -</u>	<u>533,855</u>	<u>171,880</u>	<u>(361,975)</u>
EXPENDITURES				
Direct instruction	\$ -	-	-	-
Instructional support	-	34,393	3,603	30,790
Food services	-	-	-	-
Capital outlay	-	499,462	178,577	320,885
Total expenditures	<u>\$ -</u>	<u>533,855</u>	<u>182,180</u>	<u>351,675</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>-</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ 171,880
Change in receivables	(41,763)
Modified accrual basis	<u>\$ 213,643</u>
EXPENDITURES	
Budgetary basis	\$ 182,180
Change in payables	(31,463)
Modified accrual basis	<u>\$ 213,643</u>

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EDUCATIONAL TECHNOLOGY EQUIPMENT ACT - 31900
For The Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings from investments	\$ 3,000	3,000	1,602	(1,398)
Bond proceeds	-	-	-	-
Total revenues	<u>\$ 3,000</u>	<u>3,000</u>	<u>1,602</u>	<u>(1,398)</u>
EXPENDITURES				
Instructional support	\$ -	-	-	-
Bonds principal	-	-	-	-
Bond interest	-	-	-	-
Other services	323,335	323,335	233,354	323,335
Total expenditures	<u>\$ 323,335</u>	<u>323,335</u>	<u>233,354</u>	<u>323,335</u>
BUDGETED CASH BALANCE	<u>\$ 320,335</u>	<u>320,335</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ 1,602
Change in receivables	1
Modified accrual basis	<u>\$ 1,601</u>
EXPENDITURES	
Budgetary basis	\$ 233,354
Change in payables	9,232
Modified accrual basis	<u>\$ 224,122</u>

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES - AGENCY FUNDS
As of June 30, 2013**

Assets

Cash and cash equivalents	\$ 80,488
Total Assets	<u>\$ 80,488</u>

Liabilities

Deposits held for others	<u>\$ 80,488</u>
Total Liabilities	<u>\$ 80,488</u>

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Des Moines Municipal Schools (District) have been prepared in conformity with accounting principles generally accepted in the United State of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The Des Moines Municipal Schools Board of Education was created under the provision of Chapter 22, Article 5, Paragraph 4, New Mexico Statutes 1978, to provide public education for the children within the District. The Board of Education is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the State Board of Education and the Legislative Finance Committee. The Board is comprised of five members who are elected for terms of four years.

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

B. Basis of Presentation

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

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

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

Governmental Funds

Major Funds - The major funds presented in the fund financial statements include:

General Fund (10000) – The primary operating fund of the District accounts for all financial resources, except those required to be accounted for in other funds. This fund includes the following sub-funds: Operational (11000), Teacherage (12000), Transportation (13000) and Instructional Material (14000).

Special Revenue Fund – Title I (24101) - The Title I project provides remedial instruction in language arts for educationally deprived students in low income areas. The project is funded by the Federal Government through the New Mexico State Department of Education, under the Elementary and Secondary Education Act of 1965, Title I Chapter 1, Part A, 20 U.S.C. 2701 et seq.

Special Revenue Fund – IDEA-B Entitlement (24106) – To account for resources received for the operation and maintenance of meeting special education need of children with disabilities.

Special Revenue Fund – Farm-to-School (25208) - The purpose of the USDA Farm to School Grant Program is to assist eligible entities in implementing farm to school programs that improve access to local foods in eligible schools.

Special Revenue Fund - REAP (Rural Education Achievement Program) (25233) - To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

Special Revenue Fund - Dental - NM Community Foundation (26176) – Funding received from the NM Community Foundation and recommendations from the School Based Health Clinic Advisory Committee.

Special Revenue Fund – School Based Health Center (29130) – To account for resources provided by the State for the purpose of providing a health center on campus for students.

Special Revenue Fund – Educational Technology Equipment Act (31900) – To account for State funding to promote the comprehensive integration of advanced technologies in education settings, through the conduct of technical assistance, professional development, information and resource dissemination, and collaboration activities.

Debt Services Fund – Debt Service (41000) – To account for resources for the purpose of paying general obligation bonds and interest coupons. Fund are received from property taxes levied against property located within the school district and levied specifically for this purpose.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

Agency Funds – Account for assets that the government holds for others in an agency capacity. These agency fund are as follows:

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

Non-Major Funds - The District also reports additional Governmental Funds as non-major located behind the footnotes to the financial statements. They include:

Special Revenue Fund - Food Services (21000) – This program provided financing for the School Hot Lunch Program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Section 2-12, 60 Stat. 230, 42 U.S.C 1751 et seq.; 80 stat. 889, as amended, 84 sta. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 stat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 sat. 3341; Public Law 100-71, 101 stat. 430.

Special Revenue Fund - Athletics (22000) - This fund provides financing for school athletic activities. Funding is provided by fees from patrons. Fund is authorized by 6-20-2 NMAC.

Special Revenue Fund - Preschool IDEA-B (24109) - The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17.

Special Revenue Fund - Title V (24150) - To account for resources received to assist State and Local educational agencies in the reform of elementary and secondary education. Financing and authority is provided by the Elementary and Secondary Education Act of 1965, Title VI, as amended, 20 U.S .C. 7301-7373.

Special Revenue Fund – Improving Teacher Quality (24154) - To account for resources received to enable the District to become a community learning center to keep children safe in the after school hours . Resources are provided by New Mexico Legislation and the Federal Title IV Act. Funding and Authority is provided by the Elementary and Secondary Education Act of 1965, as amended, Title IV, Part B.

Special Revenue Fund – Title I Stimulus (24201) – To account for funds received from the Federal Government to supplement State and local funding to help low-achieving children, especially in high-poverty schools. The program finances the additional academic support and learning opportunities that are often required to help disadvantaged students progress along with their classmates. Financing and

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

authority for this program are the American Recovery and Reinvestment Act.

Special Revenue Fund - Safe Routes to Schools (25146) - To account for resources received as a federal-aid program to enable and encourage children to walk and bicycle to school, to make bicycling and walking to school a safer and more appealing transportation alternative and to facilitate planning, development, and implementation of projects and activities that will improve safety and reduce traffic, fuel consumption and air pollution in the vicinity of schools. Financing and authority provided by the Section 1404 of the 2005 Safe, Accountable, Flexible, and Efficient Transportation Act: A Legacy for Users.

Special Revenue Fund – Medicaid (25153) - To account for reimbursement of health-related services of medical eligible students receiving related services for administrative time study, and for a statement of service costs study. The fund is administered by the Lea Regional Cooperative Center #7. It is included in this report to identify the loan from operational to cover cost not yet reimbursed by the Cooperative Authorized by Public Law 92-222, Public Law 104-208.

Special Revenue Fund - SEG Federal Stimulus (25250) - To account for resources received from the American Recovery and Reinvestment Act of 2009 (ARRA) for direct instruction in the form of salaries and benefits.

Special Revenue Fund - Heath Schools and Communities (26173) - To account for resources received to be used to create healthy school environments. Financing and authority provided by the Association for Supervision and Curriculum Development.

Special Revenue Fund - Dual Credit Instructional Materials (27103) - This grant is intended for dual credit instructional materials for the students.

Special Revenue Fund – Incentives for School Improvement Act (27138) - To account for monies received to be used as determined by the school principal and teachers in cooperation with other school employees and the community. It shall not be used for salaries, salary increases or bonuses. Financing and authority is provided by NMSA 22-13A-5.

Special Revenue Fund - 2010 G.O. Bonds Student Library (27106) - The purpose of the 2010 general obligation bonds is to acquire library books, equipment and library resources for public school libraries. These funds were made available through Senate Bill 1, Laws of 2010, 2nd Special Session, Chapter 3, Section B3.

Special Revenue Fund - 2010 Formative Assessment (27111) - This grant is intended for formative assessments for English, Language Arts, and Math in grades 4 through 10.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

Special Revenue Fund - Technology for Education PED (27117) - The purpose of this grant is to assist the District to develop and implement a strategic, long-term plan for utilizing educational technology in the school system. Funds accounted for in this fund are received from the State of New Mexico. The authority for creation of this fund is NMSA 22-15A-1 to 22-15A-10

Special Revenue Fund - School Improvement Framework (27164) - To account for resources received from the State of New Mexico Public Education Department through a "Quality School District" award as a result of the district meeting Adequate Yearly Progress. These funds are to be used for Library acquisitions.

Special Revenue Fund - GO Bond School Library (27170) - To account for monies received from the SBI, Laws of 2010 Appropriation, Second Special Session, Chapter 3, Section BJ to be used to acquire library books, equipment and library resources for public school libraries statewide.

Special Revenue Fund - 2010 GO Bond Instructional Materials (27171) - To account for monies received for schools which received a letter grade of "A" or those which are recognized as a "Top Growth" school.

Special Revenue Fund - Rural Revitalization (27503) - To account for resources received for the New Mexico Rural Revitalization Initiative (Laws of 2008, Chapter 3, Section 4). The award is to be used for a "Mural Project".

Special Revenue Fund - Youth Conservation Corp (28133) - To account for resources received from Energy, Minerals and Natural Resources Department to provide for youth conservation activities and training. Financing and authority provided by Energy, Minerals and Natural Resources Department.

Special Revenue Fund – Union County Grant (29107) - To account for resources received from Union County to educate students, educators and parents about alcohol, DWI and tobacco. Financing and authority provided by Union County.

Special Revenue Fund – Bond Building (31100) – To account for resources received from the state of general obligation bonds for the purpose of constructing and renovating school buildings.

Special Revenue Fund – Special Capital Outlay State (31400) – To account for resources received for the construction of improvements to School property funded by a special legislative appropriation from the State of New Mexico.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

Debt Services Fund – Educational Technology Bonds (43000) – To account for resources for the purpose of paying technology bonds and interest coupons. Fund are received from property taxes levied against property located within the school district and levied specifically for this purpose.

C. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

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

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of the GASB.

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

Program revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from general revenues.

Allocation of Indirect Expense

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

Interest on debt is considered an indirect expense and is reported separately on the Statement of Activities.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

Fund Financial Statements

Governmental Funds

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

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

REVENUES

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

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

Sales and use taxes (which include oil/gas taxes and equipment taxes) are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable ad available.

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

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

EXPENDITURES

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

OTHER FINANCING SOURCES (USES)

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

Fiduciary Funds

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

D. Budgets

Basis of Budgetary Presentation. The accompanying budget statements; Statement of Revenues and Expenditures - Budget and Actual, (Non-GAAP Budgetary Basis), for the year ended June 30, 2013, are prepared on the basis of accounting prescribed by the State of New Mexico law and Public Education Department (PED) Regulations. These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. The budget comparisons are presented as the legally adopted budget with actual data on a non-GAAP budgetary basis. Each budget presented in the financial statements has a reconciliation at the bottom of the statement to reconcile them back to the GAAP basis funds statements.

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 School Budget and Planning Unit of the Public Education Department. Auxiliary student activity accounts are not budgeted.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

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

1. In April or May, the local school board submits to the School Budget Planning Unit (SBPU) of the New Mexico Public Education Department a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the State of New Mexico Public Education Department (PED) by the District contain headings and details as described by law and have been approved by the Public Education Department.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the SBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.
4. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBPU and the local school board. The budget is integrated formally into the accounting system. Encumbrances are used as an element of control and are integrated into the budget system. The District makes corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments are reviewed and approved by the SBPU.
5. 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 Public Education Department.
6. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the SBPU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the

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accompanying financial statements reflect the approved budget and amendments thereto.

9. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.
10. 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. New Mexico state law prohibits a Governmental Agency from exceeding an individual line item.

Budgetary Control. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Actual expenditures may not exceed the budget on a line item basis, i.e., each budgeted expenditure must be within budgeted amount. 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.

E. Encumbrances

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

F. Assets, Liabilities and Fund Equity

1. Cash & Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities three months or less from the date of acquisition. The District is authorized under the provisions of Chapter 6, Article 10, Paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

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2. Investments

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

- a. Bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within the last five years preceding; or
- b. Securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.
- c. In contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investments.

3. Accounts Receivable

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

The information required to report property taxes at full accrual was not available during the year.

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Accounts receivable consist of the following:

	<u>General</u>	<u>Other Major</u>	<u>Other Governmental</u>	<u>Total</u>
Property taxes	\$ 206	1,491	1,937	3,634
Local sources	-	-	-	-
Intergovernmental	-	-	-	-
	<u>\$ 206</u>	<u>1,491</u>	<u>1,937</u>	<u>3,634</u>

4. Capital Assets

Capital assets are recorded at historical cost and depreciated over their estimated useful lives (with no salvage value).

Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The District does not capitalize interest in regards to its capital assets.

Estimated useful life is management's estimate of how long the assets is expected to meet service demands.

Straight line depreciation is used based on the following estimated useful lives:

Land improvements	50 years
Buildings & building improvements	20 to 50 years
Furniture & equipment	10 years
Auto/Vehicle	10 years

GASB Statement 34 requires the recording and depreciation of infrastructure assets, which included roads, bridges, traffic signals, etc. The District did not own any infrastructures assets.

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

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5. Unearned Revenues

The District reports unearned revenues on its Statement of Net Position and fund balance sheet.

Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for the unearned revenue is removed from the balance sheet and the revenue is recognized.

6. Compensated Absences

All 12-month or full-time employees earn vacation and sick leave in amounts varying with tenure and classification. Employees cannot accumulate more than 20 days of vacation leave.

Upon retirement, unused vacation leave up to 20 days is paid to employees. No reimbursement or accrual is made for unused sick leave.

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

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

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

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

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

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7. Fund Balance of Fund Financial Statements

The fund financial statements utilize a fund balance presentation. Fund balances are categorized as follows:

Nonspendable - portion of net resources that cannot be spent because of their form or because they must remain intact.

Restricted - amounts constrained by external parties, constitutional provision, or enabling legislation.

Committed - amounts constrained by a government using its highest level of decision-making authority. The Board of Education is the highest level of decision making authority. There are no committed funds in the current year.

Assigned - amounts a government intends to use for a particular purpose. There are no assigned funds in the current year.

Unassigned - amounts that are not constrained at all will be reported in the general fund.

8. Net Position of Governmental Activities Financial Statements

The governmental activities financial statements utilize a net position presentation. Net position is categorized as follows:

Net investment in capital assets - This category reflects the portion of net position that is associated with capital assets less outstanding capital asset related debt.

Restricted net position - This category reflects the portion of net position that has third party limitations on its use.

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

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

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9. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures /expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/ expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers

10. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditure during the reporting period. Actual results could differ from those estimates.

2. DEPOSITORY COLLATERAL

The following is the Cash on Deposit at each financial institution.

Farmers & Stockmen's Bank	*Checking (Main Account)	\$	833,165
Farmers & Stockmen's Bank	*Checking (NMPSIA & NMERB)		96,742
Farmers & Stockmen's Bank	*Checking (TT&L)		9,118
Farmers & Stockmen's Bank	Certificate of Deposit		23,001
Farmers & Stockmen's Bank	Certificate of Deposit		29,017
Farmers & Stockmen's Bank	Certificate of Deposit		3,363
	*Non-interest bearing	\$	<u>994,406</u>
Total amount of deposits		\$	994,406
Outstanding checks			<u>(117,129)</u>
Total per financial statements		\$	<u>877,277</u>
Cash – Governmental activities		\$	796,789
Cash – Agency funds			<u>80,488</u>
Total per financial statements		\$	<u>877,277</u>

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As June 30, 2013, the carrying amount of the School District's bank balance was \$994,406. Of this balance \$315,381 was covered by federal depository insurance and the remaining \$679,025 was covered by collateral.

Cash on deposit at June 30, 2013	\$ 994,406
Less F.D.I.C	<u>(315,381)</u>
Uninsured Funds	679,025
50% Collateral Requirement	339,513
Pledged Collateral	<u>741,280</u>
Excess of Pledged Collateral	<u>\$ 401,768</u>

Custodial Credit Risk -Deposits - Custodial Credit Risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk other than following state statutes noted in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). As of June 30, 2013, \$679,025 of the District's bank balance of \$994,406 was exposed to custodial credit risk:

Uninsured and uncollateralized	\$ -
Uninsured and collateralized with securities held by the pledging securities held by the pledging bank's trust department not in the School's name	<u>679,025</u>
	<u>\$ 679,025</u>

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the District's 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. 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 School District for at least one half of the amount on deposit with the institution. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district, or political subdivision of the State of New Mexico. The collateral pledged is shown as follows:

	<u>Maturity Date</u>	<u>Fair Market Value</u>
FHLMC #3128LXQC7	8-1-2036	241,280
Carlsbad, NM #142735DH9	8/1/2017	150,000
Los Lunas, NM #545562QB9	7/15/2015	<u>350,000</u>
		<u>\$741,280</u>

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

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3. CAPITAL ASSETS

Capital assets balances and activity for the year ended June 30, 2013 are as follows:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Governmental activities:				
Land	\$ 1,000	-	-	1,000
Construction-in-process	<u>23,035</u>	<u>210,040</u>	-	<u>233,075</u>
Total not being depreciated assets	<u>24,035</u>	<u>210,040</u>	-	<u>234,075</u>
Land improvements	449,457	-	-	449,457
Building & building improvements	5,666,511	-	-	5,666,511
Vehicles	213,229	-	-	213,229
Equipment	537,212	25,180	-	562,392
Furniture & fixtures	<u>157,016</u>	-	-	<u>157,016</u>
Total depreciable assets	<u>7,023,425</u>	<u>25,180</u>	-	<u>7,023,425</u>
Total assets	<u>7,047,460</u>	<u>235,221</u>	-	<u>7,282,681</u>
Accumulated depreciation:				
Land improvements	(163,026)	(20,650)	-	(183,676)
Building & building improvements	(1,856,975)	(136,063)	-	(1,993,038)
Vehicles	(183,969)	(6,620)	-	(190,589)
Equipment	(525,564)	(1,024)	-	(526,588)
Furniture & fixtures	<u>(109,891)</u>	<u>(3,250)</u>	-	<u>(113,141)</u>
Total	<u>(2,839,425)</u>	<u>(167,607)</u>	-	<u>(3,007,032)</u>
Governmental activities				
Capital assets, net	<u>\$ 4,208,035</u>	<u>67,614</u>	-	<u>4,275,649</u>

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4. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities:

During the year the following changes occurred in the liabilities reported in the Statement of Net Position:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
General Obligation Bonds	\$ 465,000	-	(85,000)	380,000	\$ 115,000
Compensated Absences	17,498	-	(11,140)	6,358	-
Total	\$ <u>482,498</u>	<u>-</u>	<u>(96,140)</u>	<u>386,358</u>	<u>\$ 115,000</u>

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

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

The following is a summary of bond transactions of the District for the year ended June 30, 2013:

General obligation bonds		
Payable, June 30, 2012	\$	465,000
Bonds paid		(85,000)
Bonds issued		<u>-</u>
General obligation bonds		
Payable, June 30, 2013	\$	<u>380,000</u>

The bonds were issued for the purpose of erecting, furnishing, remodeling and making additions to school buildings and improving school grounds. For the purpose of providing the necessary funds to meet the interest and principal as they become due, there is annually assessed, levied, and collected a tax upon all of the taxable property within the school district.

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The details of the bond issues and the remaining retirement amounts are summarized below.

Series	Date of Issue	Amount	Interest Rate	Balance
2003	04-15-03	\$ 200,000	2.85% - 4.35%	\$ 30,000
2004	08-20-04	175,000	3.00% - 3.00%	40,000
2012	05-15-12	350,000	1.00% - 3.00%	310,000
				<u>\$ 380,000</u>

The annual requirements to amortize the general obligation bonds as of June 30, 2013, including interest payments are as follows:

Year	Principal	Interest	Total
2014	115,000	7,633	122,633
2015	100,000	5,080	105,080
2016	85,000	3,180	88,180
2017	80,000	1,480	81,480
	<u>\$ 380,000</u>	<u>17,373</u>	<u>397,373</u>

Operating Leases

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

Short-Term Liabilities

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

REVENUES

Property Tax Levies

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

State Equalization Guarantee

Each school district in the State of New Mexico receives a "state equalization guarantee distribution" which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined" {in Chapter 22, Section 8-25, NMSA 1978) is at least equal to the school district's program cost."

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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) bi-lingual multi-cultural education; (5) size, etc. Payment is made from the public school fund under the authority of the chief (director of public school finance). The District received \$928,586 in state equalization guarantee distributions during the year ended June 30, 2013. Additionally, the District received \$600,000 in emergency state equalization.

Transportation Distribution

Money in the transportation distribution of the public school fund shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in the grades K through 12 attending public school within the school district. Except in unusual circumstances as determined by the local school board and confirmed by the state transportation director, midday bus routes for early childhood education students shall not be approved for during in excess of twenty miles one way.

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

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

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

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

The District received \$217,644 in transportation distributions during the year ended June 30, 2013.

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SB-9 State Match

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

Public School Capital Outlay

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

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

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

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Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved. During the year ended June 30, 2013, the District received \$0 in special capital outlay funds.

A. Instructional Materials

The New Mexico Public Education Department (Department) received federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational material. Of each allocation, seventy percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material List", while thirty percent of each allocation is available for purchases directly from vendors. Beginning with the fiscal year ended June 30, 2013, Districts received their total allocation at the beginning of the fiscal year, instead of being reimbursed for purchases as was done in the prior year.

B. Federal Grants

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

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

5. UNEARNED REVENUE

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

6. CASH OVERDRAFTS

The cash overdrafts shown in some federal, state and local projects in the special revenue fund represent expenditures made by the District which will be reimbursed by the grantor. Receivables from the grantor are presented to off-set these overdrafts.

7. RELATED PARTY TRANSACTION

The District contracts with Right Click Technologies, owned by a board member's relative, for E-rate, network, and computer services. The amount paid to this vendor during the year ended June 30, 2013 was \$59,836. There were no amounts due to or from Right Click Technologies at June 30, 2013.

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8. HIGH PLAINS REGIONAL EDUCATIONAL COOPERATIVE #3

The School District is a member of the High Plains Regional Educational Cooperative #3. The High Plains Regional Educational Cooperative #3 issues a separate, publicly available financial report that includes financial statements and required supplementary information. A copy of that audit report can be obtained by writing to the High Plains Regional Educational Cooperative #3, 144 South First Street, Raton, New Mexico, 87740.

9. INSURANCE COVERAGE

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

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

10. 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; injuries to employees; and natural disasters. The District carries insurance for all risks listed above.

11. 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 NMSA 1978). The Educational Retirement Board (ERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (Certified teachers, and other employees of State public school districts, colleges and universities and beneficiaries). ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, PO Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERB's website at www.nmerb.org

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Funding Policy. Plan members earning \$20,000 or less annually are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 9.40% of their gross salary in fiscal year 2013; 10.1% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter. In fiscal year 2013, the District was required to contribute 12.4% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 10.9% of the gross covered salary for employees whose annual salary is more than \$20,000. In the future, the District will contribute the following percentages of the gross covered salary of employees: 13.15% of gross covered salary in fiscal year 2014; and 13.9% of gross covered salary in fiscal year 2015. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the years ending June 30, 2013, 2012, and 2011 were \$105,685, \$104,599 and \$106,257, respectively, which equal to the amount of the required contributions for each fiscal year.

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

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

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

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

**STATE OF NEW MEXICO
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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

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

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

The District's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$17,768, \$13,078 and \$14,558, respectively, which equal, the required contributions for each year.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

13. DUE TO AND DUE FROM OTHER FUNDS

<u>Fund</u>	<u>Due to</u>	<u>Due From</u>
11000	\$ -	\$ 52,273
24101	22,718	-
24106	24,276	-
24109	1,588	-
24150	713	-
24154	2,530	-
25153	224	-
27164	-	-
27170	-	-
29107	224	-
	<u>\$ 52,273</u>	<u>52,273</u>

Due to and due from accounts have been set up as the operating fund (11000) owes cash to the above accounts.

14. INTERFUND TRANSFERS

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
11000	\$ -	22,074
24101	-	608
24106	-	26
24109	1,588	-
24154	-	1,588
24157	-	83
25146	-	2,808
25153	224	-
27164	-	886
27170	-	31
29107	-	30
31400	26,322	-
	<u>\$ 28,134</u>	<u>28,134</u>

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

15. CONCENTRATIONS

The District depends on financial resources flowing from, associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the District is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUND (41000)
For The Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 47,774	47,774	90,248	42,474
Earnings from investments	1,162	1,162	-	(1,162)
Total revenues	\$ 48,936	48,936	90,248	41,312
EXPENDITURES				
Bank fees / other charges	\$ 35,415	35,415	902	34,513
Bonds principal	45,000	45,000	45,000	-
Bond interest	3,336	3,336	3,336	-
Total expenditures	\$ 83,751	83,751	49,238	34,513
BUDGETED CASH BALANCE	\$ 34,815	34,815		

Reconciliation of budgetary basis to modified accrual statements

REVENUES

Budgetary basis	\$ 90,248
Change in receivables	39,662
Modified accrual basis	\$ 50,586

EXPENDITURES

Budgetary basis	\$ 49,238
Change in payables	(628)
Modified accrual basis	\$ 49,866

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
BALANCE SHEET - ALL NON-MAJOR
GOVERNMENTAL FUNDS
As of June 30, 2013

	<i>Fund 21000</i>	<i>Fund 22000</i>	<i>Fund 24109</i>	<i>Fund 24150</i>	<i>Fund 24154</i>	<i>Fund 24157</i>
	Food Services	Athletics	Preschool	Title V	Improving Teacher Quality	Safe and Drug Free
Assets						
Cash and cash equivalent	\$ 58,750	8,126	-	-	-	-
Accounts receivable, collectible	-	-	-	-	-	-
Due from grantor	-	-	1,982	-	4,974	-
Due from other funds	-	-	1,588	713	2,530	-
Total Assets	\$ 58,750	8,126	3,570	713	7,504	-
Liabilities						
Cash overdraft	-	-	3,570	713	7,504	-
Accounts payable	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-
Interest payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-
Total Liabilities	-	-	3,570	713	7,504	-
Fund Balance						
Restricted for debt service	-	-	-	-	-	-
Restricted for capital projects	-	-	-	-	-	-
Restricted by grantor	58,750	8,126	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balance	58,750	8,126	-	-	-	-
Total Liabilities And Fund Balances	\$ 58,750	8,126	3,570	713	7,504	-

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
BALANCE SHEET - ALL NON-MAJOR
GOVERNMENTAL FUNDS
As of June 30, 2013

	<i>Fund 24201</i>	<i>Fund 25146</i>	<i>Fund 25153</i>	<i>Fund 25250</i>	<i>Fund 25255</i>	<i>Fund 26173</i>
	Title I - Stimulus	Safe Routes to Schools	Medicaid	SEG - Federal Stimulus	Ed Job Fund	Healthy School/ Communities
Assets						
Cash and cash equivalent	\$ 2,662	-	-	3,041	-	33
Accounts receivable, collectible	-	-	-	-	-	-
Due from grantor	-	-	-	-	-	-
Due from other funds	-	-	224	-	-	-
Total Assets	\$ 2,662	-	224	3,041	-	33
Liabilities						
Cash overdraft	-	-	224	-	-	-
Accounts payable	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-
Interest payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenues	2,662	-	-	3,041	-	33
Total Liabilities	2,662	-	224	3,041	-	33
Fund Balance						
Restricted for debt service	-	-	-	-	-	-
Restricted for capital projects	-	-	-	-	-	-
Restricted by grantor	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	-	-
Total Liabilities And Fund Balances	\$ 2,662	-	224	3,041	-	33

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
BALANCE SHEET - ALL NON-MAJOR
GOVERNMENTAL FUNDS
As of June 30, 2013

	<i>Fund 27103</i>	<i>Fund 27106</i>	<i>Fund 27111</i>	<i>Fund 27117</i>	<i>Fund 27138</i>	<i>Fund 27164</i>
	Dual Credit Fund	2010 GO Bonds Student Library Fund	Formative Assessments Laws of 2012	Technology for Education	Incentives for School Improvements	School Improvement Framework
Assets						
Cash and cash equivalent	\$ -	-	-	14,756	6,619	-
Accounts receivable, collectible	-	-	-	-	-	-
Due from grantor	55	1,180	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total Assets	\$ 55	1,180	-	14,756	6,619	-
Liabilities						
Cash overdraft	55	1,180	-	-	-	-
Accounts payable	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-
Interest payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenues	-	-	-	14,756	6,619	-
Total Liabilities	55	1,180	-	14,756	6,619	-
Fund Balance						
Restricted for debt service	-	-	-	-	-	-
Restricted for capital projects	-	-	-	-	-	-
Restricted by grantor	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	-	-
Total Liabilities And Fund Balances	\$ 55	1,180	-	14,756	6,619	-

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
BALANCE SHEET - ALL NON-MAJOR
GOVERNMENTAL FUNDS
As of June 30, 2013

	<i>Fund 27170</i>	<i>Fund 27171</i>	<i>Fund 27503</i>	<i>Fund 28133</i>	<i>Fund 29107</i>	<i>Fund 31100</i>
	GO	GOB		Youth	Union	
	Library Bonds	Instructional	Rural	Conservation	County	Bond
	Laws of 2006	Materials	Revitalization	Group	Grant	Building
Assets						
Cash and cash equivalent	\$ -	-	499	648	-	27,752
Accounts receivable, collectible	-	-	-	-	-	-
Due from grantor	-	1,967	-	-	-	-
Due from other funds	-	-	-	-	224	-
Total Assets	\$ -	<u>1,967</u>	<u>499</u>	<u>648</u>	<u>224</u>	<u>27,752</u>
Liabilities						
Cash overdraft	-	1,967	-	-	224	-
Accounts payable	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-
Interest payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenues	-	-	499	648	-	-
Total Liabilities	-	<u>1,967</u>	<u>499</u>	<u>648</u>	<u>224</u>	-
Fund Balance						
Restricted for debt service	-	-	-	-	-	-
Restricted for capital projects	-	-	-	-	-	27,752
Restricted by grantor	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	-	<u>27,752</u>
Total Liabilities And Fund Balances	\$ -	<u>1,967</u>	<u>499</u>	<u>648</u>	<u>224</u>	<u>27,752</u>

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
BALANCE SHEET - ALL NON-MAJOR
GOVERNMENTAL FUNDS
As of June 30, 2013

	<i>Fund 31400</i> Special Capital Outlay - State	<i>Fund 31700</i> Capital Improvements SB-9	<i>Fund 43000</i> Educational Technology Debt Service	Totals
Assets				
Cash and cash equivalent	\$ -	14,794	37,328	175,008
Accounts receivable, collectible	-	1,005	932	1,937
Due from grantor	-	-	-	10,158
Due from other funds	-	-	-	5,279
Total Assets	\$ -	<u>15,799</u>	<u>38,260</u>	<u>192,382</u>
Liabilities				
Cash overdraft	-	-	-	15,437
Accounts payable	-	-	-	-
Accrued liabilities	-	-	-	-
Interest payable	-	-	760	760
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	28,258
Total Liabilities	-	-	<u>760</u>	<u>44,455</u>
Fund Balance				
Restricted for debt service	-	-	37,500	37,500
Restricted for capital projects	-	15,799	-	43,551
Restricted by grantor	-	-	-	66,876
Unassigned	-	-	-	-
Total Fund Balance	-	<u>15,799</u>	<u>37,500</u>	<u>147,927</u>
Total Liabilities And Fund Balances	\$ -	<u>15,799</u>	<u>38,260</u>	<u>192,382</u>

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2013

	Fund 21000	Fund 22000	Fund 24109	Fund 24150	Fund 24154	Fund 24157
	Food Services	Athletics	Preschool	Title V	Improving Teacher Quality	Safe and Drug Free
Revenues						
Property taxes	\$ -	-	-	-	-	-
Charges for services	14,217	28,938	-	-	-	-
Local sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	33,273	-	2,910	-	6,562	83
Earnings from investments	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-
Rents and leases	-	-	-	-	-	-
Refunds	2,224	1,198	-	-	-	-
Total Revenues	<u>49,714</u>	<u>30,136</u>	<u>2,910</u>	<u>-</u>	<u>6,562</u>	<u>83</u>
Expenditures						
Current:						
Direct instruction	-	-	4,498	-	4,974	-
Instructional support	-	30,226	-	-	-	-
Food services	42,952	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Bonds	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	<u>42,952</u>	<u>30,226</u>	<u>4,498</u>	<u>-</u>	<u>4,974</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	6,762	(90)	(1,588)	-	1,588	83
Other financing sources (uses)						
Transfers	-	-	1,588	-	(1,588)	(83)
Proceeds from bond issuance	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,588</u>	<u>-</u>	<u>(1,588)</u>	<u>(83)</u>
Net change in fund balance	<u>6,762</u>	<u>(90)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance beginning of year	<u>51,988</u>	<u>8,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance end of year	<u>\$ 58,750</u>	<u>8,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2013

	Fund 24201	Fund 25146	Fund 25153	Fund 25250	Fund 25255	Fund 26173
	Title I - Stimulus	Safe Routes to Schools	Medicaid	SEG - Federal Stimulus	Ed Job Fund	Healthy School/ Communities
Revenues						
Property taxes	\$ -	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Local sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	2,808	4,528	-	-	-
Earnings from investments	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-
Rents and leases	-	-	-	-	-	-
Refunds	-	-	-	-	-	-
Total Revenues	-	2,808	4,528	-	-	-
Expenditures						
Current:						
Direct instruction	-	-	-	-	-	-
Instructional support	-	-	4,752	-	-	-
Food services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service						
Bonds	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	-	-	4,752	-	-	-
Excess (deficiency) of revenues over expenditures	-	2,808	(224)	-	-	-
Other financing sources (uses)						
Transfers	-	(2,808)	224	-	-	-
Proceeds from bond issuance	-	-	-	-	-	-
Total other financing sources (uses)	-	(2,808)	224	-	-	-
Net change in fund balance	-	-	-	-	-	-
Fund balance beginning of year	-	-	-	-	-	-
Fund balance end of year	\$ -	-	-	-	-	-

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2013

	<i>Fund 27103</i>	<i>Fund 27106</i>	<i>Fund 27111</i>	<i>Fund 27117</i>	<i>Fund 27138</i>	<i>Fund 27164</i>
	Dual Credit Fund	2010 GO Bonds Student Library Fund	Formative Assessments Laws of 2012	Technology for Education	Incentives for School Improvements	School Improvement Framework
Revenues						
Property taxes	\$ -	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Local sources	-	-	-	-	-	-
State sources	-	1,180	471	-	-	-
Federal sources	-	-	-	-	-	886
Earnings from investments	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-
Rents and leases	-	-	-	-	-	-
Refunds	-	-	-	-	-	-
Total Revenues	<u>-</u>	<u>1,180</u>	<u>471</u>	<u>-</u>	<u>-</u>	<u>886</u>
Expenditures						
Current:						
Direct instruction	-	-	-	-	-	-
Instructional support	-	1,180	471	-	-	-
Food services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service						
Bonds	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>1,180</u>	<u>471</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	886
Other financing sources (uses)						
Transfers	-	-	-	-	-	(886)
Proceeds from bond issuance	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(886)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2013

	<i>Fund 27170</i>	<i>Fund 27171</i>	<i>Fund 27503</i>	<i>Fund 28133</i>	<i>Fund 29107</i>	<i>Fund 31100</i>
	GO Library Bonds Laws of 2006	GOB Instructional Materials	Rural Revitalization	Youth Conservation Group	Union County Grant	Bond Building
Revenues						
Property taxes	\$ -	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Local sources	-	-	-	-	-	-
State sources	-	1,967	-	-	-	-
Federal sources	31	-	-	-	-	-
Earnings from investments	-	-	-	-	-	-
Gifts and donations	-	-	-	-	-	-
Rents and leases	-	-	-	-	-	-
Refunds	-	-	-	-	30	-
Total Revenues	<u>31</u>	<u>1,967</u>	<u>-</u>	<u>-</u>	<u>30</u>	<u>-</u>
Expenditures						
Current:						
Direct instruction	-	-	-	-	-	-
Instructional support	-	1,967	-	-	-	10,802
Food services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service						
Bonds	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>1,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,802</u>
Excess (deficiency) of revenues over expenditures	31	-	-	-	30	(10,802)
Other financing sources (uses)						
Transfers	(31)	-	-	-	(30)	-
Proceeds from bond issuance	-	-	-	-	-	-
Total other financing sources (uses)	<u>(31)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30)</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,802)</u>
Fund balance beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,554</u>
Fund balance end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,752</u>

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2013

	Fund 31400	Fund 31700	Fund 43000	
	Special Capital Outlay - State	Capital Improvements SB-9	Educational Technology Debt Service	Totals
Revenues				
Property taxes	\$ -	53,719	79,702	\$ 133,421
Charges for services	-	-	-	43,155
Local sources	-	-	-	-
State sources	-	-	-	3,618
Federal sources	-	-	-	51,081
Earnings from investments	-	800	-	800
Gifts and donations	-	-	-	-
Rents and leases	-	-	-	-
Refunds	-	2,816	-	6,268
Total Revenues	<u>-</u>	<u>57,335</u>	<u>79,702</u>	<u>238,343</u>
Expenditures				
Current:				
Direct instruction	-	48,784	-	58,256
Instructional support	-	16,032	503	65,933
Food services	-	-	-	42,952
Capital outlay	-	-	-	-
Debt service				
Bonds	-	-	40,000	40,000
Interest	-	-	7,320	7,320
Total Expenditures	<u>-</u>	<u>64,816</u>	<u>47,823</u>	<u>214,461</u>
Excess (deficiency) of revenues over expenditures	-	(7,481)	31,879	23,882
Other financing sources (uses)				
Transfers	26,322	-	-	22,708
Proceeds from bond issuance	-	-	-	-
Total other financing sources (uses)	<u>26,322</u>	<u>-</u>	<u>-</u>	<u>22,708</u>
Net change in fund balance	<u>26,322</u>	<u>(7,481)</u>	<u>31,879</u>	<u>46,590</u>
Fund balance beginning of year	<u>(26,322)</u>	<u>23,280</u>	<u>5,621</u>	<u>101,337</u>
Fund balance end of year	<u>\$ -</u>	<u>15,799</u>	<u>37,500</u>	<u>147,927</u>

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOOD SERVICES (21000)
For The Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ -	-	-	-
Charges sources	8,000	8,000	14,217	6,217
Local sources	-	-	-	-
State sources	-	-	-	-
Federal sources	30,000	30,000	33,273	3,273
Earnings from investments	-	-	2,224	2,224
Total revenues	<u>\$ 38,000</u>	<u>38,000</u>	<u>49,714</u>	<u>11,714</u>
EXPENDITURES				
Direct instruction	\$ -	-	-	-
Instructional support	-	-	-	-
Food services	82,092	82,092	42,952	39,140
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 82,092</u>	<u>82,092</u>	<u>42,952</u>	<u>39,140</u>
BUDGETED CASH BALANCE	<u>\$ 44,092</u>	<u>44,092</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ 49,714
Change in receivables	-
Modified accrual basis	<u>\$ 49,714</u>
EXPENDITURES	
Budgetary basis	\$ 42,952
Change in payables	-
Modified accrual basis	<u>\$ 42,952</u>

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS
ATHLETICS (22000)
For The Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Local sources	\$ 35,000	35,000	28,937	(6,063)
Total revenues	<u>\$ 35,000</u>	<u>35,000</u>	<u>28,937</u>	<u>(6,063)</u>
EXPENDITURES				
Direct instruction	\$ 39,054	39,054	30,226	8,828
Total expenditures	<u>\$ 39,054</u>	<u>39,054</u>	<u>30,226</u>	<u>8,828</u>
BUDGETED CASH BALANCE	<u>\$ 4,054</u>	<u>4,054</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES		
Budgetary basis	\$ 28,937	
Change in receivables	(1,199)	
Modified accrual basis	<u>\$ 30,136</u>	
EXPENDITURES		
Budgetary basis	\$ 30,226	
Change in payables	-	
Modified accrual basis	<u>\$ 30,226</u>	

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PRESCHOOL (24109)
For The Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 1,982	3,071	-	(3,071)
Total revenues	\$ 1,982	3,071	-	(3,071)
EXPENDITURES				
Direct instruction	\$ 1,982	3,071	1,982	1,089
Total expenditures	\$ 1,982	3,071	1,982	1,089
BUDGETED CASH BALANCE	\$ -	-		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ -
Change in receivables	(2,910)
Modified accrual basis	\$ 2,910
EXPENDITURES	
Budgetary basis	\$ 1,982
Change in payables	(2,516)
Modified accrual basis	\$ 4,498

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE V (24150)
For The Year Ended June 30, 2013

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

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ -
Change in receivables	-
Modified accrual basis	<u>\$ -</u>
EXPENDITURES	
Budgetary basis	\$ -
Change in payables	-
Modified accrual basis	<u>\$ -</u>

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
IMPROVING TEACHER QUALITY (24154)
For The Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 3,202	7,930	-	(7,930)
Total revenues	\$ 3,202	7,930	-	(7,930)
EXPENDITURES				
Direct instruction	\$ 3,202	7,930	4,974	2,956
Instructional support	-	-	-	-
Total expenditures	\$ 3,202	7,930	4,974	2,956

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ -
Change in receivables	(6,562)
Modified accrual basis	\$ 6,562
EXPENDITURES	
Budgetary basis	\$ 4,974
Change in payables	-
Modified accrual basis	\$ 4,974

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SAFE AND DRUG FREE (24157)
For The Year Ended June 30, 2013**

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

Reconciliation of budgetary basis to modified accrual statements

REVENUES

Budgetary basis	\$ -
Change in receivables	83
Modified accrual basis	<u>\$ 83</u>

EXPENDITURES

Budgetary basis	\$ -
Change in payables	-
Modified accrual basis	<u>\$ -</u>

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE I - STIMULUS FUND (24201)
For The Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Federal sources	\$ -	-	-	-
Total revenues	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Direct instruction	\$ -	-	-	-
Instructional support	-	-	-	-
Food services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>-</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ -
Change in receivables	-
Modified accrual basis	<u>\$ -</u>
EXPENDITURES	
Budgetary basis	\$ -
Change in payables	-
Modified accrual basis	<u>\$ -</u>

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SAFE ROUTES TO SCHOOL (25146)
For The Year Ended June 30, 2013

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

Reconciliation of budgetary basis to modified accrual statements

REVENUES		
Budgetary basis	\$ -	
Change in receivables	(2,808)	
Modified accrual basis	<u>\$ 2,808</u>	
 EXPENDITURES		
Budgetary basis	\$ -	
Change in payables	-	
Modified accrual basis	<u>\$ -</u>	

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MEDICAID (25153)
For The Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Federal sources	\$ -	50,599	-	(50,599)
Total revenues	<u>\$ -</u>	<u>50,599</u>	<u>-</u>	<u>(50,599)</u>
EXPENDITURES				
Instructional support	\$ -	50,599	-	50,599
Total expenditures	<u>\$ -</u>	<u>50,599</u>	<u>-</u>	<u>50,599</u>

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ -
Change in receivables	-
Modified accrual basis	<u>\$ 4,528</u>
EXPENDITURES	
Budgetary basis	\$ -
Change in payables	-
Modified accrual basis	<u>\$ 4,752</u>

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEG - FEDERAL STIMULUS (25250)
For The Year Ended June 30, 2013

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

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ -
Change in receivables	-
Modified accrual basis	<u>\$ -</u>
EXPENDITURES	
Budgetary basis	\$ -
Change in payables	-
Modified accrual basis	<u>\$ -</u>

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ED JOB FUND (25255)
For The Year Ended June 30, 2013

	Original	Final	Actual	Variance
	Budget	Budget	Amount	Favorable
	<u>Budget</u>	<u>Budget</u>	<u>Amount</u>	<u>(Unfavorable)</u>
REVENUES				
Federal sources	\$ -	-	-	-
Total revenues	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Direct instruction	\$ -	-	-	-
Instructional support	-	-	-	-
Food services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>-</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ -
Change in receivables	-
Modified accrual basis	<u>\$ -</u>
EXPENDITURES	
Budgetary basis	\$ -
Change in payables	-
Modified accrual basis	<u>\$ -</u>

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
HEALTH SCHOOL / COMMUNITY (26173)
For The Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Federal sources	\$ -	-	-	-
Total revenues	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Direct instruction	\$ -	-	-	-
Instructional support	33	33	-	33
Food services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 33</u>	<u>33</u>	<u>-</u>	<u>33</u>
BUDGETED CASH BALANCE	<u>\$ 33</u>	<u>33</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ -
Change in receivables	-
Modified accrual basis	<u>\$ -</u>
EXPENDITURES	
Budgetary basis	\$ -
Change in payables	-
Modified accrual basis	<u>\$ -</u>

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DUAL CREDIT (27103)
For The Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Federal sources	\$ -	269	-	(269)
Total revenues	<u>\$ -</u>	<u>269</u>	<u>-</u>	<u>(269)</u>
EXPENDITURES				
Direct instruction	\$ -	-	-	-
Instructional support	-	269	55	214
Food services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>269</u>	<u>55</u>	<u>214</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>-</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ -
Change in receivables	-
Modified accrual basis	<u>\$ -</u>
EXPENDITURES	
Budgetary basis	\$ -
Change in payables	-
Modified accrual basis	<u>\$ -</u>

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
2010 GO BONDS (27106)
For The Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State sources	\$ 4,065	4,065	-	(4,065)
Total revenues	<u>\$ 4,065</u>	<u>4,065</u>	<u>-</u>	<u>(4,065)</u>
EXPENDITURES				
Direct instruction	\$ -	-	-	-
Instructional support	4,065	4,065	1,180	2,885
Food services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 4,065</u>	<u>4,065</u>	<u>1,180</u>	<u>2,885</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>-</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ -
Change in receivables	(1,180)
Modified accrual basis	<u>\$ 1,180</u>
EXPENDITURES	
Budgetary basis	\$ 1,180
Change in payables	-
Modified accrual basis	<u>\$ 1,180</u>

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FORMATIVE ASSESSMENTS (27111)
For The Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Federal sources	\$ -	471	471	-
Total revenues	<u>\$ -</u>	<u>471</u>	<u>471</u>	<u>-</u>
EXPENDITURES				
Direct instruction	\$ -	471	471	-
Instructional support	-	-	-	-
Food services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>471</u>	<u>471</u>	<u>-</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>-</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ 471
Change in receivables	-
Modified accrual basis	<u>\$ 471</u>
EXPENDITURES	
Budgetary basis	\$ 471
Change in payables	-
Modified accrual basis	<u>\$ 471</u>

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TECHNOLOGY FOR EDUCATION FUND (27117)
For The Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State sources	\$ -	-	-	-
Total revenues	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Direct instruction	\$ -	-	-	-
Instructional support	-	-	-	-
Food services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>-</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES		
Budgetary basis	\$ -	
Change in receivables	-	
Modified accrual basis	<u>\$ -</u>	
EXPENDITURES		
Budgetary basis	\$ -	
Change in payables	-	
Modified accrual basis	<u>\$ -</u>	

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INCENTIVES FOR SCHOOL IMPROV (27138)
For The Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	-	-	-
Total revenues	\$ -	-	-	-
EXPENDITURES				
Direct instruction	\$ -	-	-	-
Total expenditures	\$ -	-	-	-

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ -
Change in receivables	-
Modified accrual basis	\$ -
EXPENDITURES	
Budgetary basis	\$ -
Change in payables	-
Modified accrual basis	\$ -

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SCHOOL IMPROVEMENT FRAMEWORK (27164)
For The Year Ended June 30, 2013**

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

Reconciliation of budgetary basis to modified accrual statements

REVENUES

Budgetary basis	\$ -
Change in receivables	886
Modified accrual basis	<u>\$ 886</u>

EXPENDITURES

Budgetary basis	\$ -
Change in payables	-
Modified accrual basis	<u>\$ -</u>

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GO BOND LIBRARY (27170)
For The Year Ended June 30, 2013

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

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ -
Change in receivables	-
Modified accrual basis	<u>\$ 31</u>
EXPENDITURES	
Budgetary basis	\$ -
Change in payables	-
Modified accrual basis	<u>\$ -</u>

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GO BONDS - INSTRUCTIONAL MATERIALS (27171)
For The Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State sources	\$ -	1,967	-	(1,967)
Total revenues	<u>\$ -</u>	<u>1,967</u>	<u>-</u>	<u>(1,967)</u>
EXPENDITURES				
Direct instruction	\$ -	-	-	-
Instructional support	-	1,967	1,967	-
Food services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>1,967</u>	<u>1,967</u>	<u>-</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>-</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ -
Change in receivables	1,967
Modified accrual basis	<u>\$ 1,967</u>
EXPENDITURES	
Budgetary basis	\$ 1,967
Change in payables	-
Modified accrual basis	<u>\$ 1,967</u>

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
RURAL REVITALIZATION (27503)
For The Year Ended June 30, 2013

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

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ -
Change in receivables	-
Modified accrual basis	<u>\$ -</u>
EXPENDITURES	
Budgetary basis	\$ -
Change in payables	-
Modified accrual basis	<u>\$ -</u>

See accompanying notes.

STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YOUTH CONSERVATION CORP. (28133)
For The Year Ended June 30, 2013

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

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ -
Change in receivables	-
Modified accrual basis	<u>\$ -</u>
EXPENDITURES	
Budgetary basis	\$ -
Change in payables	-
Modified accrual basis	<u>\$ -</u>

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
UNION COUNTY GRANT (29107)
For The Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Local sources	\$ -	4,582	-	(4,582)
Total revenues	<u>\$ -</u>	<u>4,582</u>	<u>-</u>	<u>(4,582)</u>
EXPENDITURES				
Direct instruction	\$ -	4,582	-	4,582
Total expenditures	<u>\$ -</u>	<u>4,582</u>	<u>-</u>	<u>4,582</u>

Reconciliation of budgetary basis to modified accrual statements

REVENUES

Budgetary basis	\$ -
Change in receivables	<u>(30)</u>
Modified accrual basis	<u>\$ 30</u>

EXPENDITURES

Budgetary basis	\$ -
Change in payables	<u>-</u>
Modified accrual basis	<u>\$ -</u>

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BOND BUILDING FUND (31110)
For The Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Local sources	\$ 8,065	8,065	-	(8,065)
Earnings on investments	-	-	-	-
Total revenues	<u>\$ 8,065</u>	<u>8,065</u>	<u>-</u>	<u>(8,065)</u>
EXPENDITURES				
Capital outlay	\$ 8,065	8,065	2,890	5,175
Total expenditures	<u>\$ 8,065</u>	<u>8,065</u>	<u>2,890</u>	<u>5,175</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>-</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ -
Change in receivables	-
Modified accrual basis	<u>\$ -</u>
EXPENDITURES	
Budgetary basis	\$ 2,890
Change in payables	7,912
Modified accrual basis	<u>\$ 10,802</u>

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL CAPITAL OUTLAY - STATE (31400)
For The Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	-	-	-
Total revenues	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Capital outlay	\$ -	-	-	-
Total expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>-</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ -
Change in receivables	-
Modified accrual basis	<u>\$ -</u>
EXPENDITURES	
Budgetary basis	\$ -
Change in payables	-
Modified accrual basis	<u>\$ -</u>

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL IMPROVEMENTS - SB-9 FUND (31700)
For The Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 60,357	69,752	70,535	783
State sources	-	-	-	-
Earnings on investments	-	-	800	800
Total revenues	<u>\$ 60,357</u>	<u>69,752</u>	<u>71,335</u>	<u>1,583</u>
EXPENDITURES				
Instructional support	-	-	-	-
Capital outlay	\$ 101,111	69,752	64,816	4,936
Total expenditures	<u>\$ 101,111</u>	<u>69,752</u>	<u>64,816</u>	<u>4,936</u>
BUDGETED CASH BALANCE	<u>\$ 40,754</u>	<u>-</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ 71,335
Change in receivables	(14,000)
Modified accrual basis	<u>\$ 57,335</u>
EXPENDITURES	
Budgetary basis	\$ 64,816
Change in payables	-
Modified accrual basis	<u>\$ 64,816</u>

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EDUCATIONAL TECHNOLOGY DEBT SERVICE FUND (43000)
For The Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 47,000	47,000	50,486	3,486
Earnings from investments	-	-	-	-
Total revenues	<u>\$ 47,000</u>	<u>47,000</u>	<u>50,486</u>	<u>3,486</u>
EXPENDITURES				
Bank fees / other charges	\$ 26,667	26,667	500	26,167
Bonds principal	47,000	47,000	40,000	7,000
Bond interest	6,560	6,560	6,560	-
Total expenditures	<u>\$ 80,227</u>	<u>80,227</u>	<u>47,060</u>	<u>33,167</u>
BUDGETED CASH BALANCE	<u>\$ 33,227</u>	<u>33,227</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ 50,486
Change in receivables	<u>(29,216)</u>
Modified accrual basis	<u>\$ 79,702</u>
EXPENDITURES	
Budgetary basis	\$ 47,060
Change in payables	<u>(763)</u>
Modified accrual basis	<u>\$ 47,823</u>

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF COMBINING BALANCE SHEET
GENERAL FUND (10000)
Year Ended June 30, 2013**

	<i>Fund 11000</i>	<i>Fund 12000</i>	<i>Fund 13000</i>	<i>Fund 14000</i>	
	Operational	Teacherage	Transportation	Instructional Materials	Total
ASSETS					
Cash and cash equivalent	\$ 334,855	8,695	2,038	8,894	354,482
Accounts receivable, net collectible	206	-	-	-	206
Total assets	<u>\$ 335,061</u>	<u>8,695</u>	<u>2,038</u>	<u>8,894</u>	<u>354,688</u>
LIABILITIES					
Accounts payable	\$ -	-	-	-	-
Accrued liabilities	35,111	-	-	-	35,111
Due to other funds	52,273	-	-	-	52,273
Cash overdraft	-	-	-	-	-
Rental deposit	-	-	-	-	-
Total liabilities	<u>87,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,384</u>
FUND BALANCES					
Unassigned	<u>247,677</u>	<u>8,695</u>	<u>2,038</u>	<u>8,894</u>	<u>267,304</u>
Total fund balance	<u>247,677</u>	<u>8,695</u>	<u>2,038</u>	<u>8,894</u>	<u>267,304</u>
Total Liabilities And Fund Balances	<u>\$ 335,061</u>	<u>8,695</u>	<u>2,038</u>	<u>8,894</u>	<u>354,688</u>

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GENERAL FUND (10000)
Year Ended June 30, 2013**

	<i>Fund 11000</i>	<i>Fund 12000</i>	<i>Fund 13000</i>	<i>Fund 14000</i>	
	Operational	Teacherage	Transportation	Instructional Materials	Total
REVENUES					
Property taxes	\$ 12,229	-	-	-	12,229
Charges for services	-	-	-	-	-
Local sources	-	-	-	-	-
State sources	1,528,586	-	217,644	2,557	1,748,787
Federal sources	8,454	-	-	-	8,454
Earnings from investments	800	-	-	-	800
Gifts and donations	178	-	-	-	178
Rents and leases	11	7,000	-	-	7,011
Refunds	26,000	-	603	171	26,774
Total revenues	<u>1,576,258</u>	<u>7,000</u>	<u>218,247</u>	<u>2,728</u>	<u>1,804,233</u>
EXPENDITURES					
Direct instruction	826,097	-	-	3,056	829,153
Instructional support	630,787	699	219,026	(525)	849,987
Total expenditures	<u>1,456,884</u>	<u>699</u>	<u>219,026</u>	<u>2,531</u>	<u>1,679,140</u>
Excess (deficiency) of revenues over expenditures	119,374	6,301	(779)	197	125,093
Other financing sources (uses)					
Transfer in	-	-	-	-	-
Transfer out	(22,074)	-	-	-	(22,074)
Total other financing sources (uses)	(22,074)	-	-	-	(22,074)
Net change in fund balance	97,300	6,301	(779)	197	103,019
Fund balance at beginning of year	<u>150,377</u>	<u>2,394</u>	<u>2,817</u>	<u>8,697</u>	<u>164,285</u>
Fund balance at end of year	<u>\$ 247,677</u>	<u>8,695</u>	<u>2,038</u>	<u>8,894</u>	<u>267,304</u>

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND - OPERATIONAL FUND (11000)
For The Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 10,798	10,798	15,627	4,829
Other items	-	-	8,454	8,454
Local sources	-	-	-	-
State sources	1,431,945	1,522,396	1,528,586	6,190
Federal sources	-	-	-	-
Earnings from investments	-	-	800	800
Total revenues	<u>1,442,743</u>	<u>1,533,194</u>	<u>1,553,467</u>	<u>20,273</u>
EXPENDITURES				
Direct instruction	873,574	964,025	865,116	98,909
Instructional support	607,010	607,010	563,267	43,743
Food services	-	-	-	-
Total expenditures	<u>1,480,584</u>	<u>1,571,035</u>	<u>1,428,383</u>	<u>142,652</u>
BUDGETED CASH BALANCE	<u>\$ 37,841</u>	<u>37,841</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ 1,553,467
Change in receivables	22,791
Modified accrual basis	<u>\$ 1,576,258</u>
EXPENDITURES	
Budgetary basis	\$ 1,428,383
Change in payables	28,501
Modified accrual basis	<u>\$ 1,456,884</u>

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND - TEACHERAGE FUND (12000)
For The Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	-	-	-
Charges for Services	-	-	-	-
Local sources	6,000	6,000	7,000	1,000
State sources	-	-	-	-
Federal sources	-	-	-	-
Earnings from investments	-	-	-	-
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>7,000</u>	<u>1,000</u>
EXPENDITURES				
Direct instruction	-	-	-	-
Repairs and maintenance	6,000	6,000	699	5,301
Food services	-	-	-	-
Total expenditures	<u>6,000</u>	<u>6,000</u>	<u>699</u>	<u>5,301</u>
BUDGETED CASH BALANCE	<u><u>\$ -</u></u>	<u><u>-</u></u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ 7,000
Change in receivables	-
Modified accrual basis	<u><u>\$ 7,000</u></u>
EXPENDITURES	
Budgetary basis	\$ 699
Change in payables	-
Modified accrual basis	<u><u>\$ 699</u></u>

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND - TRANSPORTATION FUND (13000)
For The Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	-	-	-
Charges for Services	-	-	-	-
Local sources	-	-	-	-
State sources	196,198	219,157	217,644	(1,513)
Federal sources	-	-	-	-
Earnings from investments	-	-	-	-
Total revenues	<u>196,198</u>	<u>219,157</u>	<u>217,644</u>	<u>(1,513)</u>
EXPENDITURES				
Direct instruction	-	-	-	-
Instructional support	196,198	219,157	219,026	131
Food services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>196,198</u>	<u>219,157</u>	<u>219,026</u>	<u>131</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>-</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES

Budgetary basis	\$ 217,644
Change in receivables	603
Modified accrual basis	<u>\$ 218,247</u>

EXPENDITURES

Budgetary basis	\$ 219,026
Change in payables	-
Modified accrual basis	<u>\$ 219,026</u>

See accompanying notes.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND - INSTRUCTIONAL MATERIALS FUND (14000)
For The Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	-	-	-
Charges for Services	-	-	-	-
Local sources	-	-	-	-
State sources	5,113	6,463	2,557	(3,906)
Federal sources	-	-	-	-
Earnings from investments	-	-	-	-
Total revenues	<u>5,113</u>	<u>6,463</u>	<u>2,557</u>	<u>(3,906)</u>
EXPENDITURES				
Direct instruction	-	-	-	-
Instructional support	5,113	6,463	3,056	3,407
Food services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>5,113</u>	<u>6,463</u>	<u>3,056</u>	<u>3,407</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>-</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ 2,557
Change in receivables	-
Modified accrual basis	<u>\$ 2,728</u>
EXPENDITURES	
Budgetary basis	\$ 3,056
Change in payables	(525)
Modified accrual basis	<u>\$ 2,531</u>

See accompanying notes.

OTHER SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF CASH RECEIPTS AND
DISBURSEMENTS - ALL FUNDS BY
SCHOOL DISTRICT CLASSIFICATION
Year Ended June 30, 2013**

		General Fund 10000							
		<i>Fund 11000</i>	<i>Fund 12000</i>	<i>Fund 13000</i>	<i>Fund 14000</i>	<i>Fund 21000</i>	<i>Fund 22000</i>	<i>Funds *</i>	
		Operational	Teacherage	Transportation	Instructional Materials	Food Services	Athletics	State/ Local	
Cash balance, June 30, 2012	\$	185,372	2,394	2,817	8,697	51,988	8,216	81,127	
Transfers		(26,321)	-	-	-	-	-	-	
Cash receipts, 2012-2013		1,569,657	7,000	218,247	2,728	49,713	30,134	221,161	
Cash disbursements, 2012-2013		<u>(1,499,713)</u>	<u>(699)</u>	<u>(219,026)</u>	<u>(2,531)</u>	<u>(42,951)</u>	<u>(30,224)</u>	<u>(195,449)</u>	
Cash balance, June 30, 2013	\$	<u>238,995</u>	<u>8,695</u>	<u>2,038</u>	<u>8,894</u>	<u>58,750</u>	<u>8,126</u>	<u>106,839</u>	
		<i>Fund 31900</i>	<i>Funds **</i>	<i>Fund 31100</i>	<i>Fund 31400</i>	<i>Fund 31700</i>	<i>Fund 41000</i>	<i>Fund 43000</i>	Total
		Ed Tech Equipment Act	Federal Projects	Bond Building	Special Capital Outlay State	Capital Improvement SB-9	Debt Service	Ed Tech Debt Service	
Cash balance, June 30, 2012	\$	369,010	(77,614)	38,554	(26,321)	8,275	94,895	5,526	752,936
Transfers		-	-	-	26,321	-	-	-	-
Cash receipts, 2012-2013		1,601	243,862	-	-	71,335	90,248	50,486	2,556,172
Cash disbursements, 2012-2013		<u>(233,355)</u>	<u>(222,311)</u>	<u>(10,802)</u>	<u>-</u>	<u>(64,816)</u>	<u>(77,618)</u>	<u>(18,684)</u>	<u>(2,618,179)</u>
Cash balance, June 30, 2013	\$	<u>137,256</u>	<u>(56,063)</u>	<u>27,752</u>	<u>-</u>	<u>14,794</u>	<u>107,525</u>	<u>37,328</u>	700,929
									95,860
									General Fund - Cash in operational accounts not previously included
									Cash per the financial statements
									<u>\$ 796,789</u>

* Funds include 25146, 25153, 25208, 26173, 26176, 27103, 27106, 27111, 27117, 27138, 27164, 27170, 27171, 27503, 28133, 29107, 29130

** Funds include 24101, 24106, 24109, 24150, 24154, 24157, 24201, 25233, 25250

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF CHANGES IN ASSETS
AND LIABILITIES - ALL AGENCY FUNDS
For The Year Ended June 30, 2013**

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
ASSETS				
Cash and cash equivalent	\$ 78,369	48,206	46,089	80,488
Total assets	\$ 78,369	48,206	46,089	80,488
LIABILITIES				
Deposits held for others:				
All School Account	\$ 2,547	16,155	14,044	4,658
Billy Hittson	-	21	-	21
Business Professionals	694	-	694	-
Cheerleaders	2,015	-	39	1,976
Class of 2010	-	2,294	2,352	(58)
Class of 2011	(250)	2,293	2,043	-
Class of 2012	(301)	-	-	(301)
Class of 2013	506	-	506	-
Class of 2014	(1,228)	-	121	(1,349)
Class of 2015	(94)	-	1,193	(1,287)
Class of 2016	(1,061)	1,025	-	(36)
Class of 2017	-	-	-	-
Computers for Education	410	-	410	-
Counselor Fund	(1,214)	1,613	-	399
CSAC Group	193	3,353	1,139	2,407
Demonettes	246	39	-	285
District C - FCCLA	96	-	-	96
District C - FFA	3,540	2,450	1,569	4,421
FCCLA	(539)	-	-	(539)
FFA	(5,039)	10,065	7,574	(2,548)
FFA Investment	3,363	-	-	3,363
Graduated Seniors 2009	-	-	-	-
Honor Society	845	-	306	539
HS Shop Fund	166	-	166	-
In/out	5,065	106	3,296	1,875
Jeff Bannon Memorial Scholarship	-	27	-	27
Jeff Langton Memorial Scholarship	-	143	-	143
Library	1,431	-	187	1,244
Masonic Lodge Scholarship	-	20	-	20
Miscellaneous	1,652	2,231	115	3,768
Patrick & Loren Dougherty Scholarship	-	46	-	46
Peer Helpers	326	-	326	-
Rodeo Club	522	-	-	522
Scholarship Activity	9,046	3,825	6,700	6,171
Scholarships	-	-	-	-
Scholarships	52,019	-	-	52,019
Scholastic Misc.	-	-	-	-
Student Council	814	-	814	-
Studio C	650	-	650	-
Yearbook	1,951	2,500	1,845	2,606
Total liabilities	\$ 78,369	48,206	46,089	80,488

COMPLIANCE

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

Mr. Hector Balderas
New Mexico State Auditor
&
The Board of Education
Des Moines Municipal 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 Des Moines Municipal Schools (District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplementary information, and have issued our report thereon dated August 22, 2014.

Internal Control over Financial Reporting

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

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

Mr. Hector Balderas
New Mexico State Auditor
&
The Board of Education
Des Moines Municipal Schools

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 over financial reporting 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 responses that we consider to be significant deficiencies: 08-01, 09-04, 09-05, 10-05, 10-16, 10-29, 10-30, and 11-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 07-03, 08-02, 09-03, 09-06, 10-02, 10-06, 10-11, 10-12, 10-15, 10-18, 10-24 to 10-26, 10-33, 10-34, 10-37, 10-41, and 10-45.

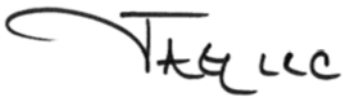
The District's Responses to Findings

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

Mr. Hector Balderas
New Mexico State Auditor
&
The Board of Education
Des Moines Municipal Schools

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 entity's internal control or on compliance. The 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.

A handwritten signature in black ink, appearing to read 'JAG LLC', with a large, stylized flourish at the beginning.

Jaramillo Accounting Group LLC
Albuquerque, New Mexico
August 22, 2014

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2013**

#	Finding	Status of Prior Year Finding	Compliance	Significant Deficiency	Other Matter	Material Weakness
07-01	Budget Overruns	Cleared				
07-03	Inventory of Cafeteria Food	Repeated	X			
08-01	Bank Reconciliations	Repeated		X		
08-02	Late Audit Report	Repeated	X			
09-03	Approval of Travel Reimbursements	Repeated			X	
09-04	Reconciliation of Activity Funds	Repeated		X		
09-05	Segregation of Duties	Repeated		X		
09-06	Incomplete Employee Files	Repeated	X			
10-02	Amounts Paid from the Wrong Fund	Repeated			X	
10-05	Restricted Cash Loans to Other Funds	Repeated		X		
10-06	Penalties Charged for Overdue DOL Filings	Repeated	X			
10-11	Incorrect ERA Reports	Repeated	X			
10-12	Incorrect RHCA Reports	Repeated	X			
10-13	Unsubstantiated Annual Leave	Cleared				
10-15	941 Reports Not Submitted Correctly	Repeated	X			
10-16	Payment made for Insufficient 941 (2009)	Repeated		X		
10-18	New Hire Reporting Reports not Filed	Repeated	X			
10-19	DOL Reports Not Filed	Cleared				
10-21	W-9 Forms Not Available	Cleared				
10-24	No Depreciation Policy	Repeated			X	
10-25	1099 Forms Not Prepared	Repeated	X			
10-26	Deficit Activity Fund Balance	Repeated	X			
10-29	Revenues Not Deposited within 24 hours	Repeated		X		
10-30	Cash Deficits not Resolved	Repeated		X		
10-33	Required Support for Disbursements and Procurement	Repeated	X			
10-34	Balances still Owed to NMPSIA for Employee Insurances	Repeated	X			
10-37	Public Education Quarterly Reports Incorrect	Repeated	X			
10-38	Incorrect Outstanding Check List	Cleared				
10-41	No Bus Driver List for Required Drug Testing	Repeated	X			
10-42	Incorrect Posting of Receipts	Cleared	X			
10-45	Clause Required Missing in Lease Agreement	Repeated	X			
11-01	Financial Close and Reporting	Repeated		X		

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

07-03 Inventory of Cafeteria Food Not Prepared Monthly (Compliance)

CONDITION

The Cafeteria Department during the year under audit was not taking an inventory of cafeteria food and non-food items each month and preparing an inventory list.

CRITERIA

NMSA 6.20.2.16 requires that each school district take a physical inventory of remaining goods and materials of an expendable nature (items that are consumed in the normal course of operating a district). School districts shall establish adequate internal accounting control procedures over supplies inventory in accordance with GAAP). According to PED regulations an inventory needs to be taken each month of cafeteria food and non-food items.

CAUSE

Management did not ensure that the Cafeteria Department took an inventory each month and provide a copy of that inventory that inventory to management.

EFFECT

PED regulations were not followed.

RECOMMENDATION

Management should ensure they take and prepares an inventory each month.

MANAGEMENT'S RESPONSE

Management is currently in 2013-14 requiring the Cafeteria Department to turn into the Business Office a monthly inventory.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

08-01 Bank Reconciliations (Significant Deficiency)

CONDITION

The School District's cash accounts were not reconciled to the books of record until after June 30, 2013. The School District had to pay a consultant to reconcile its books of record.

CRITERIA

All funds are required by Statute, NMSA 1978 6-10-2, and by District Policy, to be reconciled on a daily basis.

CAUSE

Management was not reconciling the bank accounts to the books of record.

EFFECT

The School District had to hire a consultant to reconcile its cash balances to the books of record before the audit of the June 30, 2013 fiscal year could be completed. Also, PED Cash reporting may not be accurate and assets are not being adequately safeguarded.

RECOMMENDATION

Management should hire knowledgeable employees that can perform the business office duties adequately so the cash balance can be reconciled to the books of record on a daily basis.

MANAGEMENT'S RESPONSE

The current Business Manager reconciles the bank statements on a monthly basis.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

08-02 Late Audit Report (Compliance)

CONDITION

The June 30, 2013 audit report was not submitted to the State Auditor's Office by the required deadline of November 15, 2013.

CRITERIA

According to NMAC 2.2.2 Requirements for Contracting and Conducting Audits of Agencies; all School District audits are due to the State Auditor's Office by November 15th.

CAUSE

The School District had turnover in personnel and prior audit firms. The turnover resulted in execution of the June 30, 2013 audit contract after the audit report due date of November 15, 2013.

EFFECT

NMAC 2.2.2 Requirements for Contracting and Conducting Audits of Agencies regulation was not followed.

RECOMMENDATION

Management should ensure that the books and records are reconciled and available for audit before the required NM State Auditor deadline.

MANAGEMENT'S RESPONSE

Management is reconciling books and records for past years for audit. Current books and records are kept current, therefore being prepared for the IPA and able to meet the NM State Auditor's deadline.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

09-03 Approval of Travel Reimbursements (Other Matter)

CONDITION

In one of five instances tested, the former Superintendent authorized her own travel reimbursement in the amount of \$1,444.98. For this same transaction, the purchase order was voided and the new purchase order was not approved. Additionally, for the same transaction, for two of the nights, the room costs exceeded the state allowable expense rate.

CRITERIA

Good internal controls dictate that someone other than the person requesting the reimbursement approve the travel reimbursement.

CAUSE

The prior Superintendent ignored the procedure in place for per diem reimbursement requests.

EFFECT

Internal control procedures are circumvented allowing assets not to be adequately safeguarded.

RECOMMENDATION

A board member or other person independent of the process should authorize the current Superintendent's per diem requests.

MANAGEMENT'S RESPONSE

The Business Manager and/or the School Board will authorize the Superintendent's reimbursement for travel and/or other expenditures.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

09-04 Activity Funds (Significant Deficiency)

CONDITION

Individual activity fund cash balances were not timely reconciled to the bank accounts until after June 30, 2013. We also noted that sponsors were not providing reconciliations of fundraisers to the business office.

CRITERIA

All funds, including agency funds, are required by Statute, NMSA 1978 6-10-2, and by District policy, to be reconciled on a daily basis.

CAUSE

Management did not perform their assigned duties adequately by reconciling the books of record on a daily basis.

EFFECT

The School District had to hire a consultant to reconcile its cash balances of each of the activity funds before the audit of the June 2013 fiscal year could be completed. Also, assets are not being adequately safeguarded.

RECOMMENDATION

Management should hire knowledgeable employees that can perform the business office duties adequately so activity balances can be reconciled on a daily basis.

MANAGEMENT'S RESPONSE

Management has hired an experienced Business Manager and activity funds are reconciled.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

09-05 Segregation of Duties (Significant Deficiency)

CONDITION

The former business manager had access to all functions of the cash receipts and disbursement procedures and payroll functions. Additionally, the District's general ledger software (currently Visions) was not reviewed for proper segregation of duties access control. We also noted that there was no documentation of review of bank statements.

CRITERIA

Good internal control would split responsibilities of various accounting functions to prevent compliance violations with both the state manual of procedures and in some cases grant requirements.

CAUSE

Management has not implemented required segregation to safeguard assets.

EFFECT

When duties are not segregated, then controls over cash management and every District transaction cycle are weakened. There is a higher risk of fraud or errors.

RECOMMENDATION

Re-evaluate the steps in the cash receipt and disbursement function and payroll functions and determine what steps or procedures could be moved to another position to perform and/or implemented in such a way to strengthen control over cash management.

MANAGEMENT'S RESPONSE

Duties have been segregated as to strengthen internal controls. Someone other than the Business Manager is now able to run payroll, prepare accounts payable and someone other than the business manager is receipting monies and another individual is posting the receipts.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

09-06 Incomplete Employee Files (Compliance)

CONDITION

It was noted in the prior year that personnel files were missing current W-4 forms and I-9 forms. Per management this was not corrected until 2013-14.

CRITERIA

IRS regulations require a W-4 form and I-9 form be completed and included in each employees file.

CAUSE

Management did not ensure these forms were completed and kept in each employees file.

EFFECT

Management does not have any supporting documentation for amounts being withheld on behalf of the employee. If the amounts withheld were incorrect the School District could be liable for the amounts owed to the IRS. As for I-9 forms, IRS regulations are not being adhered to.

RECOMMENDATION

Management should go through each employees file and update and/or collect all required forms.

MANAGEMENT'S RESPONSE

Currently all employee files have been reviewed and required forms, such as W-4's and I-9's are in the employees files.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

10-02 Amounts Paid From the Wrong Fund (Other Matter)

CONDITION

Management has noted that there were amounts coded to incorrect funds and accounts. They have corrected what they have found to this point; however, the control deficiency existed until 2014.

CRITERIA

Proper accounting requires that expenditures be posted correctly in the books and records for complete, accurate reporting of the District's finances.

CAUSE

Management did not ensure these amounts were paid from the correct fund at the time.

EFFECT

Financial statements of both funds could have been incorrectly stated.

RECOMMENDATION

Management should ensure all amounts are paid from the correct fund.

MANAGEMENT'S RESPONSE

Best efforts are being made to see that expenditures are paid from the correct funds.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

10-05 Cash Loaned to Other Funds (Significant Deficiency)

CONDITION

Although there was noted clean-up of certain due to / from accounts in fiscal year 2013, there still remains due to/from other funds that occurred as a result of the District overspending / miscoding its funding and budgets in previous years.

CRITERIA

All funds except the Operational Fund are created and used for specific purposes based on Public Education Department Regulations and cannot be spent for any other reason or for expenditures of any other fund.

CAUSE

Management did not submit reimbursement requests in a timely manner to ensure cash balances were not in a deficit situation.

EFFECT

Cash balances from certain funds were used incorrectly to cover expenditures of other funds. If these cash balances were not paid back then the transportation fund would be in violation of PED regulations.

RECOMMENDATION

Management of the School District should request reimbursements of grants periodically to ensure cash balances of other funds do not need to be used possibly violating PED regulations.

MANAGEMENT'S RESPONSE

Management is monitoring fund balances and filing requests for reimbursements periodically therefore removing the need to loan monies from one fund to another.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

**10-06 Penalties Charged for Overdue Filings of Department of Labor Reports
(Compliance)**

CONDITION

A fee of \$250 was charged for late filing of the Department of Labor reports dating back to June 2008. Reports were filed late consistently until they were caught up during fiscal year 2013.

CRITERIA

All filings of all payroll reports should be made in a timely basis so penalties are not assessed.

CAUSE

Management did not ensure these reports were filed timely. Also, the late fees were not investigated to ensure they were actually due.

EFFECT

Management paid fees that were not budgeted for and the District was not in compliance with the reporting deadlines.

RECOMMENDATION

Management should ensure all payroll reports are submitted timely to avoid late fees.

MANAGEMENT'S RESPONSE

Currently, payroll reports are filed on a timely basis therefore avoiding penalties.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

10-11 Incorrect ERB Reports (Compliance)

CONDITION

The ERA reports were inaccurate and the District was not able to reconcile these amounts until 2013. After reconciliation, the amount reported to ERB (\$104,599) was \$1,086 lower than the general ledger (\$105,685).

CRITERIA

All ERB reports should be properly supported by payroll records and include all employees required to contribute to ERB.

CAUSE

Management was not ensuring these reports were submitted correctly or properly supported by payroll records.

EFFECT

The School District will also owe penalties and interest and not be in compliance.

RECOMMENDATION

Management should correct and submit amended ERB reports immediately so as to amount of penalties and limit the interest.

MANAGEMENT'S RESPONSE

ERB reports are now current, all balances due have been paid and are being submitted in a timely manner.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

10-12 Incorrect RHCA Reports (Compliance)

CONDITION

Retiree Health Care Act Reports could not be verified as correct as none of them matched the underlying payroll records. This was not corrected until during fiscal year 2013. After reconciliation, RHCA showed a credit of \$1,538.53 less a late fee of \$8.21.

CRITERIA

All RHCA reports should be properly supported by payroll records and be calculated correctly according to RHCA contribution rates.

CAUSE

Management was not ensuring these reports were submitted correctly or properly supported by payroll records.

EFFECT

Required reporting was not accurate or complete, affecting employee's retirement amounts.

RECOMMENDATION

Management should correct and submit amended RHCA reports immediately so as to obtain the overpayment.

MANAGEMENT'S RESPONSE

RHCA reports have been filed and account is now current. Management will see that payroll records support RHCA reports.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

10-15 941 Reports Not Submitted Correctly (Compliance)

CONDITION

A copy of the original 941 reports submitted to the IRS were not kept on file. Also, they were not filed with correct amounts until 2013.

CRITERIA

All 941 reports need to be submitted with the correct amounts and a copy kept on file as well as the date submitted to the IRS.

CAUSE

Management was not preparing these reports correctly or keeping a copy on file.

EFFECT

The School District had to hire a consultant to amend and correct these reports.

RECOMMENDATION

Management should ensure these reports are prepared correctly and a copy kept on file.

MANAGEMENT'S RESPONSE

Currently 941 reports that are submitted to the IRS are kept on file and are reconciled to the payrolls to which they correspond.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

10-16 Payment Made for Insufficient 941 Report (2009) (Significant Deficiency)

CONDITION

Management paid \$7,018 to the IRS in August 2009 for a 941 report dated June 30, 2008 (over a year later). There was no documentation supporting the research of this amount and whether it was actually due. This was not researched and corrected until during fiscal year 2013.

CRITERIA

All payments made should be made promptly and be supported by the payroll report prepared and a copy kept on hand.

CAUSE

Management did not research this request to ensure the amount was owed.

EFFECT

Management could have paid \$7,018 that was not actually due since it was not researched and approved as due.

RECOMMENDATION

All past due amounts should be investigated to ensure they are actually due.

MANAGEMENT'S RESPONSE

Current management has been working with an IRS representative to reconcile prior year reports and amounts. To-date we have reconciled and resolved our accounts with the IRS.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

10-18 New Hire Reporting Reports Not Filed (Compliance)

CONDITION

The School District did not properly report newly hired employees to a State directory within 20 days of hire. New hire reporting was not implemented until fiscal year 2013 with a new Business Manager.

CRITERIA

New Mexico law (50-13-1 to 50-13-4 NMSA) and the Personal Responsibility and Work Opportunity Act (PRWORA) of 1996, 42. U.S.C. 653A, requires all employers to report newly hired employees to a State directory within 20 days of their hire.

CAUSE

Management at the time did not know of this requirement.

EFFECT

The School District did not comply with New Mexico State Statute 50-13-I or the PRWORA of 1996.

RECOMMENDATION

Management should ensure that this requirement is completed on a monthly basis.

MANAGEMENT'S RESPONSE

Currently, New Hire reports are filed after payrolls have been run for the month.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

10-24 No Depreciation Policy (Other Matter)

CONDITION

The School District has not approved a depreciation policy so depreciation can be charged to capital assets according to Board approval.

CRITERIA

The School District needs a depreciation policy so capital assets can be depreciated according to Board policy. This is due to the implementation of GASB 34.

CAUSE

The School District has not approved a policy for management to follow.

EFFECT

Depreciation may be charged incorrectly because no set policy is in place.

RECOMMENDATION

The School District should approve a policy as soon as possible. Management should then implement that policy as soon as possible.

MANAGEMENT'S RESPONSE

Management will submit a depreciation policy to the School Board for approval and implement such policy.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

10-25 1099 Forms Not Prepared (Compliance)

CONDITION

Management did not prepare 1099 forms for several vendors listed that received over \$600 in payments until 2013.

CRITERIA

A 1099 form is to be prepared for all non-employee recipients that receive more than \$600 in payments.

CAUSE

Management did not ensure that the IRS regulations concerning 1099 forms were followed.

EFFECT

IRS regulations concerning 1099 forms were not followed.

RECOMMENDATION

Management should ensure that 1099 forms are prepared and filed for all vendors/individuals that earn over \$600.

MANAGEMENT'S RESPONSE

Management will prepare 1099s for required vendors who have received payments of \$600 in a calendar year. W-9's will be collected to verify vendors who are required to receive such 1099s.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

10-26 Deficit Activity Fund Balances (Compliance)

CONDITION

Seven of the individual activity accounts (totaling \$6,119) had deficit balances as of June 30, 2013.

CRITERIA

According to the State Public Education Department Manual of Procedures "Under no circumstances shall an activity fund remain in a deficit balance at the end of the fiscal year".

CAUSE

Management was not aware of this requirement.

EFFECT

By creating deficit balances the management of the School District are creating a liability in which they will have to provide resources to eliminate these deficits.

RECOMMENDATION

Management should monitor the activity fund balances to ensure deficits do not occur and all monies owed to the School are collected.

MANAGEMENT'S RESPONSE

Currently, management is monitoring activity funds to ensure deficits in such funds does not occur. Upon a request for expenditures in activity funds, availability of funds is verified before approval.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

10-29 Revenues Received Not Deposited within 24 hours (Significant Deficiency)

CONDITION

Cash receipts are not always deposited into the bank within 24 hours as required.

CRITERIA

All receipts received are to be deposited according to PED regulations and Section 6-10-3 NMSA 1978 within twenty-four hours.

CAUSE

Management at the time was not performing their duties promptly.

EFFECT

Monies could be misplaced, lost or stolen if they are not deposited within twenty four hours.

RECOMMENDATION

Management should perform their duties promptly and within deposit all receipts twenty four hours.

MANAGEMENT'S RESPONSE

Management has informed the Business Office personnel of the requirement to deposit funds within a 24 hour period. Staff is also being educated that funds are to be turned into the office within 24 hours of being received.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

10-30 Cash Deficits Not Resolved (Significant Deficiency)

CONDITION

The District had seven (7) federal funds that ended in a cash deficit and were not offset by grant receivable. To eliminate the deficit, the operating fund has lent these 7 federal funds a total of \$52,273.

CRITERIA

Federal funds operate under a cost reimbursement basis. Therefore, on an accrual basis, funds whose source of revenue that is 100% federal should have a zero fund balance without borrowing funds from the operating fund.

CAUSE

Unknown errors and mis-postings that occurred prior to fiscal year 2013.

EFFECT

The Operational Fund now has to cover \$(52,273) in deficits in these 7 federal funds.

RECOMMENDATION

We recommend that management research the errors that occurred and make permanent transfers out of the operating fund to the 7 federal funds.

MANAGEMENT'S RESPONSE

Management is working through getting the audits current and arriving at accurate balances for these funds. A permanent cash transfer has been made for fund 29107 in FY14 which resolved the negative balance. Management will continue to resolve the negative balances and make the appropriate permanent cash transfers as needed.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

10-33 Required Support for Disbursements & Procurement (Compliance)

CONDITION

Two out of twelve payments tested were made to vendors without the proper documentation to support the disbursements totaling \$32,633. There was no signature of receipt or documentation that the goods received were verified complete. Three of the twelve tested totaling \$37,307, did not have procurement documentation on file. Also, the corresponding purchase requisitions and purchase orders related to eight of the twelve disbursements were dated on the same day as the check payment date and seven were without proper signatures for approval.

CRITERIA

The Public Education Department requires adequate support and approval of all disbursements made. These items include:

1. Approved purchase orders,
2. Approved requisitions,
3. An invoice,
4. Three quotes or sealed bids (if applicable)
5. Evidence of signature of approvals and signatures of receipt.

CAUSE

Management of the School District was not requiring all documentation be attached before purchases are made.

EFFECT

Public Education Department regulations have not been followed.

RECOMMENDATION

The School District should implement policies to ensure that all Public Education Department regulations and state statutes over procurement are followed.

MANAGEMENT'S RESPONSE

Management has made personnel aware of the required documentation for expenditures. Currently there are procedures for authorizing approval to purchase and approval for payment where documentation is required before authorization can be made.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

10-34 Balance Still Owed to NMPSIA for Employee Insurances (Compliance)

CONDITION

The NMPSIA balances charged each month were not reconciled to the employee deductions to ensure the amounts billed agreed to the amounts remitted each month. At the end of the fiscal year it appeared that for insurance health, dental, etc., \$7,840 was still owed to NMPSIA for employee insurance – this was corrected during 2013.

CRITERIA

The NMPSIA bills should be reconciled each month to the amounts deducted from each employee and to ensure they are correct remitted to NMPSIA.

CAUSE

Management was not reconciling these bills monthly.

EFFECT

The School District owed \$7,840 to NMPSIA during the year ended June 30, 2013.

RECOMMENDATION

Management should reconcile these bills and remit the amounts owed immediately.

MANAGEMENT'S RESPONSE

Currently, Management is reconciling NMPSIA bills on a monthly basis. All accounts are current.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

10-37 Public Education Quarterly Reports Incorrect (Compliance)

CONDITION

The quarterly reports submitted to the Public Education Department were not correct or submitted by the required deadline.

CRITERIA

The Public Educational Department requires quarterly reports be submitted for overview by the cognizant agency.

CAUSE

Management at the time was not ensuring these reports were submitted correctly or on time.

EFFECT

Management did not follow Public Education Department regulations.

RECOMMENDATION

The new management should ensure all quarterly reports are submitted correctly and in a timely manner.

MANAGEMENT'S RESPONSE

Currently, quarterly reports submitted to PED are filed correctly and in a timely manner.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

10-41 No Bus Driver List for Required Drug Testing (Compliance)

CONDITION

Management could not provide the list of CDL bus/activity drivers that are required to be included in a drug test “pool” each year.

CRITERIA

According to federal transportation guidelines all CDL bus drivers must be included in a drug test “pool” each year.

CAUSE

Management was not aware of this federal regulation.

EFFECT

The School District could be fined \$10,000 for each CDL driver not included in the “pool”.

RECOMMENDATION

Management needs to include these COL drivers in a drug test “pool” immediately.

MANAGEMENT’S RESPONSE

At the beginning of the 2013-2014 school year management entered into a contract with White Sands Drug & Alcohol testing. COL drivers have been included in a random drug testing pool.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

10-45 Clause Required Missing in Lease Agreement (Compliance)

CONDITION

The lease agreement for copiers signed by management had the “unappropriated clause” missing. This lease is \$1,177 per month, began in March 2011, and runs for 60 months.

CRITERIA

According to State Statutes all operating leases are required to include an “unappropriated clause” to ensure if the local government ceases to continue then there is no liability to continue the lease.

CAUSE

Management did not ensure this clause was included.

EFFECT

State statutes are not being followed.

RECOMMENDATION

The clause should be included in the agreement as soon as possible.

MANAGEMENT’S RESPONSE

Management will contact the company and see that an “unappropriated clause” is included in the current and future contracts.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

11-01 Financial Close & Reporting (Significant Deficiency)

CONDITION

The District had not implemented an effective and timely financial close and reporting process controls for the year ended June 30, 2013. The financial close should include but not be limited to:

- Identifying all sources of financial and non-financial data (routine and non-routine events and transactions) that will be needed in order to maintain and systematically adjust the District's general ledger.
- Establishing and implementing procedures and records to initiate, authorize, record process, correct, transfer to the general ledger, and report the District's transactions.
- Monitoring assigned personnel are completing their tasks timely and accurately.
- Support for journal entries was not maintained.

CRITERIA

There are several key underlying accounting standards related to an organization designing and implementing an effective financial close and reporting process. Auditors are required to identify and communicate internal weaknesses according to "Statement on Auditing Standards, AU Section 325, *Communicating Internal Control Related Matters Identified in an Audit*". The following are a few concepts associated with this standard:

- The auditor cannot be part of a client's internal control because becoming part of a client's internal control impairs auditor independence;
- The auditor's work is independent of the client's internal control over financial reporting, and the auditor cannot be a compensating control for the client; and
- A system of internal control over the financial reporting does not stop at the general ledger – it includes controls over the presentation of the financial statements.
- The financial close and reporting is considered a significant process of internal control and should be performed by the District's staff.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

11-01 Financial Close & Reporting (Significant Deficiency) (Continued)

EFFECT

The District was not ready for its audit in a timely manner which has resulted in a significant number of material adjustments and audit findings

CAUSE

The District has experienced turnover in key positions and will need to train employees in these positions.

RECOMMENDATION

We recommend the District institute procedures to ensure there is a proper monthly, quarterly and year-end financial close to its accounts as well as preparation and understanding of the adjustments and financial statements, with limited assistance from the auditors.

MANAGEMENT'S RESPONSE

Current management is ensuring proper monthly, quarterly, and year-end closings and will provide adjustments for the audit and the financial statements.

**STATE OF NEW MEXICO
DES MOINES MUNICIPAL SCHOOLS
EXIT CONFERENCE
YEAR ENDED JUNE 30, 2013**

An exit conference was held at the School District on August 29, 2014 to discuss the audit report. In attendance were the following individuals:

Management

Stacy Diller, Superintendent
Terri Trujillo, Business Manager (by phone)
Debbie Martinez, Assistant Business Manager

Governance

Scott Warner, Board of Education Member
Pam Sorensen, Audit Committee Member (Community Member)
Ginger Doherty, Audit Committee Member

Independent Auditors

Scott Eliason, CPA

FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended June 30, 2013 were prepared by Jaramillo Accounting Group LLC (JAG) with the assistance of management.