



STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS

ANNUAL FINANCIAL REPORT
June 30, 2013

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Clovis, New Mexico



STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
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STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
Official Roster
June 30, 2013

BOARD OF EDUCATION

Cody West	President
Kerrilyn Webb	Vice-President
Ray Drake	Secretary
Tom Wilton	Member
Ron Gauna	Member

SCHOOL OFFICIALS

Nolan Correa	Superintendent
Betty Mitchell	Business Manager

Independent Auditor's Report

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the Fort Sumner Municipal Schools

Mr. Balderas and Members of the Board

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Fort Sumner 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 nonmajor governmental funds, and the budgetary comparisons for the major capital project and debt service fund presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

 De'Ann Willoughby, CPA PC

Clovis, New Mexico
November 4, 2013

FINANCIAL SECTION

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
 Government-Wide Statement of Net Position
 June 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 1,120,392
Taxes Receivable	33,929
Due From Grantor	199,017
Inventory	1,939
Total Current Assets	<u>1,355,277</u>
Noncurrent Assets	
Capital Assets	23,861,771
Less: Accumulated Depreciation	<u>(4,531,468)</u>
Total Noncurrent Assets	<u>19,330,303</u>
Total Assets	<u>20,685,580</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	34,662
Accrued Interest	16,486
Current Portion of Long-Term Debt	295,000
Total Current Liabilities	<u>346,148</u>
Noncurrent Liabilities	
Compensated Absences	6,933
Bonds and Notes, Net	2,214,156
Total Noncurrent Liabilities	<u>2,221,089</u>
Total Liabilities	<u>2,567,237</u>
NET POSITION	
Invested in Net Capital Assets	16,821,147
Restricted for Capital Projects	474,737
Restricted for Debt Service	356,231
Unrestricted	466,228
Total Net Position	<u>\$ 18,118,343</u>

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
 Government-Wide Statement of Activities
 For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 3,056,236	\$ 30,518	\$ 195,315	\$ 0	\$ (2,830,403)
Support Service-Students	544,735	0	282,736	0	(261,999)
Support Services-Instruction	46,612	0	11,013	0	(35,599)
Support Services-General Administration	185,890	0	0	0	(185,890)
Support Services-School Administration	191,621	0	43,407	0	(148,214)
Central Services	118,188	0	0	0	(118,188)
Operation & Maintenance of Plant	510,304	0	0	0	(510,304)
Student Transportation	498,689	0	505,497	0	6,808
Other	5,863	0	0	0	(5,863)
Food Services	167,602	36,281	82,385	0	(48,936)
Interest on Long-Term Obligations	60,183	0	0	0	(60,183)
Total Governmental Activities	<u>\$ 5,385,923</u>	<u>\$ 66,799</u>	<u>\$ 1,120,353</u>	<u>\$ 0</u>	<u>(4,198,771)</u>
General Revenues					
Taxes					
Property Taxes, Levied for General Purposes					28,796
Property Taxes, Levied for Capital Projects					117,047
Property Taxes, Levied for Debt Service					359,616
Federal and State aid not restricted to specific purpose					
General					3,340,036
Capital					39,159
Interest and investment earnings					4,291
Miscellaneous					110,449
Subtotal, General Revenues					<u>3,999,394</u>
Change in Net Position					(199,377)
Net Position - beginning					<u>18,317,720</u>
Net Position - ending					<u>\$ 18,118,343</u>

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2013

	General Fund		
	Operational	Transportation	Instructional
	11000	13000	Material 14000
ASSETS			
Cash and Cash Equivalents	\$ 20,128	\$ 13,608	\$ 12,333
Receivables			
Taxes	1,855	0	0
Due From Grantor	0	0	0
Interfund Balance	195,838	0	0
Inventory	0	0	0
Total Assets	\$ 217,821	\$ 13,608	\$ 12,333
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 0
Accounts Payable	26,353	190	0
Deferred Revenue	1,662	0	0
Total Liabilities	28,015	190	0
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Capital Improvements	0	0	0
Debt Service	0	0	0
Assigned-Capital Projects	0	0	0
Unassigned-General	189,806	13,418	12,333
Total Fund Balances	189,806	13,418	12,333
Total Liabilities and Fund Balances	\$ 217,821	\$ 13,608	\$ 12,333

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2013

	Special Revenue		
	Title I 24101	IDEA B Entitlement 24106	Improving Teacher Quality 24154
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	40,548	28,681	33,200
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	\$ 40,548	\$ 28,681	\$ 33,200
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 38,425	\$ 28,681	\$ 33,200
Accounts Payable	2,123	0	0
Deferred Revenue	0	0	0
Total Liabilities	40,548	28,681	33,200
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Capital Improvements	0	0	0
Debt Service	0	0	0
Assigned-Capital Projects	0	0	0
Unassigned-General	0	0	0
Total Fund Balances	0	0	0
Total Liabilities and Fund Balances	\$ 40,548	\$ 28,681	\$ 33,200

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2013

	Special Revenue		Capital
	Elementary	Wind Farm	Projects
	School Counciling 25215	29134	Bond Building 31100
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 334,164	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	88,805	0	0
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 88,805</u>	<u>\$ 334,164</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 87,749	\$ 0	\$ 0
Accounts Payable	1,056	0	0
Deferred Revenue	0	0	0
Total Liabilities	<u>88,805</u>	<u>0</u>	<u>0</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	334,164	0
Capital Improvements	0	0	0
Debt Service	0	0	0
Assigned-Capital Projects	0	0	0
Unassigned-General	0	0	0
Total Fund Balances	<u>0</u>	<u>334,164</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 88,805</u>	<u>\$ 334,164</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2013

	<u>Capital Projects</u>		
	<u>Senate Bill Nine 31700</u>	<u>Debt Service 41000</u>	<u>Other Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 243,514	\$ 353,840	\$ 142,805
Receivables			
Taxes	7,555	24,519	0
Due From Grantor	0	0	7,783
Interfund Balance	0	0	0
Inventory	0	0	1,939
Total Assets	<u>\$ 251,069</u>	<u>\$ 378,359</u>	<u>\$ 152,527</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 7,783
Accounts Payable	2,708	0	2,232
Deferred Revenue	6,783	22,128	0
Total Liabilities	<u>9,491</u>	<u>22,128</u>	<u>10,015</u>
Fund Balances			
Nonspendable-Inventory	0	0	1,939
Restricted for, reported in			
Special Revenue Funds	0	0	140,573
Capital Improvements	0	0	0
Debt Service	0	356,231	0
Assigned-Capital Projects	241,578	0	0
Unassigned-General	0	0	0
Total Fund Balances	<u>241,578</u>	<u>356,231</u>	<u>142,512</u>
Total Liabilities and Fund Balances	<u>\$ 251,069</u>	<u>\$ 378,359</u>	<u>\$ 152,527</u>

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2013

	<u>Total Governmental Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,120,392
Receivables	
Taxes	33,929
Due From Grantor	199,017
Interfund Balance	195,838
Inventory	1,939
Total Assets	<u>\$ 1,551,115</u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Interfund Balance	\$ 195,838
Accounts Payable	34,662
Deferred Revenue	30,573
Total Liabilities	<u>261,073</u>
Fund Balances	
Nonspendable-Inventory	1,939
Restricted for, reported in	
Special Revenue Funds	474,737
Capital Improvements	0
Debt Service	356,231
Assigned-Capital Projects	241,578
Unassigned-General	215,557
Total Fund Balances	<u>1,290,042</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,551,115</u>

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position
 June 30, 2013

Total Fund Balance - Governmental Funds \$ 1,290,042

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

Property taxes receivable will be collected after the period of availability, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 30,573

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	\$ 23,861,771	
Accumulated depreciation is	<u>(4,531,468)</u>	19,330,303

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	(2,553,830)	
Issue Costs	79,744	
Accumulated Amortization	(35,070)	
Accrued Interest	(16,486)	
Compensated Absences	<u>(6,933)</u>	<u>(2,532,575)</u>

Total Net Position - Governmental Activities \$ 18,118,343

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

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

	General Fund		
	Operational	Transportation	Instructional
	11000	13000	Material 14000
Revenues			
Property Taxes	\$ 28,619	\$ 0	\$ 0
Interest Income	1,717	0	0
Fees	54	0	0
State and Local Grants	3,340,036	505,497	20,380
Federal Grants	0	0	0
Miscellaneous	20,284	0	0
Total Revenues	<u>3,390,710</u>	<u>505,497</u>	<u>20,380</u>
Expenditures			
Current			
Instruction	2,127,036	0	15,122
Support Services-Students	266,805	0	0
Support Services-Instruction	30,439	0	0
Support Services-General Administration	139,094	0	0
Support Services-School Administration	191,621	0	0
Central Services	116,744	0	0
Operation & Maintenance of Plant	491,177	0	0
Student Transportation	2,428	497,683	0
Other	5,863	0	0
Food Service	28,588	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>3,399,795</u>	<u>497,683</u>	<u>15,122</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(9,085)</u>	<u>7,814</u>	<u>5,258</u>
Other Financing Sources (Uses)			
Bond Proceeds	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(9,085)	7,814	5,258
Fund Balances at Beginning of Year	<u>198,891</u>	<u>5,604</u>	<u>7,075</u>
Fund Balance at End of Year	<u>\$ 189,806</u>	<u>\$ 13,418</u>	<u>\$ 12,333</u>

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

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

	Special Revenue		
	Title I 24101	IDEA B Entitlement 24106	Improving Teacher Quality 24154
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	0	0	0
State and Local Grants	0	0	0
Federal Grants	103,340	84,276	43,407
Miscellaneous	0	0	0
Total Revenues	<u>103,340</u>	<u>84,276</u>	<u>43,407</u>
Expenditures			
Current			
Instruction	103,340	53,205	0
Support Services-Students	0	20,058	0
Support Services-Instruction	0	11,013	0
Support Services-General Administration	0	0	0
Support Services-School Administration	0	0	43,407
Central Services	0	0	0
Operation & Maintenance of Plant	0	0	0
Student Transportation	0	0	0
Other	0	0	0
Food Service	0	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>103,340</u>	<u>84,276</u>	<u>43,407</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)			
Bond Proceeds	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

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

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

	Special Revenue		Capital
	Elementary		Projects
	School	Wind Farm	Bond
	Counciling		Building
	25215	29134	31100
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	1,184
Fees	0	0	0
State and Local Grants	0	0	0
Federal Grants	252,678	0	0
Miscellaneous	0	90,165	0
Total Revenues	252,678	90,165	1,184
Expenditures			
Current			
Instruction	0	0	0
Support Services-Students	252,678	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Support Services-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	0	0	0
Student Transportation	0	0	0
Other	0	0	0
Food Service	0	0	0
Capital Outlay	0	121,722	1,029,838
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	252,678	121,722	1,029,838
Excess (Deficiency) of Revenues			
Over Expenditures	0	(31,557)	(1,028,654)
Other Financing Sources (Uses)			
Bond Proceeds	0	0	748,830
Total Other Financing Sources (Uses)	0	0	748,830
Net Change in Fund Balance	0	(31,557)	(279,824)
Fund Balances at Beginning of Year	0	365,721	279,824
Fund Balance at End of Year	\$ 0	\$ 334,164	\$ 0

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

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

	<u>Capital Projects</u>		
	<u>Senate Bill Nine 31700</u>	<u>Debt Service 41000</u>	<u>Other Governmental Funds</u>
Revenues			
Property Taxes	\$ 114,855	\$ 352,683	\$ 0
Interest Income	532	429	429
Fees	0	0	66,745
State and Local Grants	39,159	0	13,219
Federal Grants	0	0	97,556
Miscellaneous	0	0	0
Total Revenues	<u>154,546</u>	<u>353,112</u>	<u>177,949</u>
Expenditures			
Current			
Instruction	71,503	0	53,012
Support Services-Students	0	0	5,804
Support Services-Instruction	0	0	5,160
Support Services-General Administration	1,150	3,532	0
Support Services-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	18,725	0	0
Student Transportation	0	0	0
Other	0	0	0
Food Service	0	0	139,014
Capital Outlay	68,544	0	0
Debt Service			
Principal	0	275,000	0
Interest	0	53,763	0
Total Expenditures	<u>159,922</u>	<u>332,295</u>	<u>202,990</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,376)</u>	<u>20,817</u>	<u>(25,041)</u>
Other Financing Sources (Uses)			
Bond Proceeds	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(5,376)	20,817	(25,041)
Fund Balances at Beginning of Year	<u>246,954</u>	<u>335,414</u>	<u>167,553</u>
Fund Balance at End of Year	<u>\$ 241,578</u>	<u>\$ 356,231</u>	<u>\$ 142,512</u>

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

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

	Total Governmental Funds
Revenues	
Property Taxes	\$ 496,157
Interest Income	4,291
Fees	66,799
State and Local Grants	3,918,291
Federal Grants	581,257
Miscellaneous	110,449
Total Revenues	<u>5,177,244</u>
Expenditures	
Current	
Instruction	2,423,218
Support Services-Students	545,345
Support Services-Instruction	46,612
Support Services-General Administration	143,776
Support Services-School Administration	235,028
Central Services	116,744
Operation & Maintenance of Plant	509,902
Student Transportation	500,111
Other	5,863
Food Service	167,602
Capital Outlay	1,220,104
Debt Service	
Principal	275,000
Interest	53,763
Total Expenditures	<u>6,243,068</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,065,824)</u>
Other Financing Sources (Uses)	
Bond Proceeds	748,830
Total Other Financing Sources (Uses)	<u>748,830</u>
Net Change in Fund Balance	(316,994)
Fund Balances at Beginning of Year	<u>1,607,036</u>
Fund Balance at End of Year	<u>\$ 1,290,042</u>

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

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

Excess (Deficiency) of Revenues Over Expenditures \$ (1,065,824)

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

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

Property Taxes, June 30, 2012	\$ (21,271)	
Property Taxes, June 30, 2013	<u>30,573</u>	9,302

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

Depreciation expense	(633,018)	
Capital Outlays	<u>1,220,104</u>	587,086

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 275,000

Bond issue costs are amortized in the Statement of Activities but are an expenditure in the governmental funds.

Amortization of Issue Cost this year		(7,975)
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In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

Accrued Interest, June 30, 2012	18,040	
Accrued Interest, June 30, 2013	<u>(16,486)</u>	1,554

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

Compensated Absences, June 30, 2012	8,413	
Compensated Absences, June 30, 2013	<u>(6,933)</u>	<u>1,480</u>

Changes in Net Position of Governmental Activities		<u><u>\$ (199,377)</u></u>
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The notes to the financial statements are an integral part of this statement.

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 26,738	26,738	\$ 28,661	\$ 1,923
Interest Income	9,000	9,000	1,717	(7,283)
Fees	0	0	54	54
State Grant	3,336,320	3,336,320	3,340,036	3,716
Miscellaneous	0	0	20,284	20,284
Total Revenues	3,372,058	3,372,058	3,390,752	18,694
Expenditures				
Instruction				
Personnel Services	1,488,323	1,461,758	1,456,375	5,383
Employee Benefits	509,500	524,767	510,664	14,103
Professional & Tech Services	18,000	9,140	8,679	461
Purchased Property Services	0	245	241	4
Other Purchased Services	69,100	100,806	94,337	6,469
Supplies	70,300	67,593	51,432	16,161
Total Instruction	2,155,223	2,164,309	2,121,728	42,581
Support Services-Students				
Personnel Services	159,401	163,514	161,470	2,044
Employee Benefits	57,782	58,569	55,640	2,929
Professional & Tech Services	59,200	54,300	49,695	4,605
Other Purchased Services	100	100	0	100
Total Support Services-Students	276,483	276,483	266,805	9,678
Support Services-Instruction				
Personnel Services	23,023	17,053	17,001	52
Employee Benefits	14,880	14,880	10,963	3,917
Professional & Tech Services	550	550	0	550
Supplies	1,500	3,500	2,475	1,025
Total Support Services-Instruction	39,953	35,983	30,439	5,544
Support Services-General Administration				
Personnel Services	72,512	84,532	82,977	1,555
Employee Benefits	26,230	27,498	26,890	608
Professional & Tech Services	41,547	24,329	20,567	3,762
Other Purchased Services	5,850	4,300	2,883	1,417
Supplies	1,800	7,822	5,978	1,844
Total Support Services-General Administration	\$ 147,939	\$ 148,481	\$ 139,295	\$ 9,186

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Support Services-School Administration				
Personnel Services	\$ 148,742	\$ 148,745	\$ 148,745	\$ 0
Employee Benefits	43,150	43,147	42,023	1,124
Professional & Tech Services	2,000	2,000	1,410	590
Total Support Services-School Administration	<u>193,892</u>	<u>193,892</u>	<u>192,178</u>	<u>1,714</u>
Central Services				
Personnel Services	74,080	74,030	74,000	30
Employee Benefits	26,850	32,475	31,319	1,156
Professional & Tech Services	2,300	1,600	1,310	290
Other Purchased Services	5,700	3,350	3,287	63
Supplies	13,500	9,575	7,779	1,796
Total Central Services	<u>122,430</u>	<u>121,030</u>	<u>117,695</u>	<u>3,335</u>
Operation & Maintenance of Plant				
Personnel Services	144,005	133,005	129,248	3,757
Employee Benefits	64,150	57,650	54,443	3,207
Professional & Tech Services	200	200	0	200
Purchased Property Services	186,000	186,003	181,039	4,964
Other Purchased Services	107,900	82,337	81,930	407
Supplies	23,781	54,841	42,408	12,433
Total Operation & Maintenance of Plant	<u>526,036</u>	<u>514,036</u>	<u>489,068</u>	<u>24,968</u>
Transportation				
Purchased Property Services	1,000	3,000	2,428	572
Total Transportation	<u>1,000</u>	<u>3,000</u>	<u>2,428</u>	<u>572</u>
Other Support Services				
Professional & Tech Services	8,404	8,404	3,045	5,359
Total Other Support Services	<u>8,404</u>	<u>8,404</u>	<u>3,045</u>	<u>5,359</u>
Food Service				
Personnel Services	13,324	13,415	13,415	0
Employee Benefits	16,500	16,409	15,173	1,236
Supplies	10,000	2,000	0	2,000
Total Food Service	<u>39,824</u>	<u>31,824</u>	<u>28,588</u>	<u>3,236</u>
Total Expenditures	<u>\$ 3,511,184</u>	<u>\$ 3,497,442</u>	<u>\$ 3,391,269</u>	<u>\$ 106,173</u>

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Excess (Deficiency) of Revenues Over Expenditures	\$ (139,126)	\$ (125,384)	\$ (517)	\$ 124,867
Cash Balance Beginning of Year	<u>216,483</u>	<u>216,483</u>	<u>216,483</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 77,357</u>	<u>\$ 91,099</u>	<u>\$ 215,966</u>	<u>\$ 124,867</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (517)	
Net Change in Taxes Receivable			(42)	
Net Change in Outstanding Taxes			177	
Net Change in Accounts Payable			(8,526)	
Net Change in Deferred Revenue			<u>(177)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (9,085)</u>	

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

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grants	\$ 408,942	\$ 511,046	\$ 505,497	\$ (5,549)
Total Revenues	<u>408,942</u>	<u>511,046</u>	<u>505,497</u>	<u>(5,549)</u>
Expenditures				
Transportation				
Personnel Services	65,320	57,463	57,461	2
Employee Benefits	25,088	21,842	21,835	7
Professional & Tech Services	500	0	0	0
Purchased Property Services	26,013	37,165	37,165	0
Other Purchased Services	289,529	322,010	321,617	393
Supplies	2,572	72,566	59,415	13,151
Total Transportation	<u>409,022</u>	<u>511,046</u>	<u>497,493</u>	<u>13,544</u>
Total Expenditures	<u>409,022</u>	<u>511,046</u>	<u>497,493</u>	<u>13,544</u>
Excess (Deficiency) of Revenues Over Expenditures	(80)	0	8,004	8,004
Cash Balance Beginning of Year	<u>5,604</u>	<u>5,604</u>	<u>5,604</u>	<u>0</u>
Cash Balance End of Year	\$ <u>5,524</u>	\$ <u>5,604</u>	\$ <u>13,608</u>	\$ <u>8,004</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 8,004	
Net Change in Accounts Payable			(190)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>7,814</u>	

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
GENERAL FUND-INSTRUCTIONAL MATERIAL-14000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grants	\$ 20,380	\$ 20,380	\$ 20,380	\$ 0
Total Revenues	<u>20,380</u>	<u>20,380</u>	<u>20,380</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	20,380	20,380	15,122	5,258
Total Instruction	<u>20,380</u>	<u>20,380</u>	<u>15,122</u>	<u>5,258</u>
Total Expenditures	<u>20,380</u>	<u>20,380</u>	<u>15,122</u>	<u>5,258</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	5,258	5,258
Cash Balance Beginning of Year	<u>7,075</u>	<u>7,075</u>	<u>7,075</u>	<u>0</u>
Cash Balance End of Year	\$ <u>7,075</u>	\$ <u>7,075</u>	\$ <u>12,333</u>	\$ <u>5,258</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>5,258</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>5,258</u>	

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

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 111,054	\$ 178,456	\$ 118,727	\$ (59,729)
Total Revenues	<u>111,054</u>	<u>178,456</u>	<u>118,727</u>	<u>(59,729)</u>
Expenditures				
Instruction				
Personnel Services	45,241	45,241	45,241	0
Employee Benefits	20,672	15,449	14,631	818
Professional & Tech Services	500	2,128	2,061	67
Supplies	6,510	77,507	57,088	20,419
Total Instruction	<u>72,923</u>	<u>140,325</u>	<u>119,021</u>	<u>21,304</u>
Total Expenditures	<u>72,923</u>	<u>140,325</u>	<u>119,021</u>	<u>21,304</u>
Excess (Deficiency) of Revenues Over Expenditures	38,131	38,131	(294)	(38,425)
Cash Balance Beginning of Year	<u>(38,131)</u>	<u>(38,131)</u>	<u>(38,131)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(38,425)</u>	\$ <u>(38,425)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (294)	
Net Change in Due from Grantor			(15,387)	
Net Change in Accounts Payable			15,681	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>0</u>	

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-IDEA B ENTITLEMENT-24106
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 106,721	\$ 116,481	\$ 78,426	\$ (38,055)
Total Revenues	<u>106,721</u>	<u>116,481</u>	<u>78,426</u>	<u>(38,055)</u>
Expenditures				
Instruction				
Personnel Services	42,257	32,522	32,521	1
Employee Benefits	12,979	12,553	9,629	2,924
Supplies	100	12,229	11,054	1,175
Total Instruction	<u>55,336</u>	<u>57,304</u>	<u>53,204</u>	<u>4,100</u>
Support Services-Students				
Personnel Services	10,345	15,529	15,529	0
Employee Benefits	6,379	8,787	4,529	4,258
Total Support Services-Students	<u>16,724</u>	<u>24,316</u>	<u>20,058</u>	<u>4,258</u>
Support Services-Instruction				
Personnel Services	9,986	10,001	9,170	831
Employee Benefits	1,843	2,028	1,843	185
Total Support Services-Instruction	<u>11,829</u>	<u>12,029</u>	<u>11,013</u>	<u>1,016</u>
Total Expenditures	<u>83,889</u>	<u>93,649</u>	<u>84,275</u>	<u>9,374</u>
Excess (Deficiency) of Revenues Over Expenditures	22,832	22,832	(5,849)	(28,681)
Cash Balance Beginning of Year	<u>(22,832)</u>	<u>(22,832)</u>	<u>(22,832)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(28,681)</u>	\$ <u>(28,681)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (5,849)	
Net Change in Due from Grantor			<u>5,849</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

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

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 20,401	\$ 44,275	\$ 10,672	\$ (33,603)
Total Revenues	<u>20,401</u>	<u>44,275</u>	<u>10,672</u>	<u>(33,603)</u>
Expenditures				
Support Services-School Administration				
Professional & Tech Services	18,377	43,125	42,374	751
Other Purchased Services	<u>1,617</u>	<u>743</u>	<u>1,091</u>	<u>(348)</u>
Total Support Services-School Administration	<u>19,994</u>	<u>43,868</u>	<u>43,465</u>	<u>403</u>
Total Expenditures	<u>19,994</u>	<u>43,868</u>	<u>43,465</u>	<u>403</u>
Excess (Deficiency) of Revenues Over Expenditures	407	407	(32,793)	(33,200)
Cash Balance Beginning of Year	<u>(407)</u>	<u>(407)</u>	<u>(407)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (33,200)</u>	<u>\$ (33,200)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (32,793)	
Net Change in Due from Grantor			32,735	
Net Change in Accounts Payables			<u>58</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-ELELMETARY SCHOOL COUNSELING-25215
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 142,226	\$ 423,955	\$ 158,305	\$ (265,650)
Total Revenues	<u>142,226</u>	<u>423,955</u>	<u>158,305</u>	<u>(265,650)</u>
Expenditures				
Support Services-Students				
Personnel Services	69,000	163,706	96,522	67,184
Employee Benefits	49,681	60,146	31,076	29,070
Professional & Tech Services	7,876	105,801	83,716	22,085
Other Purchased Services	17,799	38,460	19,616	18,844
Supplies	1,662	46,662	16,639	30,023
Supply Assets	2,084	15,056	4,361	10,695
Total Support Services-Students	<u>148,102</u>	<u>429,831</u>	<u>251,930</u>	<u>177,901</u>
Total Expenditures	<u>148,102</u>	<u>429,831</u>	<u>251,930</u>	<u>177,901</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,876)	(5,876)	(93,625)	(87,749)
Cash Balance Beginning of Year	<u>5,876</u>	<u>5,876</u>	<u>5,876</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (87,749)</u>	<u>\$ (87,749)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (93,625)	
Net Change in Due from Grantor			88,805	
Net Change in Accounts Payables			(748)	
Net Change in Deferred Revenue			5,568	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-WIND FARM PROJECTS-29134
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Miscellaneous	\$ 90,165	\$ 90,165	\$ 90,165	\$ 0
Total Revenues	<u>90,165</u>	<u>90,165</u>	<u>90,165</u>	<u>0</u>
Expenditures				
Operation & Maintenance of Plant				
Other Purchased Services	125,000	7,000	0	7,000
Supplies	<u>52,874</u>	<u>10,874</u>	<u>0</u>	<u>10,874</u>
Total Operation & Maintenance of Plant	<u>177,874</u>	<u>17,874</u>	<u>0</u>	<u>17,874</u>
Capital Outlay				
Other Purchased Services	150,000	310,000	21,722	288,278
Fixed Assets	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Total Capital Outlay	<u>250,000</u>	<u>410,000</u>	<u>121,722</u>	<u>288,278</u>
Total Expenditures	<u>427,874</u>	<u>427,874</u>	<u>121,722</u>	<u>306,152</u>
Excess (Deficiency) of Revenues Over Expenditures	(337,709)	(337,709)	(31,557)	(306,152)
Cash Balance Beginning of Year	<u>365,721</u>	<u>365,721</u>	<u>365,721</u>	<u>0</u>
Cash Balance End of Year	\$ <u>28,012</u>	\$ <u>28,012</u>	\$ <u>334,164</u>	\$ <u>(306,152)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (31,557)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(31,557)</u>	

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2013

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 167,339
Total Assets	<u>\$ 167,339</u>
Liabilities	
Deposits Held for Others	\$ 167,339
Total Liabilities	<u>\$ 167,339</u>

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fort Sumner Municipal Schools (District) , has been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Financial Reporting Entity

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

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

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

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

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

Governmental Funds

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

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

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

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

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

Fiduciary Fund Type

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the District. The Agency funds are accounted for using the economic resources measurement focus and accrual basis of accounting.

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

MAJOR FUNDS

The District reports the following major governmental funds:

General (11000) (13000) (14000). The General Fund consist of three sub funds. The first is the operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide text books for students in the District.

MAJOR SPECIAL REVENUE FUNDS

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

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

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

Elementary School Counseling (25215). To account for a federal grant funded by the U.S. Department of Education to provide staff and materials for elementary school counseling. School counseling programs serve schools by assisting students in reaching their academic, professional, personal and developmental goals. Yet, many school counseling programs are undelfunded and consequently the goals that counselors strive to achieve cannot be accomplished. Nevertheless, grants do exist that can aid counselors in strengthening their school counseling programs. The fund was created by the authority of federal grant provisions.

Wind Farm Projects (29134). To account for a local grant funded by a wind farm in lieu of paying property taxes, to teach the students about future wind farm technology, a growing industry in the area. The fund was created by grant provisions.

MAJOR CAPITAL OUTLAY FUNDS

Bond Building (31100). The revenues are derived from a School Building Bond Issue. The expenditures are restricted to major capital improvements.

Capital Improvement Senate Bill-Nine (31700). The revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements, maintenance of the facilities and supplies.

MAJOR DEBT SERVICE FUND

Debt Service (41000). To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Assets and Liabilities - Agency Funds 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 outflow of resources, liabilities and deferred inflow of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflow of resources resulting from nonexchange transactions are recognized in accordance with the requirement of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues include: 1) charges for services to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions, and including grants for transportation, instructional materials, food service. special revenue funds such as special education as well as others and federal and state programs 3) program specific capital grants and contributions.

Fund Financial Statements (FFS)

Governmental Funds

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

Revenues

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

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

Revenue Recognition for Grants.

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

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

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

Entitlement 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.

Expenditures

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

Other Financing Sources (Uses)

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

Basis of Budgeting

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

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

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

1. Prior to April 15, (unless a later date is fixed by the Superintendent of Public Instruction) the local school board submits to the District Budget Planning Unit (SBPU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBPU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBPU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBPU.
5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.

STATE OF NEW MEXICO
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Notes to the Financial Statements
June 30, 2013

6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the 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 accompanying financial statements reflect the approved budget and amendments thereto.

Cash and Cash Equivalents

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

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

Investments

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

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

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

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

Receivables and Payables

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

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Notes to the Financial Statements
June 30, 2013

Property Taxes

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

Elimination and Reclassifications of Certain Receivables and Payables

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

Inventories and Prepaid Items

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

Capital Assets

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

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

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

Buildings & Improvements	20-50 Years
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	5-20 Years

Capital Leases

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

Short -Term Debt

Short-term debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans. The District does not have any activity in short-term debt.

Long-Term Liabilities

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

Restricted Net Position

For the government-wide statement of net position, net positions are reported as restricted when constraints placed use are either:

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

Imposed by law through constitutional provisions or enabling legislation.

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

Fund Balances of Fund Financial Statements

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

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

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

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

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

Interfund Transfers

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

Deferred Revenue

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

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Compensated Absences

Twelve-month employees will earn ten (10) days annual leave per contract year. The Superintendent will earn fifteen (15) days annual leave per contract year. Twelve-month employees may accumulate up to twenty (20) days of annual leave. The Superintendent may accumulate up to thirty (30) days of annual leave. Any leave beyond these limits must be used by June 30 of the current contract year or within 18 months after the granting of a special provision to extend the limits. Special provisions to extend the limits of accumulated annual leave by twelve-month employees may be approved by the Superintendent. The Superintendent may extend the limits of accumulated annual leave by receiving the approval of the Board of Education. Upon cancellation of the employment contract, no payment shall be made for more than twenty (20) days of unused annual leave for twelve-month employees and thirty (30) days for the Superintendent.

Estimates

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

NOTE B: DEPOSITS AND INVESTMENTS

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

The Citizens Bank of Clovis

<u>Name of Account</u>	Balance Per Bank 6/30/13	Reconciled Balance	<u>Type</u>	<u>Interest or Non-Interest</u>
Payment Account	\$ 1,690,713	\$ 1,120,390	Checking	Interest
High School	176,874	167,341	Checking	Interest
Draw Account	100,475	0	Checking	Non-Interest
TOTAL Deposited	<u>1,968,062</u>	<u>\$ 1,287,731</u>		
Less: FDIC Coverage	<u>(250,000)</u>			
Uninsured Amount	1,718,062			
50% collateral requirement	859,031			
Pledged securities	<u>1,389,727</u>			
Over (Under) requirement	<u>\$ 530,696</u>			

The following securities are pledged

<u>Description</u>	<u>CUSIP #</u>	<u>Par/ Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
GNMA II Pool # MA0844	36179M5D8	\$ 1,194,031	03/20/43	* IB AFS
GNMA II Pool #80444	36225CP67	167,470	08/20/30	* IB AFS
GNMA II Pool # 80719	36225CYR1	28,226	06/20/33	* IB AFS
		<u>\$ 1,389,727</u>		

* Independent Bank AFS
Dallas TX

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Notes to the Financial Statements
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Custodial Credit Risk-Deposits

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 250,000
Collateralized:	
Collateral held by the pledging bank in District's name	1,389,727
Uninsured and uncollateralized	328,335
Total Deposits	<u>\$ 1,968,062</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2013, \$328,335 of District's bank balance of \$1,968,062 was exposed to custodial credit risk.

NOTE C: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Funds</u>				
	Title I 24101	IDEA B Entitlement 24106	Improving Teacher Quality 24154	Elementary School Counseling 29134	Other Governmental Funds
General Fund	\$ 38,425	\$ 28,681	\$ 33,200	\$ 87,749	\$ 7,783
Totals	<u>\$ 38,425</u>	<u>\$ 28,681</u>	<u>\$ 33,200</u>	<u>\$ 87,749</u>	<u>\$ 7,783</u>

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

NOTE E: TAXES RECEIVABLE

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

	<u>Operational Fund 11000</u>	<u>Senate Bill Nine 31700</u>	<u>Debt Service 41000</u>
Property Taxes Receivable:	\$		
Available	193	772	2,391
Unavailable	1,662	6,783	22,128
TOTAL Property Taxes Receivable	<u>\$ 1,855</u>	<u>\$ 7,555</u>	<u>\$ 24,519</u>

NOTE F: DUE FROM GRANTOR

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

Federal Agencies	\$ 199,017
State Agencies	0
Total	<u>\$ 199,017</u>

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Notes to the Financial Statements
June 30, 2013

NOTE G: DEFERRED REVENUES

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

	Operational Fund 11000	Senate Bill Nine 31700	Debt Service 41000	Other Governmental Funds
Property Taxes	\$ 1,662	\$ 6,783	\$ 22,128	\$ 0
Federal Revenues	0	0	0	0
TOTAL Deferred Revenues	<u>\$ 1,662</u>	<u>\$ 6,783</u>	<u>\$ 22,128</u>	<u>\$ 0</u>

NOTE H: CAPITAL ASSETS

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

	Balance 6/30/12	Additions	Deletions	Balance 6/30/13
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 0	\$ 0	\$ 0	\$ 0
Total Capital Assets, not being Depreciated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Capital Assets, being Depreciated				
Buildings & Improvements	20,599,015	1,051,560	0	21,650,575
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>2,042,652</u>	<u>168,544</u>	<u>0</u>	<u>2,211,196</u>
Total Capital Assets, being Depreciated	<u>22,641,667</u>	<u>1,220,104</u>	<u>0</u>	<u>23,861,771</u>
Total Capital Assets	<u>22,641,667</u>	<u>1,220,104</u>	<u>0</u>	<u>23,861,771</u>
Less Accumulated Depreciation				
Buildings & Improvements	2,925,578	618,613	0	3,544,191
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>972,872</u>	<u>14,405</u>	<u>0</u>	<u>987,277</u>
Total Accumulated Depreciation	<u>3,898,450</u>	<u>633,018</u>	<u>0</u>	<u>4,531,468</u>
Capital Assets, net	<u>\$ 18,743,217</u>	<u>\$ 587,086</u>	<u>\$ 0</u>	<u>\$ 19,330,303</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 633,018
Total depreciation expenses	<u>\$ 633,018</u>

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Notes to the Financial Statements
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NOTE I: LONG TERM DEBT

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

	Balance 6/30/12	Additions	Reductions	Balance 6/30/13	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 2,080,000	\$ 748,830	\$ 275,000	\$ 2,553,830	\$ 1,043,830
Total Bonds	<u>2,080,000</u>	<u>748,830</u>	<u>275,000</u>	<u>2,553,830</u>	<u>1,043,830</u>
Other Liabilities					
Compensated Absences	8,412	12,559	14,038	6,933	0
Total Other Liabilities	<u>8,412</u>	<u>12,559</u>	<u>14,038</u>	<u>6,933</u>	<u>0</u>
Long-Term Liabilities	<u>\$ 2,088,412</u>	<u>\$ 761,389</u>	<u>\$ 289,038</u>	<u>\$ 2,560,763</u>	<u>\$ 1,043,830</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.

Reconciliation of Long-Term Debt disclosed in Note I to the Long-Term Debt reported in the Statement of Net Position.

Above Balance	\$ 2,553,830
Issue Costs	(79,744)
Accumulated Amortization	35,070
Statement of Net Position	<u>\$ 2,509,156</u>
Government Wide Statements	
Amount Reported as Current Liability	\$ 295,000
Amount Reported as Long-Term Liability	2,214,156
Statement of Net Position	<u>\$ 2,509,156</u>

General Obligation Bonds.

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

Series	Date of Issue	Original Amount	Interest Rate	Balance
NMFA	08/01/12	748,830	0%	\$ 748,830
2007	11/16/07	1,500,000	3.570 %	1,015,000
2010	10/15/2009	880,000	2.09%	790,000
				<u>\$ 2,553,830</u>

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2013

The annual requirements to amortize the general obligation bonds including interest payments are as follows:

	Principal	Interest	Total
2014	\$ 1,043,830	\$ 46,650	\$ 1,090,480
2015	310,000	38,556	348,556
2016	280,000	30,253	310,253
2017	295,000	21,724	316,724
2018	300,000	12,612	312,612
2019-2020	325,000	7,761	332,761
	\$ 2,553,830	\$ 157,556	\$ 2,711,386

NOTE J: COMMITMENTS

There are no major construction commitments planned for the future.

NOTE K: PENSION PLAN

Plan Description

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

Funding Policy

Member Contributions

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

Employer Contributions

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

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

The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2013, 2012, and 2011, were \$482,007, \$483,178, and \$510,030 respectively, which equal the amount of the required contributions for each fiscal year.

NOTE L: POST-EMPLOYMENT BENEFITS

Plan Description

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

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

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

Funding Policy

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

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

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

The District's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$71,870, \$65,762 and \$62,784 respectively, which equal the required contributions for each year.

NOTE M: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

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

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

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

Reconciliations are located at the bottom of each budget actual.

NOTE N: INSURANCE COVERAGE

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

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

NOTE O: SURETY BOND

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

NOTE P: JOINT POWERS AGREEMENT

A joint powers agreement was entered into with the Regional Education Cooperative No. 6 (REC). The purpose of the agreement is to allow the submission of a consolidated application to the State Department of Education for certain funds granted to the State of New Mexico by the United States Department of Education under the Education of the Handicapped Act, Part B, PL 94-142 among others. The REC is the fiscal agent and responsible for the audit.

There are ten schools that participate in the REC, they are Dora, Elida, Floyd, Fort Sumner, Grady, House, Logan, Melrose, San Jon, and Texico. The agreement became effective on July 1, 1995 and is to remain in effect until the end of any fiscal year during which the school gives notice of intent to terminate.

The financial statements for the REC were prepared by another IPA. The audit report is available at the REC located at 1500 South Ave K, Station 9, Portales, New Mexico 88130.

NOTE P: BUDGET VIOLATIONS

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

<u>MAJOR</u>	<u>Amount</u>
Senate Bill Nine-37100	
Support Services-General Admini	(\$77)
Debt Service-41000	
Support	(\$245)

**SUPPLEMENTAL INFORMATION RELATED TO
MAJOR FUNDS**

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
 CAPITAL PROJECT FUND-BOND BUILDING-31100
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Interest Income	\$ 600	\$ 1,185	\$ 1,185	\$ 0
Total Revenues	<u>600</u>	<u>1,185</u>	<u>1,185</u>	<u>0</u>
Expenditures				
Capital Outlay				
Professional & Tech Services	10,000	10,000	10,000	0
Construction Services	<u>270,424</u>	<u>271,009</u>	<u>271,009</u>	<u>0</u>
Total Capital Outlay	<u>280,424</u>	<u>281,009</u>	<u>281,009</u>	<u>0</u>
Total Expenditures	<u>280,424</u>	<u>281,009</u>	<u>281,009</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(279,824)	(279,824)	(279,824)	0
Cash Balance Beginning of Year	<u>279,824</u>	<u>279,824</u>	<u>279,824</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (279,824)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (279,824)</u>	

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
 CAPITAL PROJECTS FUND-SENATE BILL NINE-31700
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 107,265	\$ 107,265	\$ 115,022	\$ 7,757
Interest Income	300	300	532	232
State Grants	26,178	26,178	39,159	12,981
Total Revenues	<u>133,743</u>	<u>133,743</u>	<u>154,713</u>	<u>20,970</u>
Expenditures				
Support Services-General Administration				
Professional & Tech Services	1,073	1,073	1,150	(77)
Total Support Services-General Administration	<u>1,073</u>	<u>1,073</u>	<u>1,150</u>	<u>(77)</u>
Capital Outlay				
Purchased Property Services	126,178	201,142	11,544	189,598
Supplies	10,000	9,799	9,530	269
Fixed Assets	0	0	68,544	(68,544)
Supply Assets	227,180	165,398	68,795	96,603
Total Capital Outlay	<u>363,358</u>	<u>376,339</u>	<u>158,413</u>	<u>217,926</u>
Total Expenditures	<u>364,431</u>	<u>377,412</u>	<u>159,563</u>	<u>217,849</u>
Excess (Deficiency) of Revenues Over Expenditures	(230,688)	(243,669)	(4,850)	238,819
Cash Balance Beginning of Year	<u>248,364</u>	<u>248,364</u>	<u>248,364</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 17,676</u>	<u>\$ 4,695</u>	<u>\$ 243,514</u>	<u>\$ 238,819</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (4,850)	
Net Change in Taxes Receivable			(167)	
Net Change in Outstanding Taxes			2,191	
Net Change in Accounts Payable			(359)	
Net Change in Deferred Revenue			(2,191)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (5,376)</u>	

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
DEBT SERVICE-41000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 328,770	\$ 328,770	\$ 353,226	\$ 24,456
Interest Income	400	400	429	29
Total Revenues	<u>329,170</u>	<u>329,170</u>	<u>353,655</u>	<u>24,485</u>
Expenditures				
Support Services-General Administration				
Professional & Tech Services	<u>3,287</u>	<u>3,287</u>	<u>3,532</u>	<u>(245)</u>
Total Support Services-General Administration	<u>3,287</u>	<u>3,287</u>	<u>3,532</u>	<u>(245)</u>
Debt Service				
Principal	563,199	563,199	275,000	288,199
Interest	<u>0</u>	<u>0</u>	<u>53,763</u>	<u>(53,763)</u>
Total Debt Service	<u>563,199</u>	<u>563,199</u>	<u>328,763</u>	<u>234,436</u>
Total Expenditures	<u>566,486</u>	<u>566,486</u>	<u>332,295</u>	<u>234,191</u>
Excess (Deficiency) of Revenues Over Expenditures	(237,316)	(237,316)	21,360	258,676
Cash Balance Beginning of Year	<u>332,480</u>	<u>332,480</u>	<u>332,480</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 95,164</u>	<u>\$ 95,164</u>	<u>\$ 353,840</u>	<u>\$ 258,676</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 21,360	
Net Change in Taxes Receivable			(542)	
Net Change in Outstanding Taxes			6,932	
Net Change in Deferred Revenue			(6,933)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 20,817</u>	

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

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

McKinney-Vento Homeless Ed (24113). To account for a program funded by the U.S. Department of Education through the New Mexico Public Education Department to provide services for schools that have children and youth who were displaced. The students are entitled to the same services as any other student in the District, including transportation, special education, etc. The fund was created by the authority of federal grant provisions.

IDEA B Risk Pool (24120). To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

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. Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

Dual Credit (27103). To provide financial assistance to purchased instructional materials for the college classes offered to students who are taking them for dual credits. The fund was created by the authority of state grant provisions.

2010 GO Student Library (27106). To provide funding for the purchase of library books. The fund was created by the authority of state grant provision.

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

School Based Health (29130). To account for funds to provide health services to students. The fund was created by state grant provisions.

Microsoft (29132). To account for funds received from a settlement with Microsoft. Funds can be spent for partners in learning greenhouse project. The fund was created by grant provisions.

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2013

	Special Revenue		
	Food Service 21000	Athletics 22000	IDEA Preschool 24109
ASSETS			
Cash and Cash Equivalents	\$ 37,440	\$ 8,297	\$ 0
Receivables			
Due From Grantor	0	0	1,844
Inventory	1,939	0	0
Total Assets	<u>\$ 39,379</u>	<u>\$ 8,297</u>	<u>\$ 1,844</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 1,844
Payables	2,232	0	0
Deferred Revenue	0	0	0
Total Liabilities	<u>2,232</u>	<u>0</u>	<u>1,844</u>
Fund Balance			
Nonspendable-Inventory	1,939	0	0
Restricted for, reported in			
Special Revenue Funds	35,208	8,297	0
Total Fund Balance	<u>37,147</u>	<u>8,297</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 39,379</u>	<u>\$ 8,297</u>	<u>\$ 1,844</u>

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2013

	Special Revenue		
	McKinney-Vento Homeless Ed 24113	IDEA B Risk Pool 24120	Rural Education Achievement Program 25233
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	2,693	443	2,803
Inventory	0	0	0
Total Assets	<u>\$ 2,693</u>	<u>\$ 443</u>	<u>\$ 2,803</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 2,693	\$ 443	\$ 2,803
Payables	0	0	0
Deferred Revenue	0	0	0
Total Liabilities	<u>2,693</u>	<u>443</u>	<u>2,803</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 2,693</u>	<u>\$ 443</u>	<u>\$ 2,803</u>

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2013

	Special Revenue		
	Duel Credit 27103	2010 GO Student Library 27106	Formative Assessments 27111
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 0
Payables	0	0	0
Deferred Revenue	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2013

	<u>Special Revenue</u>		
	<u>School Based Health Clinic 29130</u>	<u>Microsoft 29132</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 97,068	\$ 0	\$ 142,805
Receivables			
Due From Grantor	0	0	7,783
Inventory	0	0	1,939
Total Assets	<u>\$ 97,068</u>	<u>\$ 0</u>	<u>\$ 152,527</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 7,783
Payables	0	0	2,232
Deferred Revenue	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>10,015</u>
Fund Balance			
Nonspendable-Inventory	0	0	1,939
Restricted for, reported in			
Special Revenue Funds	97,068	0	140,573
Total Fund Balance	<u>97,068</u>	<u>0</u>	<u>142,512</u>
Total Liabilities and Fund Balance	<u>\$ 97,068</u>	<u>\$ 0</u>	<u>\$ 152,527</u>

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

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

	Special Revenue		
	Food Service 21000	Athletics 22000	IDEA Preschool 24109
Revenues			
Interest Income	\$ 429	\$ 0	\$ 0
Fees	36,281	30,464	0
State and Local Grants	0	0	0
Federal Grants	82,385	0	6,123
Total Revenues	<u>119,095</u>	<u>30,464</u>	<u>6,123</u>
Expenditures			
Current			
Instruction	0	33,940	6,123
Support Services-Instruction	0	0	0
Support Services-Students	0	0	0
Support Services-School Administration	0	0	0
Food Service	139,014	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>139,014</u>	<u>33,940</u>	<u>6,123</u>
Excess (Deficiency) of Revenues Over Expenditures	(19,919)	(3,476)	0
Fund Balances at Beginning of Year	<u>57,066</u>	<u>11,773</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 37,147</u>	<u>\$ 8,297</u>	<u>\$ 0</u>

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

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

	Special Revenue		
	McKinney-Vento Homeless Ed 24113	IDEA B Risk Pool 24120	Rural Education Achievement Program 25233
Revenues			
Interest Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State and Local Grants	0	0	0
Federal Grants	5,097	420	3,531
Total Revenues	<u>5,097</u>	<u>420</u>	<u>3,531</u>
Expenditures			
Current			
Instruction	5,097	420	3,531
Support Services-Instruction	0	0	0
Support Services-Students	0	0	0
Support Services-School Administration	0	0	0
Food Service	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>5,097</u>	<u>420</u>	<u>3,531</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

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

	Special Revenue		
	Duel Credit 27103	2010 GO Student Library 27106	Formative Assessments 27111
Revenues			
Interest Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State and Local Grants	969	0	2,250
Federal Grants	0	0	0
Total Revenues	<u>969</u>	<u>0</u>	<u>2,250</u>
Expenditures			
Current			
Instruction	969	0	2,250
Support Services-Instruction	0	0	0
Support Services-Students	0	0	0
Support Services-School Administration	0	0	0
Food Service	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>969</u>	<u>0</u>	<u>2,250</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

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

	<u>Special Revenue</u>		
	School Based Health Clinic 29130	Microsoft 29132	Total
Revenues			
Interest Income	\$ 0	\$ 0	\$ 429
Fees	0	0	66,745
State and Local Grants	10,000	0	13,219
Federal Grants	0	0	97,556
Total Revenues	<u>10,000</u>	<u>0</u>	<u>177,949</u>
Expenditures			
Current			
Instruction	0	682	53,012
Support Services-Instruction	0	5,804	5,804
Support Services-Students	5,160	0	5,160
Support Services-School Administration	0	0	0
Food Service	0	0	139,014
Capital Outlay	0	0	0
Total Expenditures	<u>5,160</u>	<u>6,486</u>	<u>202,990</u>
Excess (Deficiency) of Revenues Over Expenditures	4,840	(6,486)	(25,041)
Fund Balances at Beginning of Year	<u>92,228</u>	<u>6,486</u>	<u>167,553</u>
Fund Balance End of Year	<u>\$ 97,068</u>	<u>\$ 0</u>	<u>\$ 142,512</u>

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

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Interest Income	\$ 150	\$ 150	\$ 429	\$ 279
Fees	42,000	42,000	36,281	(5,719)
Federal Grant	53,000	53,000	71,696	18,696
Total Revenues	<u>95,150</u>	<u>95,150</u>	<u>108,406</u>	<u>13,256</u>
Expenditures				
Food Service				
Personnel Services	44,207	45,031	43,697	1,334
Employee Benefits	34,080	29,580	26,663	2,917
Professional & Tech Services	200	561	556	5
Other Purchased Services	825	600	74	526
Supplies	59,110	62,650	56,028	6,622
Total Food Service	<u>138,422</u>	<u>138,422</u>	<u>127,018</u>	<u>11,404</u>
Total Expenditures	<u>138,422</u>	<u>138,422</u>	<u>127,018</u>	<u>11,404</u>
Excess (Deficiency) of Revenues Over Expenditures	(43,272)	(43,272)	(18,612)	24,660
Cash Balance Beginning of Year	<u>56,052</u>	<u>56,052</u>	<u>56,052</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 12,780</u>	<u>\$ 12,780</u>	<u>\$ 37,440</u>	<u>\$ 24,660</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (18,612)	
Net Change in Inventory			160	
Net Change in Accounts Payables			(1,467)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (19,919)</u>	

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

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Fees	\$ 35,000	\$ 35,000	\$ 30,464	\$ (4,536)
Total Revenues	<u>35,000</u>	<u>35,000</u>	<u>30,464</u>	<u>(4,536)</u>
Expenditures				
Instruction				
Personnel Services	12,000	12,000	2,562	9,438
Employee Benefits	3,083	3,083	478	2,605
Professional & Tech Services	1,000	920	851	69
Other Purchased Services	20,733	17,749	17,568	181
Supplies	10,000	13,564	13,077	487
Total Instruction	<u>46,816</u>	<u>47,316</u>	<u>34,536</u>	<u>12,780</u>
Total Expenditures	<u>46,816</u>	<u>47,316</u>	<u>34,536</u>	<u>12,780</u>
Excess (Deficiency) of Revenues Over Expenditures	(11,816)	(12,316)	(4,072)	8,244
Cash Balance Beginning of Year	<u>12,369</u>	<u>12,369</u>	<u>12,369</u>	<u>0</u>
Cash Balance End of Year	\$ <u>553</u>	\$ <u>53</u>	\$ <u>8,297</u>	\$ <u>8,244</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (4,072)	
Net Change in Accounts Payables			<u>596</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(3,476)</u>	

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

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 8,445	\$ 9,679	\$ 7,829	\$ (1,850)
Total Revenues	<u>8,445</u>	<u>9,679</u>	<u>7,829</u>	<u>(1,850)</u>
Expenditures				
Instruction				
Personnel Services	4,100	4,440	4,439	1
Employee Benefits	795	1,689	1,684	5
Total Instruction	<u>4,895</u>	<u>6,129</u>	<u>6,123</u>	<u>6</u>
Total Expenditures	<u>4,895</u>	<u>6,129</u>	<u>6,123</u>	<u>6</u>
Excess (Deficiency) of Revenues Over Expenditures	3,550	3,550	1,706	(1,844)
Cash Balance Beginning of Year	<u>(3,550)</u>	<u>(3,550)</u>	<u>(3,550)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,844)</u>	<u>\$ (1,844)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,706	
Net Change in Due from Grantor			<u>(1,706)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-McKINNEY VENTO-HOMELESS ED-24113
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 4,226	\$ 9,325	\$ 6,630	\$ (2,695)
Total Revenues	<u>4,226</u>	<u>9,325</u>	<u>6,630</u>	<u>(2,695)</u>
Expenditures				
Instruction				
Personnel Services	0	780	780	0
Employee Benefits	0	152	150	2
Purchased Services	0	303	303	0
Supplies	0	3,864	3,864	0
Total Instruction	<u>0</u>	<u>5,099</u>	<u>5,097</u>	<u>2</u>
Total Expenditures	<u>0</u>	<u>5,099</u>	<u>5,097</u>	<u>2</u>
Excess (Deficiency) of Revenues Over Expenditures	4,226	4,226	1,533	(2,693)
Cash Balance Beginning of Year	<u>(4,226)</u>	<u>(4,226)</u>	<u>(4,226)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,693)</u>	<u>\$ (2,693)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,533	
Net Change in Due from Grantor			<u>(1,533)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-IDEA B RISK POOL-24120
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 51,524	\$ 51,967	\$ 51,524	\$ (443)
Total Revenues	<u>51,524</u>	<u>51,967</u>	<u>51,524</u>	<u>(443)</u>
Expenditures				
Instruction				
Supplies	0	443	443	0
Total Instruction	<u>0</u>	<u>443</u>	<u>443</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>443</u>	<u>443</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	51,524	51,524	51,081	(443)
Cash Balance Beginning of Year	<u>(51,524)</u>	<u>(51,524)</u>	<u>(51,524)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (443)</u>	<u>\$ (443)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 51,081	
Net Change in Due from Grantor			(51,103)	
Net Change in Accounts Payables			22	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO

FORT SUMNER MUNICIPAL SCHOOLS

SPECIAL REVENUE FUND-RURAL EDUCATION ACHIEVEMENT PROGRAM-25233

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 655	\$ 16,872	\$ 691	\$ 16,181
Total Revenues	<u>655</u>	<u>16,872</u>	<u>691</u>	<u>16,181</u>
Expenditures				
Instruction				
Personnel Services	0	6,617	0	6,617
Other Purchased Services	0	3,000	0	3,000
Supplies	691	4,291	983	3,308
Supply Assets	0	3,000	2,547	453
Total Instruction	<u>691</u>	<u>16,908</u>	<u>3,530</u>	<u>13,378</u>
Total Expenditures	<u>691</u>	<u>16,908</u>	<u>3,530</u>	<u>13,378</u>
Excess (Deficiency) of Revenues Over Expenditures	(36)	(36)	(2,839)	2,803
Cash Balance Beginning of Year	<u>36</u>	<u>36</u>	<u>36</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,803)</u>	<u>\$ 2,803</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (2,839)	
Net Change in Due from Grantor			2,803	
Net Change in Deferred Revenue			36	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-DUEL CREDIT-27103
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 4,239	\$ 4,438	\$ 4,438	\$ 0
Total Revenues	<u>4,239</u>	<u>4,438</u>	<u>4,438</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	770	969	969	0
Total Instruction	<u>770</u>	<u>969</u>	<u>969</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>969</u>	<u>969</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	4,239	3,469	3,469	0
Cash Balance Beginning of Year	<u>(3,469)</u>	<u>(3,469)</u>	<u>(3,469)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>770</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 3,469	
Net Change in Due from Grantor			<u>(3,469)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>0</u>	

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-2010 GO STUDENT LIBRARY-27106
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 621	\$ 621	\$ 621	\$ 0
Total Revenues	<u>621</u>	<u>621</u>	<u>621</u>	<u>0</u>
Expenditures				
Support Services-Instruction				
Supplies	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services-Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	621	621	621	0
Cash Balance Beginning of Year	<u>(621)</u>	<u>(621)</u>	<u>(621)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 621	
Net Change in Due from Grantor			<u>(621)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

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

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 2,250	\$ 2,250	\$ 2,250	\$ 0
Total Revenues	<u>2,250</u>	<u>2,250</u>	<u>2,250</u>	<u>0</u>
Expenditures				
Support Services-Instruction				
Supplies	2,250	2,250	2,250	0
Total Support Services-Instruction	<u>2,250</u>	<u>2,250</u>	<u>2,250</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>2,250</u>	<u>2,250</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	2,250	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,250</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-SCHOOL BASED HEALTH-29130
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 60,000	\$ 60,000	\$ 10,000	\$ (50,000)
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>10,000</u>	<u>(50,000)</u>
Expenditures				
Support Services-Students				
Professional & Tech Services	1,000	1,000	0	1,000
Other Purchased Services	46,000	46,000	2,081	43,919
Supplies	33,624	33,624	3,079	30,545
Supply Assets	15,000	15,000	0	15,000
Total Support Services-Students	<u>95,624</u>	<u>95,624</u>	<u>5,160</u>	<u>90,464</u>
Total Expenditures	<u>95,624</u>	<u>95,624</u>	<u>5,160</u>	<u>90,464</u>
Excess (Deficiency) of Revenues Over Expenditures	(35,624)	(35,624)	4,840	40,464
Cash Balance Beginning of Year	<u>92,228</u>	<u>92,228</u>	<u>92,228</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 56,604</u>	<u>\$ 56,604</u>	<u>\$ 97,068</u>	<u>\$ 40,464</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 4,840</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 4,840</u>	

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-NEW MEXICO MICROSOFT PARTNERS IN LEARNING-29132
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 17,807	\$ 23,248	\$ 0	\$ (23,248)
Total Revenues	<u>17,807</u>	<u>23,248</u>	<u>0</u>	<u>(23,248)</u>
Expenditures				
Instruction				
Personnel Services	0	6,617	542	6,075
Employee Benefits	0	430	140	290
Total Support Services-Instruction	<u>0</u>	<u>7,047</u>	<u>682</u>	<u>6,365</u>
Support Services-Instruction				
Supplies	24,468	22,862	5,979	16,883
Total Support Services-Instruction	<u>24,468</u>	<u>22,862</u>	<u>5,979</u>	<u>16,883</u>
Total Expenditures	<u>24,468</u>	<u>29,909</u>	<u>6,661</u>	<u>23,248</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,661)	(6,661)	(6,661)	0
Cash Balance Beginning of Year	<u>6,661</u>	<u>6,661</u>	<u>6,661</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (6,661)	
Net Change in Accounts Payable			175	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (6,486)</u>	

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

OTHER SUPPLEMENTAL INFORMATION

FIDUCIARY FUND

Activity Trust Fund

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
 AGENCY FUNDS
 Statement of Fiduciary Assets and Liabilities-Agency Funds
 For the Year Ended June 30, 2013

	Beginning Balance 6/30/12	Additions	Deductions	Ending Balance 6/30/13
ASSETS				
Activity Trust Fund	\$ 180,371	\$ 170,652	\$ 183,684	\$ 167,339
TOTAL Assets	<u>\$ 180,371</u>	<u>\$ 170,652</u>	<u>\$ 183,684</u>	<u>\$ 167,339</u>
LIABILITIES				
Due to Student Groups	\$ 180,371	\$ 170,652	\$ 183,684	\$ 167,339
TOTAL Liabilities	<u>\$ 180,371</u>	<u>\$ 170,652</u>	<u>\$ 183,684</u>	<u>\$ 167,339</u>

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
 AGENCY FUNDS - ACTIVITY
 Schedule of Fiduciary Assets and Liabilities-Agency Funds
 For the Year Ended June 30, 2013

	Beginning Balance 6/30/12	Additions	Deductions	Ending Balance 6/30/13
ASSETS				
Draw	\$ 50	\$ 0	\$ 0	\$ 50
Admin Principal	1,634	0	1,634	0
Photography Club	226	0	226	0
All School	58,929	1,537	12,616	47,850
Library	303	143	35	411
Student Council	140	346	212	274
Accelerated Reader	17	0	17	0
Close Up	133	0	133	0
National Honor Society	1,681	566	488	1,759
Home Economic Department	4	0	4	0
General Technology	90	0	90	0
Zune	733	0	733	0
Athletic Boosters	3,934	45,116	33,897	15,153
Vixen Volleyball	4,374	15,841	14,700	5,515
Fox Basketball	206	1,397	542	1,061
Vixen Basketball	3,598	3,741	5,465	1,874
Fox Football	2,493	0	380	2,113
Harley Raffle	5,271	0	0	5,271
BPA	58	52,097	50,961	1,194
Greenhouse	59,770	6,482	6,615	59,637
Drug Free	676	0	676	0
FFA	774	17,512	17,840	446
Science Club	6,904	0	142	6,762
Drama	628	0	0	628
McMillian Memorial Fund	1,173	0	926	247
John Easley Scholarship	1,170	15	1,185	0
West Greenhouse	1,796	0	1,796	0
Cheerleaders	261	8,604	8,769	96
Band	2,266	544	2,125	685
Student Achievement	11,848	200	3,908	8,140
Class of 2013	1,260	0	1,260	0
Class of 2014	2,031	5,042	6,241	832
Class of 2015	245	158	40	363
Elementary	4,910	4,546	3,675	5,781
Class of 2018	60	111	0	171
Class of 2017	0	70	0	70
Annual	656	5,109	5,361	404
FCA	69	1,475	992	552
Total Assets	\$ 180,371	\$ 170,652	\$ 183,684	\$ 167,339
LIABILITIES				
Deposits Held for Others	\$ 180,371	\$ 170,652	\$ 183,684	\$ 167,339
Total Liabilities	\$ 180,371	\$ 170,652	\$ 183,684	\$ 167,339

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
Cash Reconciliations - All Funds
For the Year Ended June 30, 2013

		Beginning Cash 6/30/12	Revenues	Expenditures	Ending Cash 6/30/13
Operational	11000	\$ 216,482	\$ 3,390,752	\$ 3,391,269	\$ 215,965
Transportation	13000	5,604	505,497	497,493	13,608
Instructional Materials	14000	7,075	20,380	15,122	12,333
Food Services	21000	56,051	108,406	127,018	37,439
Athletics	22000	12,370	30,464	34,536	8,298
Activities	23000	180,373	170,652	183,683	167,342
Federal Flowthrough	24000	(120,670)	273,808	258,425	(105,287)
Federal Direct	25000	5,913	158,996	255,461	(90,552)
State Flowthrough	27000	(4,090)	5,059	969	0
Local or State	29000	464,610	100,165	133,543	431,232
Bond Building	31100	279,824	1,185	281,009	0
Senate Bill Nine	31700	248,364	154,713	159,563	243,514
Debt Service	41000	332,479	353,655	332,295	353,839
Total		\$ <u>1,684,385</u>	\$ <u>5,273,732</u>	\$ <u>5,670,386</u>	\$ <u>1,287,731</u>

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

FEDERAL COMPLIANCE

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2013

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	State ID Number	Total Federal Awards Expended
<u>U. S. Department of Agriculture</u>			
Pass-through State Public Education Department:			
School Breakfast Program	10.553	21000	\$ 49,972
National School Lunch Program	10.555	21000	21,724
			<u>71,696</u>
Pass-through State Department of Human Services:			
Supplemental Nutrition Assistance Program	10.551	21000	(1) 10,689
			<u>82,385</u>
<u>U. S. Department of Education</u>			
Pass-through Northeast Regional REC			
Special Education Cluster			
IDEA B, Entitlement	84.027	24106	84,276
IDEA Preschool	84.173	24109	6,123
IDEA B Risk Pool	84.027	24120	420
			<u>90,819</u>
Pass-through State Public Education Department:			
Title I	84.010	24101	103,340
Improving Teacher Quality	84.367	24154	43,407
Homeless Education	84.196	24213	5,097
Direct Programs			
Improvement of Education	84.215	25215	252,678
Rural Education	84.358	25233	3,531
			<u>498,872</u>
Total U. S. Department of Education			<u>498,872</u>
Total Federal Assistance			<u>\$ 581,257</u>

(1) Non-cash assistance

See accompanying notes to the Schedule of Expenditures of Federal Awards

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

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

Note 2: Insurance Requirements

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

Note 3: Loans or Loan Guarantees

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

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

Independent Auditor's Report

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the Fort Sumner Municipal Schools

Mr. Balderas and Members of the Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Fort Sumner 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 supplemental information, and have issued our report thereon dated November 4, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of it's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 12-1, 13-1, 13-2 and 13-3.

The District's Responses to Findings

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

Purpose of this Report

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

De'Ann Willoughby CPA PC

Clovis, New Mexico
November 4, 2013

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

Independent Auditor's Report

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the Fort Sumner Municipal Schools

Mr. Balderas and Members of the Board

Compliance

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

De'Ann Willoughby CPA PC

Clovis, New Mexico
November 4, 2013

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2013

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting

* Material weaknesses identified? No

* Significant deficiencies identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

* Material weaknesses identified? No

* Significant deficiencies identified? No

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

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

Identification of major programs:

<u>CFDA Numbers)</u>	<u>Name of Federal Program of Cluster</u>
84.027	Special Education Cluster
84.173	IDEA B, Entitlement
84.215	IDEA Preschool
	Improvement of Education

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

Audited qualified as low risk Auditee No

Federal Compliance Findings

Prior Year Audit Findings None

Current Year Audit Findings None

Financial Statements Findings

Prior Year Audit Findings	<u>Status</u>
12-1 Expenditure Issues	Repeated & Modified

Current Year Audit Findings

12-1 Expenditure Issues - Compliance and Internal Control-Significant Deficiency

Condition

Of a sample size of 227 revealed the following:

- Four PO's were issued after the purchase was made for a total of \$20,411.29.

Criteria

In accordance with 6.20.2.17 Purchasing each school district shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq, NMSA 1978.

Cause

The procurement process was not followed resulting in four purchase orders issued after the invoice date.

Effect

Without proper documentation and following the procurement act, there are not adequate controls over expenditures. Results could be over spending.

Recommendation

Staff meeting need to be held with training on the procurement process. The Superintendent needs to enforce the process and write up those who violate it. There should be consequences to violations.

Response

The District continues to hold trainings with personnel on the procurement act. The Superintendent continues to enforce the process through progressive discipline which can include reprimands and deductions from payroll for expenditures that don't have proper documentation. All revised PO's are now included in the audit file.

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

Condition

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

<u>MAJOR</u>	<u>Amount</u>
Senate Bill Nine-37100	
Support Services-General Administration	(\$77)
Debt Service-41000	
Support Services-General Administration	(\$245)

Criteria

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

Cause

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

Effect

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

Recommendation

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

Response

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

13-2 PED Cash Reports-Compliance and Internal Control-Significant Deficiency**Condition**

The District's submitted PED Cash Report at year end did not properly reflect the June 30, 2013 reconciled cash balances.

Criteria

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

Cause

The changes to cash balances because of the closure of old grants were not posted to the general ledger for the year ended June 30, 2013.

Effect

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

Recommendation

Adjustments should be recorded in the general ledger.

Response

Adjustment have been made for the beginning of the current year.

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

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

Criteria

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

Cause

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

Effect

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

Recommendation

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

Agency Response

We will contract with an approved auditor timely.

Financial Statement Preparation

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

Exit Conference

An exit conference was held on November 4, 2013 with Nolan Correa-Superintendent, Tom Wilton-Board Member, Betty Mitchell-Business Manager and De'Aun Willoughby, CPA.