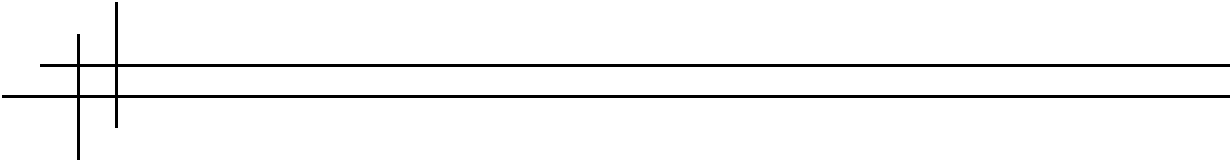


STATE OF NEW MEXICO  
**FORT SUMNER MUNICIPAL SCHOOLS**

**ANNUAL FINANCIAL REPORT**  
June 30, 2014

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



STATE OF NEW MEXICO  
**FORT SUMNER MUNICIPAL SCHOOLS**  
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**FORT SUMNER MUNICIPAL SCHOOLS**  
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STATE OF NEW MEXICO  
**FORT SUMNER MUNICIPAL SCHOOLS**  
Official Roster  
June 30, 2014

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**BOARD OF EDUCATION**

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

**SCHOOL OFFICIALS**

Nolan Correa	Superintendent
Angela Allred	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, 2014, 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 projects fund 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, 2014, 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, 2014, 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, 2014, 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, and the other schedule required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

De'Ann Willoughby, CPA PC

Clovis, New Mexico  
October 13, 2014

## **FINANCIAL SECTION**



STATE OF NEW MEXICO  
**FORT SUMNER MUNICIPAL SCHOOLS**  
 Government-Wide Statement of Net Position  
 June 30, 2014

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 2,471,303
Taxes Receivable	35,510
Due From Grantor	130,499
Inventory	2,182
Total Current Assets	<u>2,639,494</u>
Noncurrent Assets	
Capital Assets	24,277,279
Less: Accumulated Depreciation	<u>(4,889,280)</u>
Total Noncurrent Assets	<u>19,387,999</u>
Total Assets	<u>22,027,493</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	18,183
Accrued Interest	13,410
Compensated Absences	4,230
Current Portion of Long-Term Debt	<u>1,058,930</u>
Total Current Liabilities	<u>1,094,753</u>
Noncurrent Liabilities	
Bonds and Notes, Net	<u>2,628,437</u>
Total Noncurrent Liabilities	<u>2,628,437</u>
Total Liabilities	<u>3,723,190</u>
<b>NET POSITION</b>	
Invested in Net Capital Assets	15,700,632
Restricted for Capital Projects	315,111
Restricted for Debt Service	371,555
Unrestricted	<u>1,917,005</u>
Total Net Position	<u>\$ 18,304,303</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, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities</b>				
Instruction	\$ 2,556,171	\$ 24,714	\$ 248,365	\$ 0 (2,283,092)
<b>Support Services</b>				
Students	323,545	0	207,406	0 (116,139)
Instruction	295,716	0	21,196	0 (274,520)
General Administration	142,026	0	0	0 (142,026)
School Administration	211,618	0	4,820	0 (206,798)
Central Services	105,409	0	0	0 (105,409)
Operation & Maintenance of Plant	537,554	0	0	0 (537,554)
Student Transportation	497,560	0	487,853	0 (9,707)
Other	3,934	0	0	0 (3,934)
Food Services	187,661	37,874	122,044	0 (27,743)
Interest on Long-Term Obligations	51,548	0	0	0 (51,548)
<b>Total Governmental Activities</b>	<b>\$ 4,912,742</b>	<b>\$ 62,588</b>	<b>\$ 1,091,684</b>	<b>\$ 0 (3,758,470)</b>
<b>General Revenues</b>				
<b>Taxes</b>				
Property Taxes, Levied for General Purposes				30,068
Property Taxes, Levied for Capital Projects				126,676
Property Taxes, Levied for Debt Service				363,392
Federal and State aid not restricted to specific purpose				
General				3,312,477
Capital				0
Interest and investment earnings				2,756
Miscellaneous				109,061
<b>Subtotal, General Revenues</b>				<b>3,944,430</b>
<b>Change in Net Position</b>				<b>185,960</b>
<b>Net Position - beginning</b>				<b>18,118,343</b>
<b>Net Position - ending</b>				<b>\$ 18,304,303</b>

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, 2014

	General Fund		
	Operational 11000	Transportation 13000	Instructional Material 14000
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 105,320	\$ 10,806	\$ 5,588
Receivables			
Taxes	1,930	0	0
Due From Grantor	0	0	0
Interfund Balance	130,499	0	0
Inventory	0	0	0
Total Assets	<u>\$ 237,749</u>	<u>\$ 10,806</u>	<u>\$ 5,588</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 415	\$ 0	\$ 0
Interfund Balance	0	0	0
Total Liabilities	<u>415</u>	<u>0</u>	<u>0</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	1,807	0	0
Total Deferred Inflows of Resources	<u>1,807</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Improvements	0	0	0
Debt Service	0	0	0
Unassigned	235,527	10,806	5,588
Total Fund Balances	<u>235,527</u>	<u>10,806</u>	<u>5,588</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 237,749</u>	<u>\$ 10,806</u>	<u>\$ 5,588</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, 2014

	Special Revenue		Capital Projects
	Title I 24101	IDEA B Entitlement 24106	Bond Building 31100
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 1,483,005
Receivables			
Taxes	0	0	0
Due From Grantor	55,003	25,515	0
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 55,003</u>	<u>\$ 25,515</u>	<u>\$ 1,483,005</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 17,768
Interfund Balance	55,003	25,515	0
Total Liabilities	<u>55,003</u>	<u>25,515</u>	<u>17,768</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Improvements	0	0	1,465,237
Debt Service	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>1,465,237</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 55,003</u>	<u>\$ 25,515</u>	<u>\$ 1,483,005</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, 2014

---

	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 370,056	\$ 496,528	\$ 2,471,303
Receivables			
Taxes	25,702	7,878	35,510
Due From Grantor	0	49,981	130,499
Interfund Balance	0	0	130,499
Inventory	0	2,182	2,182
Total Assets	<u>\$ 395,758</u>	<u>\$ 556,569</u>	<u>\$ 2,769,993</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 18,183
Interfund Balance	0	49,981	130,499
Total Liabilities	<u>0</u>	<u>49,981</u>	<u>148,682</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	24,203	7,367	33,377
Total Deferred Inflows of Resources	<u>24,203</u>	<u>7,367</u>	<u>33,377</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	2,182	2,182
Restricted for:			
Special Revenue Funds	0	315,111	315,111
Capital Improvements	0	181,928	1,647,165
Debt Service	371,555	0	371,555
Unassigned	0	0	251,921
Total Fund Balances	<u>371,555</u>	<u>499,221</u>	<u>2,587,934</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 395,758</u>	 <u>\$ 556,569</u>	 <u>\$ 2,769,993</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, 2014

---

Total Fund Balance - Governmental Funds \$ 2,587,934

Amounts reported for governmental activities in the Statement of Net Position 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. 33,376

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

	\$	24,277,279	
Capital Assets		24,277,279	
Accumulated Depreciation		<u>(4,889,280)</u>	19,387,999

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 :

		(3,758,830)	
Bonds payable		(3,758,830)	
Issue Costs		114,507	
Accumulated Amortization		(43,043)	
Accrued Interest		(13,410)	
Compensated Absences		<u>(4,230)</u>	<u>(3,705,006)</u>

Total Net Position - Governmental Activities \$ 18,304,303

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, 2014

	General Fund		
	Operational 11000	Transportation 13000	Instructional Material 14000
<b>Revenues</b>			
Property Taxes	\$ 29,923	\$ 0	\$ 0
Interest Income	1,374	0	0
Fees	148	0	0
State and Local Grants	3,312,477	487,853	17,131
Federal Grants	0	0	0
Miscellaneous	18,896	0	0
<b>Total Revenues</b>	<b>3,362,818</b>	<b>487,853</b>	<b>17,131</b>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	2,044,902	0	23,876
Support Services			
Students	287,233	0	0
Instruction	31,372	0	0
General Administration	138,065	0	0
School Administration	206,798	0	0
Central Services	106,743	0	0
Operation & Maintenance of Plant	466,406	0	0
Student Transportation	1,673	490,465	0
Other	3,934	0	0
Food Service	29,971	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Bond Issue Costs	0	0	0
<b>Total Expenditures</b>	<b>3,317,097</b>	<b>490,465</b>	<b>23,876</b>
Excess (Deficiency) of Revenues Over Expenditures	45,721	(2,612)	(6,745)
<b>Other Financing Sources (Uses)</b>			
Bond Proceeds	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>45,721</b>	<b>(2,612)</b>	<b>(6,745)</b>
<b>Fund Balances at Beginning of Year</b>	<b>189,806</b>	<b>13,418</b>	<b>12,333</b>
<b>Fund Balance at End of Year</b>	<b>\$ 235,527</b>	<b>\$ 10,806</b>	<b>\$ 5,588</b>

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, 2014

	Special Revenue		Capital
	Title I 24101	IDEA B Entitlement 24106	Projects
			Bond Building 31100
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	0	0	0
State and Local Grants	0	0	0
Federal Grants	99,722	87,923	0
Miscellaneous	0	0	0
<b>Total Revenues</b>	<b>99,722</b>	<b>87,923</b>	<b>0</b>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	99,722	51,027	0
Support Services			
Students	0	25,586	0
Instruction	0	11,310	0
General Administration	0	0	0
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	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Bond Issue Costs	0	0	34,763
<b>Total Expenditures</b>	<b>99,722</b>	<b>87,923</b>	<b>34,763</b>
<b>Excess (Deficiency) of Revenues</b>			
<b>Over Expenditures</b>	<b>0</b>	<b>0</b>	<b>(34,763)</b>
<b>Other Financing Sources (Uses)</b>			
Bond Proceeds	0	0	1,500,000
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>1,500,000</b>
<b>Net Change in Fund Balance</b>	<b>0</b>	<b>0</b>	<b>1,465,237</b>
<b>Fund Balances at Beginning of Year</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balance at End of Year</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,465,237</b>

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, 2014

	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$ 361,317	\$ 126,092	\$ 517,332
Interest Income	282	1,100	2,756
Fees	0	72,440	72,588
State and Local Grants	0	72,289	3,889,750
Federal Grants	0	316,766	504,411
Miscellaneous	0	90,166	109,062
Total Revenues	<u>361,599</u>	<u>678,853</u>	<u>5,095,899</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	0	100,412	2,319,939
Support Services			
Students	0	9,886	322,705
Instruction	0	181,935	224,617
General Administration	4,626	1,613	144,304
School Administration	0	4,820	211,618
Central Services	0	0	106,743
Operation & Maintenance of Plant	0	22,238	488,644
Student Transportation	0	0	492,138
Other	0	0	3,934
Food Service	0	156,471	186,442
Capital Outlay	0	420,509	420,509
Debt Service			
Principal	295,000	0	295,000
Interest	46,650	0	46,650
Bond Issue Costs	0	0	34,763
Total Expenditures	<u>346,276</u>	<u>897,884</u>	<u>5,298,006</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>15,323</u>	<u>(219,031)</u>	<u>(202,107)</u>
<b>Other Financing Sources (Uses)</b>			
Bond Proceeds	<u>0</u>	<u>0</u>	<u>1,500,000</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>1,500,000</u>
Net Change in Fund Balance	15,323	(219,031)	1,297,893
Fund Balances at Beginning of Year	<u>356,232</u>	<u>718,252</u>	<u>1,290,041</u>
Fund Balance at End of Year	<u>\$ 371,555</u>	<u>\$ 499,221</u>	<u>\$ 2,587,934</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, 2014

Net Change in Fund Balance \$ 1,297,893

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, 2013	\$ (30,573)	
Property Taxes, June 30, 2014	<u>33,377</u>	2,804

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	(362,812)	
Capital Outlays	<u>420,509</u>	57,697

The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net position. (1,500,000)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 295,000

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

Issue Costs	34,763	
Amortization of Issue Cost	<u>(7,975)</u>	26,788

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, 2013	16,486	
Accrued Interest, June 30, 2014	<u>(13,410)</u>	3,076

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, 2013	6,932	
Compensated Absences, June 30, 2014	<u>(4,230)</u>	<u>2,702</u>

Changes in Net Position of Governmental Activities \$ 185,960

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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 28,000	28,000	\$ 29,992	\$ 1,992
Interest Income	1,500	1,500	1,374	(126)
Fees	0	0	148	148
State Grant	3,312,400	3,312,400	3,312,477	77
Miscellaneous	0	0	18,896	18,896
<b>Total Revenues</b>	<b>3,341,900</b>	<b>3,341,900</b>	<b>3,362,887</b>	<b>20,987</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	1,476,767	1,415,030	1,369,561	45,469
Employee Benefits	541,286	547,991	504,000	43,991
Professional & Tech Services	7,800	22,208	17,503	4,705
Other Purchased Services	91,248	91,859	84,504	7,355
Supplies	46,030	83,314	78,698	4,616
<b>Total Instruction</b>	<b>2,163,131</b>	<b>2,160,402</b>	<b>2,054,266</b>	<b>106,136</b>
<b>Support Services</b>				
<b>Students</b>				
Personnel Services	222,198	164,758	164,559	199
Employee Benefits	56,790	69,638	68,827	811
Professional & Tech Services	9,700	54,292	53,847	445
Other Purchased Services	100	100	0	100
<b>Total Students</b>	<b>288,788</b>	<b>288,788</b>	<b>287,233</b>	<b>1,555</b>
<b>Instruction</b>				
Personnel Services	17,172	17,172	17,171	1
Employee Benefits	12,363	13,171	12,810	361
Supplies	2,200	1,391	1,391	0
<b>Total Instruction</b>	<b>31,735</b>	<b>31,734</b>	<b>31,372</b>	<b>362</b>
<b>General Administration</b>				
Personnel Services	67,856	79,066	79,051	15
Employee Benefits	27,475	32,177	31,826	351
Professional & Tech Services	22,700	24,757	20,630	4,127
Other Purchased Services	3,200	5,479	4,184	1,295
Supplies	3,100	3,100	2,374	726
<b>Total General Administration</b>	<b>\$ 124,331</b>	<b>\$ 144,579</b>	<b>\$ 138,065</b>	<b>\$ 6,514</b>

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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
School Administration				
Personnel Services	\$ 150,236	\$ 150,071	\$ 148,079	\$ 1,992
Employee Benefits	57,991	57,760	56,824	936
Professional & Tech Services	1,500	1,774	1,773	1
Other Purchased Services	0	122	122	0
Total School Administration	<u>209,727</u>	<u>209,727</u>	<u>206,798</u>	<u>2,929</u>
Central Services				
Personnel Services	74,562	74,562	71,894	2,668
Employee Benefits	29,163	28,850	21,464	7,386
Professional & Tech Services	2,000	3,295	3,244	51
Purchased Property Services	0	0	0	0
Other Purchased Services	3,650	8,668	8,667	1
Supplies	8,125	2,125	1,474	651
Total Central Services	<u>117,500</u>	<u>117,500</u>	<u>106,743</u>	<u>10,757</u>
Operation of Plant				
Personnel Services	132,899	126,892	121,968	4,924
Employee Benefits	61,874	61,549	58,734	2,815
Professional & Tech Services	100	100	0	100
Purchased Property Services	176,772	180,088	177,664	2,424
Other Purchased Services	97,172	105,603	103,320	2,283
Supplies	24,000	18,585	18,476	109
Total Operation of Plant	<u>492,817</u>	<u>492,817</u>	<u>480,162</u>	<u>12,655</u>
Transportation				
Purchased Property Services	2,000	2,000	1,672	328
Total Transportation	<u>2,000</u>	<u>2,000</u>	<u>1,672</u>	<u>328</u>
Other Support Services				
Professional & Tech Services	9,614	9,614	6,752	2,862
Total Other Support Services	<u>9,614</u>	<u>9,614</u>	<u>6,752</u>	<u>2,862</u>
Total Support Services	<u>1,276,512</u>	<u>1,296,759</u>	<u>1,258,797</u>	<u>37,962</u>
Food Service				
Personnel Services	13,550	13,630	13,630	0
Employee Benefits	15,924	16,632	16,308	324
Supplies	1,000	212	33	179
Total Food Service	<u>30,474</u>	<u>30,474</u>	<u>29,971</u>	<u>503</u>
Total Expenditures	<u>\$ 3,470,117</u>	<u>\$ 3,487,635</u>	<u>\$ 3,343,034</u>	<u>\$ 144,601</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Excess (Deficiency) of Revenues Over Expenditures	\$ (128,217)	\$ (145,735)	\$ 19,853	\$ 165,588
Cash Balance Beginning of Year	<u>215,966</u>	<u>215,966</u>	<u>215,966</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 87,749</u>	<u>\$ 70,231</u>	<u>\$ 235,819</u>	<u>\$ 165,588</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 19,853	
Net Change in Taxes Receivable			(69)	
Net Change in Outstanding Taxes			145	
Net Change in Accounts Payable			25,937	
Net Change in Deferred Revenue			<u>(145)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 45,721</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grants	\$ 500,820	\$ 490,655	\$ 487,853	\$ (2,802)
Total Revenues	<u>500,820</u>	<u>490,655</u>	<u>487,853</u>	<u>(2,802)</u>
<b>Expenditures</b>				
<b>Support Services</b>				
<b>Transportation</b>				
Personnel Services	51,409	58,199	58,199	0
Employee Benefits	22,405	41,931	41,931	0
Professional & Tech Services	100	0	0	0
Purchased Property Services	28,920	31,062	31,062	0
Other Purchased Services	395,436	337,283	337,283	0
Supplies	2,550	19,378	19,378	0
Other	0	2,802	2,802	0
Total Transportation	<u>500,820</u>	<u>490,655</u>	<u>490,655</u>	<u>0</u>
Total Support Services	<u>500,820</u>	<u>490,655</u>	<u>490,655</u>	<u>0</u>
Total Expenditures	<u>500,820</u>	<u>490,655</u>	<u>490,655</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(2,802)	(2,802)
Cash Balance Beginning of Year	<u>13,608</u>	<u>13,608</u>	<u>13,608</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 13,608</u>	<u>\$ 13,608</u>	<u>\$ 10,806</u>	<u>\$ (2,802)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (2,802)	
Net Change in Accounts Payable			<u>190</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (2,612)</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grants	\$ 17,131	\$ 17,131	\$ 17,131	\$ 0
Total Revenues	<u>17,131</u>	<u>17,131</u>	<u>17,131</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	22,445	24,040	23,876	164
Total Instruction	<u>22,445</u>	<u>24,040</u>	<u>23,876</u>	<u>164</u>
Total Expenditures	<u>22,445</u>	<u>24,040</u>	<u>23,876</u>	<u>164</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,314)	(6,909)	(6,745)	164
Cash Balance Beginning of Year	<u>12,333</u>	<u>12,333</u>	<u>12,333</u>	<u>0</u>
Cash Balance End of Year	\$ <u>7,019</u>	\$ <u>5,424</u>	\$ <u>5,588</u>	\$ <u>164</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (6,745)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(6,745)</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 124,122	\$ 154,031	\$ 85,267	\$ (68,764)
Total Revenues	<u>124,122</u>	<u>154,031</u>	<u>85,267</u>	<u>(68,764)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	45,694	45,694	45,694	0
Employee Benefits	18,436	18,996	18,083	913
Professional & Tech Services	2,200	7,519	97	7,422
Supplies	19,367	43,397	37,971	5,426
Total Instruction	<u>85,697</u>	<u>115,606</u>	<u>101,845</u>	<u>13,761</u>
Total Expenditures	<u>85,697</u>	<u>115,606</u>	<u>101,845</u>	<u>13,761</u>
Excess (Deficiency) of Revenues Over Expenditures	38,425	38,425	(16,578)	(55,003)
Cash Balance Beginning of Year	<u>(38,425)</u>	<u>(38,425)</u>	<u>(38,425)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (55,003)</u>	<u>\$ (55,003)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (16,578)	
Net Change in Due from Grantor			14,455	
Net Change in Accounts Payable			2,123	
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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 108,716	\$ 124,400	\$ 91,090	\$ (33,310)
Total Revenues	<u>108,716</u>	<u>124,400</u>	<u>91,090</u>	<u>(33,310)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	38,884	38,885	36,034	2,851
Employee Benefits	12,881	15,658	14,994	664
Supplies	524	2,612	0	2,612
Total Instruction	<u>52,289</u>	<u>57,155</u>	<u>51,028</u>	<u>6,127</u>
<b>Support Services</b>				
<b>Students</b>				
Personnel Services	11,756	15,387	15,386	1
Employee Benefits	3,555	10,248	10,200	48
Total Students	<u>15,311</u>	<u>25,635</u>	<u>25,586</u>	<u>49</u>
<b>Instruction</b>				
Personnel Services	10,120	10,120	8,855	1,265
Employee Benefits	2,315	2,809	2,455	354
Total Instruction	<u>12,435</u>	<u>12,929</u>	<u>11,310</u>	<u>1,619</u>
Total Support Services	<u>27,746</u>	<u>38,564</u>	<u>36,896</u>	<u>1,668</u>
Total Expenditures	<u>80,035</u>	<u>95,719</u>	<u>87,924</u>	<u>7,795</u>
Excess (Deficiency) of Revenues Over Expenditures	28,681	28,681	3,166	(25,515)
Cash Balance Beginning of Year	<u>(28,681)</u>	<u>(28,681)</u>	<u>(28,681)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(25,515)</u>	\$ <u>(25,515)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 3,166	
Net Change in Due from Grantor			<u>(3,166)</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**  
Statement of Fiduciary Assets and Liabilities - Agency Funds  
June 30, 2014

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	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 161,588
Total Assets	<u>\$ 161,588</u>
Liabilities	
Deposits Held for Others	\$ 161,588
Total Liabilities	<u>\$ 161,588</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.

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

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

### ***Fiduciary Fund Type***

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

### **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.

### **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 provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred (the recipient has raised the matching funds).

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

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.

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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.
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.

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.

#### 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.

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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.

<b>The Citizens Bank of Clovis</b>	Balance Per Bank 6/30/14	Reconciled Balance	Type	Interest or Non-Interest
Payment Account	\$ 2,742,199	\$ 2,470,862	Checking	Interest
High School	163,606	161,589	Checking	Interest
Draw Account	440	440	Checking	Non-Interest
TOTAL Deposited	<u>2,906,245</u>	<u>\$ 2,632,891</u>		
Less: FDIC Coverage	<u>(250,000)</u>			
Uninsured Amount	2,656,245			
50% collateral requirement	1,328,123			
Pledged securities	<u>3,207,777</u>			
Over (Under) requirement	<u>\$ 1,879,655</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 #82075	36225CP67	\$ 1,094,484	03/20/43	* IB AFS
GNMA II Pool #82734	36225FBC2	810,227	08/20/30	* IB AFS
GNR	38378JZD7	1,303,066	06/20/33	* IB AFS
		<u>\$ 3,207,777</u>		

\* Independent Bank AFS  
Dallas TX

**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	2,656,245
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 2,906,245</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, 2014, none of District's bank balance of \$2,906,245 was exposed to custodial credit risk.

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

The composition of interfund balances is as follows:

Receivable Fund	Payable Funds		
	Title I 24101	IDEA B Entitlement 24106	Other Governmental Funds
General Fund	\$ 55,003	\$ 25,515	49,981
Totals	\$ 55,003	\$ 25,515	49,981

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, 2014:

	Operational Fund 11000	Debt Service 41000	Other Governmental Funds
Property Taxes Receivable:			
Available	\$ 123	1,499	\$ 511
Unavailable	1,807	24,203	7,367
TOTAL Property Taxes Receivable	\$ 1,930	\$ 25,702	\$ 7,878

**NOTE F: DUE FROM GRANTOR**

Amounts due from other agencies and units of government were as follows as of June 30, 2014:

Federal Agencies	\$ 88,315
State Agencies	42,184
Total	\$ 130,499

**NOTE G: UNAVAILABLE 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, 2014:

	Operational Fund 11000	Debt Service 41000	Other Governmental Funds
Property Taxes	\$ 1,807	\$ 24,203	\$ 7,367
Federal Revenues	0	0	0
TOTAL Deferred Revenues	\$ 1,807	\$ 24,203	\$ 7,367

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**NOTE H: CAPITAL ASSETS**

Capital Assets Balances and Activity for the Year Ended June 30, 2014, is as follows:

	Balance 6/30/13	Additions	Deletions/ Adjustments	Balance 6/30/14
<b>Governmental Activities</b>				
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	21,650,575	420,508	0	22,071,083
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>2,211,196</u>	<u>0</u>	<u>5,000</u>	<u>2,206,196</u>
Total Capital Assets, being Depreciated	<u>23,861,771</u>	<u>420,508</u>	<u>5,000</u>	<u>24,277,279</u>
Total Capital Assets	<u>23,861,771</u>	<u>420,508</u>	<u>5,000</u>	<u>24,277,279</u>
<b>Less Accumulated Depreciation</b>				
Buildings & Improvements	3,544,191	294,526	0	3,838,717
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>987,277</u>	<u>68,286</u>	<u>5,000</u>	<u>1,050,563</u>
Total Accumulated Depreciation	<u>4,531,468</u>	<u>362,812</u>	<u>5,000</u>	<u>4,889,280</u>
Capital Assets, net	<u>\$ 19,330,303</u>	<u>\$ 57,696</u>	<u>\$ 0</u>	<u>\$ 19,387,999</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 362,812
Total depreciation expenses	<u>\$ 362,812</u>

**NOTE I: LONG TERM DEBT**

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

	Balance 6/30/13	Additions	Reductions	Balance 6/30/14	Amounts Due Within One Year
<b>Governmental Activities</b>					
<b>Bonds and Notes Payable</b>					
<b>General Obligation</b>					
Bonds	\$ 2,553,830	\$ 1,500,000	\$ 295,000	\$ 3,758,830	\$ 1,058,830
Total Bonds	<u>2,553,830</u>	<u>1,500,000</u>	<u>295,000</u>	<u>3,758,830</u>	<u>1,058,830</u>
<b>Other Liabilities</b>					
<b>Compensated</b>					
Absences	<u>6,933</u>	<u>5,853</u>	<u>8,556</u>	<u>4,230</u>	<u>4,230</u>
Total Other Liabilities	<u>6,933</u>	<u>5,853</u>	<u>8,556</u>	<u>4,230</u>	<u>4,230</u>
Long-Term Liabilities Liabilities	<u>\$ 2,560,763</u>	<u>\$ 1,505,853</u>	<u>\$ 303,556</u>	<u>\$ 3,763,060</u>	<u>\$ 1,063,060</u>

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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.

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 %	810,000
2010	10/15/2009	880,000	2.09%	700,000
2014	06/15/2014	1,500,000	1.20%	1,500,000
				<u>\$ 3,758,830</u>

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

	Principal	Interest	Total
2015	\$ 1,058,830	\$ 52,879	\$ 1,111,709
2016	290,000	54,341	344,341
2017	320,000	45,757	365,757
2018	345,000	36,442	381,442
2019	360,000	28,551	388,551
2020-2024	1,000,000	73,554	1,073,554
2025-2026	385,000	2,386	387,386
	<u>\$ 3,758,830</u>	<u>\$ 293,910</u>	<u>\$ 4,052,740</u>

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

Above Balance	\$ 3,758,830
Issue Costs	(114,506)
Accumulated Amortization	43,043
Statement of Net Position	<u>\$ 3,687,367</u>
Government Wide Statements	
Amount Reported as Current Liability	\$ 1,058,930
Amount Reported as Long-Term Liability	2,628,437
Statement of Net Position	<u>\$ 3,687,367</u>

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

**Funding Policy**

Member Contributions-Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required make the following contributions to the Plan: 10.10% of their gross salary in the fiscal year 2014; and 10.17% of their gross salary in fiscal year 2015 and thereafter.

Employer Contributions-The District contributed 13.15% of the gross covered salary in the fiscal year 2014. In fiscal year 2015 the District will contribute 13.9% of gross covered salary.

The contribution requirements of the 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, 2014, 2013, and 2012, were \$305,145, \$260,021, and \$224,863, 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.

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, 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 is not a member of the enhanced retirement plan.

The District's contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$46,785, \$47,913 and \$43,841 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).



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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>Amount</u>
McKinney-Vento Homeless Education-24113	
Instruction	\$ (2,841)
Debt Service-41000	
Support Services	\$ (1,231)

**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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Bond Issue	\$ 0	\$ 0	\$ 1,500,000	\$ 1,500,000
Total Revenues	<u>0</u>	<u>0</u>	<u>1,500,000</u>	<u>1,500,000</u>
<b>Expenditures</b>				
<b>Capital Outlay</b>				
Professional & Tech Services	0	0	0	0
Total Capital Outlay	<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	0	0	1,500,000	1,500,000
<b>Other Financing Sources (Uses)</b>				
Bond Issue Cost	0	0	(16,995)	(16,995)
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>(16,995)</u>	<u>(16,995)</u>
Net Change in Fund Balance	0	0	1,483,005	1,483,005
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,483,005</u>	<u>\$ 1,483,005</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Net Change in Cash Balance			\$ 1,483,005	
Net Change in Accounts Payable			(17,768)	
Net Change in Fund Balance			<u>\$ 1,465,237</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 350,000	\$ 350,000	\$ 362,210	\$ 12,210
Interest Income	0	0	282	282
Total Revenues	<u>350,000</u>	<u>350,000</u>	<u>362,492</u>	<u>12,492</u>
<b>Expenditures</b>				
<b>Support Services</b>				
General Administration				
Professional & Tech Services	<u>3,395</u>	<u>3,395</u>	<u>4,626</u>	<u>(1,231)</u>
Total General Administration	<u>3,395</u>	<u>3,395</u>	<u>4,626</u>	<u>(1,231)</u>
Total Support Services	<u>3,395</u>	<u>3,395</u>	<u>4,626</u>	<u>(1,231)</u>
<b>Debt Service</b>				
Principal	295,000	295,000	295,000	0
Interest	<u>46,651</u>	<u>46,651</u>	<u>46,650</u>	<u>1</u>
Total Debt Service	<u>341,651</u>	<u>341,651</u>	<u>341,650</u>	<u>1</u>
Total Expenditures	<u>345,046</u>	<u>345,046</u>	<u>346,276</u>	<u>(1,230)</u>
Excess (Deficiency) of Revenues Over Expenditures	4,954	4,954	16,216	11,262
Cash Balance Beginning of Year	<u>353,840</u>	<u>353,840</u>	<u>353,840</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 358,794</u>	<u>\$ 358,794</u>	<u>\$ 370,056</u>	<u>\$ 11,262</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 16,216	
Net Change in Taxes Receivable			(893)	
Net Change in Outstanding Taxes			2,075	
Net Change in Deferred Revenue			(2,075)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 15,323</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.

**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.

**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 Instructional Materials (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.

**NONMAJOR SPECIAL REVENUE FUNDS**

**2012 GO Student Library (27107).** To account for revenues and expenditures from a state grant to provide for public school and juvenile detention libraries. The funding made available to update and expand library collections in order to circulate and provide access of materials to students and teachers. Funding provided by the State of New Mexico.

**NM Reads to Lead K-3 (27114).** To account for revenue and expenditures received from a state grant for the purpose of improving skills of young students in the area of reading. The fund was created by the authority of state grant provisions.

**Next Generation Assessments (27185).** To account for a state grant used to purchase computer equipment for the science classroom. The fund was created by the authority of state grant provisions.

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

**NON-MAJOR CAPITAL OUTLAY FUNDS**

**Special School Capital Outlay State (31400).** To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of upgrading buildings.

**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.

STATE OF NEW MEXICO  
**FORT SUMNER MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2014

	Special Revenue		
	Food Service 21000	Athletics 22000	IDEA Preschool 24109
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 38,686	\$ 2,936	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	0	0	228
Inventory	2,182	0	0
Total Assets	<u>\$ 40,868</u>	<u>\$ 2,936</u>	<u>\$ 228</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payables	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	228
Total Liabilities	<u>0</u>	<u>0</u>	<u>228</u>
Deferred Inflows of Resources			
Deferred Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	2,182	0	0
Restricted for:			
Special Revenue Funds	38,686	2,936	0
Capital Projects	0	0	0
Total Fund Balance	<u>40,868</u>	<u>2,936</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 40,868</u>	<u>\$ 2,936</u>	<u>\$ 228</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, 2014

	Special Revenue		
	McKinney-Vento Homeless Ed 24113	IDEA B Risk Pool 24120	Improving Teacher Quality 24154
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	4,394	637	2,538
Inventory	0	0	0
<b>Total Assets</b>	<b>\$ 4,394</b>	<b>\$ 637</b>	<b>\$ 2,538</b>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payables	\$ 0	\$ 0	\$ 0
Interfund Balance	4,394	637	2,538
<b>Total Liabilities</b>	<b>4,394</b>	<b>637</b>	<b>2,538</b>
Deferred Inflows of Resources			
Deferred Revenue	0	0	0
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
<b>Total Fund Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 4,394</b>	<b>\$ 637</b>	<b>\$ 2,538</b>

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, 2014

	Special Revenue		
	Elementary School Counciling 25215	Rural Education Achievement Program 25233	Duel Credit Instructional Materials 27103
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	11,294	176	452
Inventory	0	0	0
Total Assets	<u>\$ 11,294</u>	<u>\$ 176</u>	<u>\$ 452</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payables	\$ 0	\$ 0	\$ 0
Interfund Balance	11,294	176	452
Total Liabilities	<u>11,294</u>	<u>176</u>	<u>452</u>
Deferred Inflows of Resources			
Deferred Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 11,294</u>	<u>\$ 176</u>	<u>\$ 452</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, 2014

	Special Revenue		
	2012 GO Student Library 27107	NM Reads to Lead 27114	Next Generation Assessment 27185
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	9,266	18,973	2,023
Inventory	0	0	0
<b>Total Assets</b>	<b>\$ 9,266</b>	<b>\$ 18,973</b>	<b>\$ 2,023</b>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payables	\$ 0	\$ 0	\$ 0
Interfund Balance	9,266	18,973	2,023
<b>Total Liabilities</b>	<b>9,266</b>	<b>18,973</b>	<b>2,023</b>
Deferred Inflows of Resources			
Deferred Revenue	0	0	0
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
<b>Total Fund Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 9,266</b>	<b>\$ 18,973</b>	<b>\$ 2,023</b>

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, 2014

	Special Revenue		Capital Projects
	School Based Health Clinic 29130	Wind Farm Projects 29134	Special Capital Outlay State 31400
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 106,953	\$ 166,536	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	\$ 106,953	\$ 166,536	\$ 0
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payables	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	0
Total Liabilities	0	0	0
Deferred Inflows of Resources			
Deferred Revenue	0	0	0
Total Deferred Inflows of Resources	0	0	0
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	106,953	166,536	0
Capital Projects	0	0	0
Total Fund Balance	106,953	166,536	0
Total Liabilities and Fund Balance	\$ 106,953	\$ 166,536	\$ 0

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, 2014

	<u>Capital Projects</u>	
	Senate Bill Nine 31700	Total
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 181,417	\$ 496,528
Receivables		
Taxes	7,878	7,878
Due From Grantor	0	49,981
Inventory	0	2,182
Total Assets	<u>\$ 189,295</u>	<u>\$ 556,569</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts Payables	\$ 0	\$ 0
Interfund Balance	<u>0</u>	<u>49,981</u>
Total Liabilities	<u>0</u>	<u>49,981</u>
Deferred Inflows of Resources		
Deferred Revenue	<u>7,367</u>	<u>7,367</u>
Total Deferred Inflows of Resources	<u>7,367</u>	<u>7,367</u>
Fund Balance		
Nonspendable-Inventory	0	2,182
Restricted for:		
Special Revenue Funds	0	315,111
Capital Projects	<u>181,928</u>	<u>181,928</u>
Total Fund Balance	<u>181,928</u>	<u>499,221</u>
 Total Liabilities and Fund Balance	 <u>\$ 189,295</u>	 <u>\$ 556,569</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, 2014

	Special Revenue		
	Food Service 21000	Athletics 22000	IDEA Preschool 24109
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	275	0	0
Fees	37,874	24,566	0
State and Local Grants	0	0	0
Federal Grants	122,044	0	4,579
Miscellaneous	0	0	0
Total Revenues	<u>160,193</u>	<u>24,566</u>	<u>4,579</u>
Expenditures			
Current			
Instruction	0	29,927	4,579
Support Services			
Instruction	0	0	0
Students	0	0	0
General Administration	0	0	0
School Administration	0	0	0
Operation & Maintenance of Plant			0
Food Service	156,471	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>156,471</u>	<u>29,927</u>	<u>4,579</u>
Excess (Deficiency) of Revenues Over Expenditures	3,722	(5,361)	0
Fund Balances at Beginning of Year	<u>37,146</u>	<u>8,297</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 40,868</u>	<u>\$ 2,936</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, 2014

	Special Revenue		
	McKinney-Vento Homeless Ed 24113	IDEA B Risk Pool 24120	Improving Teacher Quality 24154
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	0	0	0
State and Local Grants	0	0	0
Federal Grants	4,461	637	4,820
Miscellaneous	0	0	0
<b>Total Revenues</b>	<b>4,461</b>	<b>637</b>	<b>4,820</b>
<b>Expenditures</b>			
Current			
Instruction	3,841	637	0
Support Services			
Instruction	620	0	0
Students	0	0	0
General Administration	0	0	0
School Administration	0	0	4,820
Operation & Maintenance of Plant	0	0	0
Food Service	0	0	0
Capital Outlay	0	0	0
<b>Total Expenditures</b>	<b>4,461</b>	<b>637</b>	<b>4,820</b>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	0	0	0
Fund Balance End of Year	\$ 0	\$ 0	\$ 0

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, 2014

	Special Revenue		
	Elementary School Counciling 25215	Rural Education Achievement Program 25233	Duel Credit Instructional Materials 27103
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	0	0	0
State and Local Grants	0	0	3,055
Federal Grants	179,797	428	0
Miscellaneous	0	0	0
Total Revenues	<u>179,797</u>	<u>428</u>	<u>3,055</u>
<b>Expenditures</b>			
Current			
Instruction	0	428	3,055
Support Services			
Instruction	0	0	0
Students	179,797	0	0
General Administration	0	0	0
School Administration	0	0	0
Operation & Maintenance of Plant	0	0	0
Food Service	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>179,797</u>	<u>428</u>	<u>3,055</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, 2014

	Special Revenue		
	2012 GO Student Library 27107	NM Reads to Lead 27114	Next Generation Assessment 27185
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	0	0	0
State and Local Grants	9,266	47,945	2,023
Federal Grants	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>9,266</u>	<u>47,945</u>	<u>2,023</u>
Expenditures			
Current			
Instruction	0	47,945	0
Support Services			
Instruction	9,266	0	0
Students	0	0	2,023
General Administration	0	0	0
School Administration	0	0	0
Operation & Maintenance of Plant	0	0	0
Food Service	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>9,266</u>	<u>47,945</u>	<u>2,023</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, 2014

	<u>Special Revenue</u>		<u>Capital Projects</u>
	School Based Health Clinic 29130	Wind Farm Projects 29134	Special Capital Outlay State 31400
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	10,000	0	0
State and Local Grants	0	0	10,000
Federal Grants	0	0	0
Miscellaneous	0	90,166	0
Total Revenues	<u>10,000</u>	<u>90,166</u>	<u>10,000</u>
Expenditures			
Current			
Instruction	0	0	10,000
Support Services			
Instruction	0	0	0
Students	115	0	0
General Administration	0	0	0
School Administration	0	0	0
Operation & Maintenance of Plant	0	0	0
Food Service	0	0	0
Capital Outlay	0	257,793	0
Total Expenditures	<u>115</u>	<u>257,793</u>	<u>10,000</u>
Excess (Deficiency) of Revenues Over Expenditures	9,885	(167,627)	0
Fund Balances at Beginning of Year	<u>97,068</u>	<u>334,163</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 106,953</u>	<u>\$ 166,536</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, 2014

	<u>Capital Projects</u>	
	Senate Bill Nine 31700	Total
Revenues		
Property Taxes	\$ 126,092	\$ 126,092
Interest Income	825	1,100
Fees	0	72,440
State and Local Grants	0	72,289
Federal Grants	0	316,766
Miscellaneous	0	90,166
Total Revenues	<u>126,917</u>	<u>678,853</u>
Expenditures		
Current		
Instruction	0	100,412
Support Services		
Instruction	0	9,886
Students	0	181,935
General Administration	1,613	1,613
School Administration	0	4,820
Operation & Maintenance of Plant	22,238	22,238
Food Service	0	156,471
Capital Outlay	162,716	420,509
Total Expenditures	<u>186,567</u>	<u>897,884</u>
Excess (Deficiency) of Revenues Over Expenditures	(59,650)	(219,031)
Fund Balances at Beginning of Year	<u>241,578</u>	<u>718,252</u>
Fund Balance End of Year	<u>\$ 181,928</u>	<u>\$ 499,221</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Interest Income	\$ 0	\$ 0	\$ 275	\$ 275
Fees	35,000	35,000	37,874	2,874
Federal Grant	75,000	95,000	115,312	20,312
Total Revenues	<u>110,000</u>	<u>130,000</u>	<u>153,461</u>	<u>23,461</u>
<b>Expenditures</b>				
<b>Food Service</b>				
Personnel Services	43,509	49,185	48,445	740
Employee Benefits	34,102	29,482	24,240	5,242
Professional & Tech Services	500	75	25	50
Other Purchased Services	350	68	0	68
Supplies	55,500	73,650	79,505	(5,855)
Total Food Service	<u>133,961</u>	<u>152,460</u>	<u>152,215</u>	<u>245</u>
Total Expenditures	<u>133,961</u>	<u>152,460</u>	<u>152,215</u>	<u>245</u>
Excess (Deficiency) of Revenues Over Expenditures	(23,961)	(22,460)	1,246	23,706
Cash Balance Beginning of Year	<u>37,440</u>	<u>37,440</u>	<u>37,440</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 13,479</u>	<u>\$ 14,980</u>	<u>\$ 38,686</u>	<u>\$ 23,706</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,246	
Net Change in Inventory			244	
Net Change in Accounts Payables			<u>2,232</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 3,722</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Fees	\$ 36,550	\$ 36,550	\$ 24,566	\$ (11,984)
Total Revenues	<u>36,550</u>	<u>36,550</u>	<u>24,566</u>	<u>(11,984)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	4,000	4,000	1,986	2,014
Employee Benefits	735	735	337	398
Professional & Tech Services	900	900	375	525
Other Purchased Services	32,212	26,635	14,741	11,894
Supplies	7,000	12,577	12,488	89
Total Instruction	<u>44,847</u>	<u>44,847</u>	<u>29,927</u>	<u>14,920</u>
Total Expenditures	<u>44,847</u>	<u>44,847</u>	<u>29,927</u>	<u>14,920</u>
Excess (Deficiency) of Revenues Over Expenditures	(8,297)	(8,297)	(5,361)	2,936
Cash Balance Beginning of Year	<u>8,297</u>	<u>8,297</u>	<u>8,297</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,936</u>	<u>\$ 2,936</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (5,361)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (5,361)</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 6,732	\$ 6,979	\$ 6,195	\$ (784)
Total Revenues	<u>6,732</u>	<u>6,979</u>	<u>6,195</u>	<u>(784)</u>
Expenditures				
Instruction				
Personnel Services	3,950	4,197	2,989	1,208
Employee Benefits	<u>938</u>	<u>938</u>	<u>1,590</u>	<u>(652)</u>
Total Instruction	<u>4,888</u>	<u>5,135</u>	<u>4,579</u>	<u>556</u>
Total Expenditures	<u>4,888</u>	<u>5,135</u>	<u>4,579</u>	<u>556</u>
Excess (Deficiency) of Revenues Over Expenditures	1,844	1,844	1,616	(228)
Cash Balance Beginning of Year	<u>(1,844)</u>	<u>(1,844)</u>	<u>(1,844)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (228)</u>	<u>\$ (228)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,616	
Net Change in Due from Grantor			<u>(1,616)</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 7,193	\$ 7,695	\$ 2,759	\$ (4,936)
Total Revenues	<u>7,193</u>	<u>7,695</u>	<u>2,759</u>	<u>(4,936)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	1,000	1,000	3,841	(2,841)
Total Instruction	<u>1,000</u>	<u>1,000</u>	<u>3,841</u>	<u>(2,841)</u>
<b>Support Services</b>				
<b>Students</b>				
Professional & Tech Services	2,500	2,500	0	2,500
Total Students	<u>2,500</u>	<u>2,500</u>	<u>0</u>	<u>2,500</u>
<b>Instruction</b>				
Supplies	1,000	1,000	619	381
Total Instruction	<u>1,000</u>	<u>1,000</u>	<u>619</u>	<u>381</u>
<b>General Administration</b>				
Professional & Tech Services	0	502	0	502
Total General Administration	<u>0</u>	<u>502</u>	<u>0</u>	<u>502</u>
Total Support Services	<u>3,500</u>	<u>4,002</u>	<u>619</u>	<u>3,383</u>
Total Expenditures	<u>4,500</u>	<u>5,002</u>	<u>4,460</u>	<u>542</u>
Excess (Deficiency) of Revenues Over Expenditures	2,693	2,693	(1,701)	(4,394)
Cash Balance Beginning of Year	<u>(2,693)</u>	<u>(2,693)</u>	<u>(2,693)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(4,394)</u>	\$ <u>(4,394)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,701)	
Net Change in Due from Grantor			<u>1,701</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 443	\$ 1,080	\$ 443	\$ (637)
Total Revenues	<u>443</u>	<u>1,080</u>	<u>443</u>	<u>(637)</u>
Expenditures				
Instruction				
Supplies	0	637	637	0
Total Instruction	<u>0</u>	<u>637</u>	<u>637</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>637</u>	<u>637</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	443	443	(194)	(637)
Cash Balance Beginning of Year	<u>(443)</u>	<u>(443)</u>	<u>(443)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (637)</u>	<u>\$ (637)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (194)	
Net Change in Due from Grantor			<u>194</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 53,071	\$ 54,330	\$ 35,483	\$ (18,847)
Total Revenues	<u>53,071</u>	<u>54,330</u>	<u>35,483</u>	<u>(18,847)</u>
<b>Expenditures</b>				
<b>Support Services</b>				
School Administration				
Professional & Tech Services	19,121	20,380	4,688	15,692
Other Purchased Services	<u>750</u>	<u>750</u>	<u>133</u>	<u>617</u>
Total School Administration	<u>19,871</u>	<u>21,130</u>	<u>4,821</u>	<u>16,309</u>
Total Support Services	<u>19,871</u>	<u>21,130</u>	<u>4,821</u>	<u>16,309</u>
Total Expenditures	<u>19,871</u>	<u>21,130</u>	<u>4,821</u>	<u>16,309</u>
Excess (Deficiency) of Revenues Over Expenditures	33,200	33,200	30,662	(2,538)
Cash Balance Beginning of Year	<u>(33,200)</u>	<u>(33,200)</u>	<u>(33,200)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(2,538)</u>	\$ <u>(2,538)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 30,662	
Net Change in Due from Grantor			<u>(30,662)</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 326,070	\$ 560,143	\$ 257,308	\$ (302,835)
Total Revenues	<u>326,070</u>	<u>560,143</u>	<u>257,308</u>	<u>(302,835)</u>
<b>Expenditures</b>				
<b>Support Services</b>				
<b>Students</b>				
Personnel Services	84,849	284,922	104,460	180,462
Employee Benefits	40,951	49,951	25,949	24,002
Professional & Tech Services	58,521	58,521	20,594	37,927
Other Purchased Services	17,000	22,000	9,809	12,191
Supplies	29,000	49,000	20,041	28,959
Supply Assets	8,000	8,000	0	8,000
Total Students	<u>238,321</u>	<u>472,394</u>	<u>180,853</u>	<u>291,541</u>
Total Support Services	<u>238,321</u>	<u>472,394</u>	<u>180,853</u>	<u>291,541</u>
Total Expenditures	<u>238,321</u>	<u>472,394</u>	<u>180,853</u>	<u>291,541</u>
Excess (Deficiency) of Revenues Over Expenditures	87,749	87,749	76,455	(11,294)
Cash Balance Beginning of Year	<u>(87,749)</u>	<u>(87,749)</u>	<u>(87,749)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (11,294)</u>	<u>\$ (11,294)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 76,455	
Net Change in Due from Grantor			(77,511)	
Net Change in Accounts Payables			1,056	
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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 16,180	\$ 16,180	\$ 3,056	\$ 13,124
Total Revenues	<u>16,180</u>	<u>16,180</u>	<u>3,056</u>	<u>13,124</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	3,000	3,000	0	3,000
Other Purchased Services	2,000	2,000	0	2,000
Supplies	6,377	6,377	429	5,948
Supply Assets	2,000	2,000	0	2,000
Total Instruction	<u>13,377</u>	<u>13,377</u>	<u>429</u>	<u>12,948</u>
Total Expenditures	<u>13,377</u>	<u>13,377</u>	<u>429</u>	<u>12,948</u>
Excess (Deficiency) of Revenues Over Expenditures	2,803	2,803	2,627	176
Cash Balance Beginning of Year	<u>(2,803)</u>	<u>(2,803)</u>	<u>(2,803)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (176)</u>	<u>\$ 176</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,627	
Net Change in Due from Grantor			<u>(2,627)</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-DUEL CREDIT INSTRUCTIONAL MATERIALS-27103  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 2,596	\$ 3,055	\$ 2,603	\$ (452)
Total Revenues	<u>2,596</u>	<u>3,055</u>	<u>2,603</u>	<u>(452)</u>
Expenditures				
Instruction				
Supplies	2,596	3,055	3,055	0
Total Instruction	<u>2,596</u>	<u>3,055</u>	<u>3,055</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>3,055</u>	<u>3,055</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	2,596	0	(452)	(452)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,596</u>	<u>\$ 0</u>	<u>\$ (452)</u>	<u>\$ (452)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (452)	
Net Change in Due from Grantor			<u>452</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-2012 GO STUDENT LIBRARY-27107  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 9,378	\$ 9,378	\$ 0	\$ (9,378)
Total Revenues	<u>9,378</u>	<u>9,378</u>	<u>0</u>	<u>(9,378)</u>
Expenditures				
Support Services				
Instruction				
Supplies	9,378	9,378	9,266	112
Total Instruction	<u>9,378</u>	<u>9,378</u>	<u>9,266</u>	<u>112</u>
Total Support Services	<u>9,378</u>	<u>9,378</u>	<u>9,266</u>	<u>112</u>
Total Expenditures	<u>9,378</u>	<u>9,378</u>	<u>9,266</u>	<u>112</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(9,266)	(9,266)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (9,266)</u>	<u>\$ (9,266)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (9,266)	
Net Change in Due from Grantor			<u>9,266</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-NM READS TO LEAD-27114  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 44,247	\$ 48,247	\$ 28,972	\$ (19,275)
Total Revenues	<u>44,247</u>	<u>48,247</u>	<u>28,972</u>	<u>(19,275)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	36,039	36,039	34,694	1,345
Employee Benefits	8,208	8,208	9,178	(970)
Supplies	<u>0</u>	<u>4,000</u>	<u>4,073</u>	<u>(73)</u>
Total Instruction	<u>44,247</u>	<u>48,247</u>	<u>47,945</u>	<u>302</u>
Total Expenditures	<u>44,247</u>	<u>48,247</u>	<u>47,945</u>	<u>302</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(18,973)	(18,973)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (18,973)</u>	<u>\$ (18,973)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (18,973)	
Net Change in Due from Grantor			<u>18,973</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-NEXT GENERATION ASSESSMENT-27185  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 2,023	\$ 0	\$ (2,023)
Total Revenues	<u>0</u>	<u>2,023</u>	<u>0</u>	<u>(2,023)</u>
Expenditures				
Support Services-Students				
Students				
Supply Assets	0	2,023	2,023	0
Total Students	<u>0</u>	<u>2,023</u>	<u>2,023</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>2,023</u>	<u>2,023</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>2,023</u>	<u>2,023</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(2,023)	(2,023)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,023)</u>	<u>\$ (2,023)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (2,023)	
Net Change in Due from Grantor			<u>2,023</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-SCHOOL BASED HEALTH-29130  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2014

	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				
Other Purchased Services	45,000	45,000	0	45,000
Supplies	<u>61,628</u>	<u>61,628</u>	<u>115</u>	<u>61,513</u>
Total Students	<u>106,628</u>	<u>106,628</u>	<u>115</u>	<u>106,513</u>
Total Support Services	<u>106,628</u>	<u>106,628</u>	<u>115</u>	<u>106,513</u>
Total Expenditures	<u>106,628</u>	<u>106,628</u>	<u>115</u>	<u>106,513</u>
Excess (Deficiency) of Revenues Over Expenditures	(46,628)	(46,628)	9,885	56,513
Cash Balance Beginning of Year	<u>97,068</u>	<u>97,068</u>	<u>97,068</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 50,440</u>	<u>\$ 50,440</u>	<u>\$ 106,953</u>	<u>\$ 56,513</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>9,885</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>9,885</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, 2014

	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				
Support Services				
Operation of Plant				
Other Purchased Services	100,000	100,000	0	100,000
Total Operation of Plant	<u>100,000</u>	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Total Support Services	<u>100,000</u>	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Capital Outlay				
Purchased Property Services	346,050	346,050	257,793	88,257
Total Capital Outlay	<u>346,050</u>	<u>346,050</u>	<u>257,793</u>	<u>88,257</u>
Total Expenditures	<u>446,050</u>	<u>446,050</u>	<u>257,793</u>	<u>188,257</u>
Excess (Deficiency) of Revenues Over Expenditures	(355,885)	(355,885)	(167,628)	(188,257)
Cash Balance Beginning of Year	<u>334,164</u>	<u>334,164</u>	<u>334,164</u>	<u>0</u>
Cash Balance End of Year	<u>\$ (21,721)</u>	<u>\$ (21,721)</u>	<u>\$ 166,536</u>	<u>\$ (188,257)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (167,628)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (167,628)</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-SPECIAL CAPITAL OUTLAY-STATE-31400  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grants	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Expenditures				
Capital Outlay				
Supply Assets	10,000	10,000	10,000	0
Total Capital Outlay	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 0	\$ 0	\$ 126,352	\$ 126,352
Interest Income	0	0	825	825
Total Revenues	<u>0</u>	<u>0</u>	<u>127,177</u>	<u>127,177</u>
<b>Expenditures</b>				
<b>Support Services</b>				
General Administration				
Professional & Tech Services	1,000	1,000	1,613	(613)
Total General Administration	<u>1,000</u>	<u>1,000</u>	<u>1,613</u>	<u>(613)</u>
<b>Operation of Plant</b>				
Other Purchased Services	0	9,740	0	9,740
Total Operation of Plant	<u>0</u>	<u>9,740</u>	<u>0</u>	<u>9,740</u>
Total Support Services	<u>1,000</u>	<u>10,740</u>	<u>1,613</u>	<u>9,127</u>
<b>Capital Outlay</b>				
Purchased Property Services R & M	144,958	198,496	7,351	191,145
Purchased Property Services	0	0	162,716	(162,716)
Supplies	30,000	462	0	462
Supply Assets	50,000	26,000	17,594	8,406
Total Capital Outlay	<u>224,958</u>	<u>224,958</u>	<u>187,661</u>	<u>37,297</u>
Total Expenditures	<u>225,958</u>	<u>235,698</u>	<u>189,274</u>	<u>46,424</u>
Excess (Deficiency) of Revenues Over Expenditures	(225,958)	(235,698)	(62,097)	173,601
Cash Balance Beginning of Year	<u>243,514</u>	<u>243,514</u>	<u>243,514</u>	<u>0</u>
Cash Balance End of Year	\$ <u>17,556</u>	\$ <u>7,816</u>	\$ <u>181,417</u>	\$ <u>173,601</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (62,097)	
Net Change in Taxes Receivable			(260)	
Net Change in Outstanding Taxes			584	
Net Change in Accounts Payable			2,707	
Net Change in Deferred Revenue			(584)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(59,650)</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, 2014

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	Beginning Balance 6/30/13	Additions	Deductions	Ending Balance 6/30/14
<b>ASSETS</b>				
Activity Trust Fund	\$ 167,339	\$ 138,050	\$ 143,801	\$ 161,588
<b>TOTAL Assets</b>	<u>\$ 167,339</u>	<u>\$ 138,050</u>	<u>\$ 143,801</u>	<u>\$ 161,588</u>
<b>LIABILITIES</b>				
Due to Student Groups	\$ 167,339	\$ 138,050	\$ 143,801	\$ 161,588
<b>TOTAL Liabilities</b>	<u>\$ 167,339</u>	<u>\$ 138,050</u>	<u>\$ 143,801</u>	<u>\$ 161,588</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, 2014

	Beginning Balance 6/30/13	Additions	Deductions	Ending Balance 6/30/14
<b>ASSETS</b>				
Draw	\$ 50	\$ 0	\$ 0	\$ 50
All School	47,850	7,565	8,909	46,506
Library	411	108	161	358
Student Council	274	422	162	534
Close Up	0	700	400	300
National Honor Society	1,759	777	1,214	1,322
Athletic Boosters	15,153	30,341	33,578	11,916
Vixen Volleyball	5,515	14,536	14,780	5,271
Fox Basketball	1,061	670	579	1,152
Vixen Basketball	1,874	4,779	6,550	103
Fox Football	2,113	3,200	2,421	2,892
Harley Raffle	5,271	0	0	5,271
BPA	1,194	15,456	15,189	1,461
Greenhouse	59,637	6,891	9,169	57,359
FFA	446	19,092	19,236	302
Science Club	6,762	0	261	6,501
Drama	628	2,053	1,859	822
McMillian Memorial Fund	247	0	0	247
John Easley Scholarship	0	0	0	0
Cheerleaders	96	13,261	11,777	1,580
Music	685	12	591	106
Student Achievement	8,140	0	3,598	4,542
Class of 2014	832	0	627	205
Class of 2015	363	8,272	6,033	2,602
Class of 2016	0	2,062	283	1,779
Elementary	5,781	3,414	3,128	6,067
Class of 2018	171	20	0	191
Class of 2017	70	110	0	180
Annual	404	3,559	2,130	1,833
FCA	552	750	1,166	136
Total Assets	\$ <u>167,339</u>	\$ <u>138,050</u>	\$ <u>143,801</u>	\$ <u>161,588</u>
<b>LIABILITIES</b>				
Deposits Held for Others	\$ 167,339	\$ 138,050	\$ 143,801	\$ 161,588
Total Liabilities	\$ <u>167,339</u>	\$ <u>138,050</u>	\$ <u>143,801</u>	\$ <u>161,588</u>

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, 2014

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		Beginning Cash 6/30/13	Revenues	Expenditures	Adjustments Transfer/ Loans/Income	Ending Cash 6/30/14
Operational	11000	\$ 215,965	\$ 3,362,887	\$ 3,343,034	\$ 0	\$ 235,818
Transportation	13000	13,608	487,853	490,655	0	10,806
Instructional Materials	14000	12,333	17,131	23,876	0	5,588
Food Services	21000	37,439	153,461	152,215	0	38,685
Athletics	22000	8,298	24,566	29,927	0	2,937
Activities	23000	167,342	138,050	143,804	0	161,588
Federal Flowthrough	24000	(105,287)	222,686	204,266	(1,440)	(88,307)
Federal Direct	25000	(90,552)	260,363	181,282	0	(11,471)
State Flowthrough	27000	0	31,575	62,289	(7)	(30,721)
Local or State	29000	431,232	100,165	257,906	0	273,491
Bond Building	31100	0	1,500,000	16,995	0	1,483,005
Special Capital Outlay State	31400	0	10,000	10,000	0	0
Senate Bill Nine	31700	243,514	127,177	189,274	0	181,417
Debt Service	41000	353,839	362,492	346,276	0	370,055
Total		\$ <u>1,287,731</u>	\$ <u>6,798,406</u>	\$ <u>5,451,799</u>	\$ <u>(1,447)</u>	\$ <u>2,632,891</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, 2014

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	\$ 28,828
National School Lunch Program	10.555	21000	86,484
			<u>115,312</u>
Pass-through State Department of Human Services:			
Supplemental Nutrition Assistance Program	10.551	21000	(1) 6,732
			<u>122,044</u>
<u>U. S. Department of Education</u>			
Pass-through Northeast Regional REC			
Special Education Cluster			
IDEA B, Entitlement	84.027	24106	87,923
IDEA Preschool	84.173	24109	4,579
IDEA B Risk Pool	84.027	24120	637
			<u>93,139</u>
Pass-through State Public Education Department:			
Title I	84.010	24101	99,722
Improving Teacher Quality	84.367	24154	4,820
Homeless Education	84.196	24213	4,461
Direct Programs			
Improvement of Education	84.215	25215	179,797
Rural Education Achievement Program	84.358	25233	428
			<u>382,367</u>
			<u>504,411</u>
Total Federal Assistance			\$ <u>504,411</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.

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

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

Independent 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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplemental information, and have issued our report thereon dated October 13, 2014.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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. 2012-001, 2013-001, 2013-002, 2014-001, 2014-002, 2014-003, 2014-004, 2014-005

#### 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 items 2012-001, 2013-001, 2013-002, 2014-001, 2014-002, 2014-003, 2014-004, 2014-005.

#### The District's Responses to Findings

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

#### Purpose of this Report

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

*De'Ann Willoughby CPA PC*

Clovis, New Mexico  
October 13, 2014

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, 2014. 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, 2014.

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.

*DeAnn Willoughby CPA PC*

Clovis, New Mexico  
October 13, 2014

STATE OF NEW MEXICO  
**FORT SUMNER MUNICIPAL SCHOOLS**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2014

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**A. SUMMARY OF AUDIT RESULTS**

Financial Statements

Type of auditor's report issued Unmodified

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 Unmodified

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>
84.215	Improvement of Education

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

Audited qualified as low risk Auditee Yes



**Federal Compliance Findings**

**Prior Year Audit Findings**                                 None

**Current Year Audit Findings**                                 None

**Financial Statements Findings**

<b>Prior Year Audit Findings</b>		<u>Status</u>
<b>12-1</b>	Expenditure Issues	Repeated & Modified
<b>13-1</b>	Expenditures Over Budget	Repeated & Modified
<b>13-2</b>	PED Cash Reports	Repeated & Modified
<b>13-3</b>	Late Audit Contract	Resolved

**Current Year Audit Findings**

**2012-001 Expenditure Issues - Compliance and Internal Control-Significant Deficiency  
 (12-1) Condition**

- Of a sample size of 169 revealed the following:
- Three had no PO's, the check was written before the invoice date totaling \$10,056.54.
  - Two PO's had no supporting documentation totaling \$8,722.00.
  - Three PO's were issued after the invoice date totaling \$8,587.59.
  - One PO was for less than the invoice and check totaling \$1,584.75.
  - Two could not be located totaling \$1,148.00.
  - One Invoice for contract labor did not include gross receipts tax totaling \$9,500.00.
  - One open PO total approved expenditures was exceeded by \$673.04.

**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 Business Manager resigned leaving a vacant position for more than six weeks allowed purchasing issues to occur.

**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.

**2013-001 Expenditures Over Budget-Compliance and Internal Control-Significant Deficiency**

**(13-1) Condition**

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

	<u>Amount</u>
McKinney-Vento Homeless Education-24113	
Instruction	\$ (2,841)
Debt Service-41000	
Support Services	\$ (1,231)

**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 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 should 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.

**2013-002 PED Cash Reports-Compliance and Internal Control-Significant Deficiency**

**(13-2) Condition**

The District's submitted PED Cash Report at year end did not properly reflect the June 30, 2014 reconciled cash balances. The difference was \$3,395.

**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 Business Manager was hired in the spring and had no training in the use of the bank reconciliation module included in the software. The hand prepared reconciliation did not agree to the final adjusted general ledger.

**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**

The bank reconciliation module in the software should be utilized.

**Response**

We will use the bank reconciliation module included in the software package and reconcile the cash balance in the general ledger to the bank statements monthly.

**2014-001 I-9s-Compliance and Internal Control-Significant Deficiency**

**Condition**

During our test of 20 personnel file, we noted the following:

-Four I-9's could not be located, One I-9 was incomplete and one I-9 was completed incorrectly.

**Criteria**

NMAC 6.20.2.18 states the local board shall establish written policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. School district shall maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations, direct deposit authorizations, pay or position change notices and ERA plan application.

**Cause**

A change in personnel, lack of training and supervision caused errors in the completion of the I-9s.

**Effect**

The District is subject to penalties. The penalties can include \$250 to \$3,000 for improper completion of the I-9 form. Improper completion, retention or making it available for inspection fines range from \$100 to \$1,100 for each I-9. Knowingly hiring or continuing to employ unauthorized workers fines range from \$250 up to \$11,000 per violation.

**Recommendation**

Training and supervision is necessary to assure the I-9s are completed correctly.

**Response**

We have read and followed the instructions for the completion of the I-9s. All I-9s will be reviewed before they are filed in the permanent notebook.

**2014-002 New Mexico New Hire Reporting - Compliance and Internal Control-Significant Deficiency**

**Condition**

Out of 18 new hires sampled we noted that 9 were not reported timely and 1 was not reported at all.

**Criteria**

Under New Mexico law (§50-13-1 to 50-13-4) and Federal law (42 USC §653.a.(b)(1)(A)), all public, private, non-profit, and government employers are required to report all newly hired employees within 20 days of hire or rehire to the New Mexico New Hires Directory.

**Cause**

A change in personnel, lack of training and supervision caused the new hire reporting requirements process to fail.

**Effect**

Pursuant to federal law, states have the option of imposing civil monetary penalties on employers who fail to report new hires. The fine can be up to \$20 per newly hired employee, and if there is a conspiracy between the employer and employee not to report, the penalty can be up to \$500 per newly hired employee.

**Recommendation**

Training and supervision should occur to assure the new hire reporting requirements are met.

**Response**

We have reviewed the process and are confident these mistakes will not occur again.

### **2014-003 Stale Dated Checks-Compliance and Internal Control-Significant Deficiency**

#### **Condition**

During our field work we noticed that the District is not in accordance with Section 6-10-57(A) NMSA 1978. The District has not canceled the 2 checks totaling \$210.08 in the Payment Account and 2 checks totaling \$43.52 in the High School Account that have not been cashed within a year of issue.

#### **Criteria**

In accordance with 6.20.2.14 whenever any check is unpaid for one year, the fiscal officer shall cancel it in accordance with Section 6-10-57(A), NMSA 1978.

#### **Cause**

A change in personnel, lack of training and supervision caused the stale dated checks to be overlooked in the year end wrap up process.

#### **Effect**

Carrying numerous bank reconciling items could result in a misstatement in the accounting records or related misappropriation of funds.

#### **Recommendation**

A review of all checks issued over one year should occur at year end. All uncleared checks should be researched and resolved before year end process is complete.

#### **Response**

We will resolve all stale dated checks before year end.

### **2014-004 Payroll-Compliance and Internal Control-Significant Deficiency**

#### **Condition**

The audit revealed that non-exempt employees are being paid on July 3 for expected earnings from July 1st through July 15th. As a result, employees are paid for services they have not yet earned.

#### **Criteria**

The New Mexico Criminal Code makes it a fourth-degree felony for a public official to pay public money for services that have not been rendered. "Paying or receiving public money for services not rendered consists of knowingly making or receiving payment or causing payment to be made from public funds where such payment purports to be for wages, salary or remuneration for personal services [services] which have not in fact been rendered." NMSA 1978, § 30-23-2.

#### **Cause**

Management was aware the prepayment of services was occurring but hesitated to correct the issue because of the adverse effect such correction would have of those that have very low income.

#### **Effect**

Paying wages before earned is a violation of NMSA 1978 30-23-2. If an employee terminates, the District may not recover the unearned wages the employee has received and the employee will have received payment for services they have not rendered.

#### **Recommendation**

Although this auditor agrees that it would be a hardship to correct the paydays to match the pay periods, statute requires such adjustment to be made. It is a very serious issue to continue in this manner and it could potentially subject District personnel to criminal charges. The School Board should take up this issue immediately and pass an appropriate resolution to correct the pay periods for all District employees. We would also recommend contacting legal counsel to allow the District to fully evaluate the potential exposure to the District and its personnel. It may be possible to delay the implementation of such policy until the summer or the expiration of a majority of employee contracts for the current year, but such action should be carefully discussed with legal counsel.

#### **Response**

We will correct this issue.

## **2014-005 Credit Cards-Compliance and Internal Control-Significant Deficiency**

### **Condition**

The audit revealed that the District is using a Sam's Club credit card with a \$13,000.00 credit limit that still has the authorized buyer as a business manager that has not been employed by the District in several years. The District also has a Lowe's credit card. Neither card is using the purchase order process.

### **Criteria**

In accordance with Laws of 2007, Regular session, Chapter 28, Section 3, Subsection L states, "Except for gasoline credit cards used solely for operation of official vehicles, telephone credit cards used solely for official business and procurement cards used as authorized by section 6-5-9(l) NMSA 1978, none of the appropriations contained in the General Appropriation Act of 2007 may be expended for payment of agency-issued credit card invoices."

### **Cause**

Management was not aware a credit card could not be used.

### **Effect**

The District potentially could lose spending control with this card as the purchases do not have to follow the District's purchase order system. In addition the District has a potential risk of loss and theft through inappropriate purchases by an employee or the loss of control of the credit card number resulting in fraudulent use.

### **Recommendation**

The District should apply for and use a purchase card issued by the State of New Mexico.

### **Response**

We will discontinue use of the Sam's Club and Lowes credit card and apply for a purchase card.

## **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 October 13, 2014 with Freda Daugherty-Superintendent, Ron Gauna-Board Member, Angela Allred-Business Manager and De'Aun Willoughby, CPA.