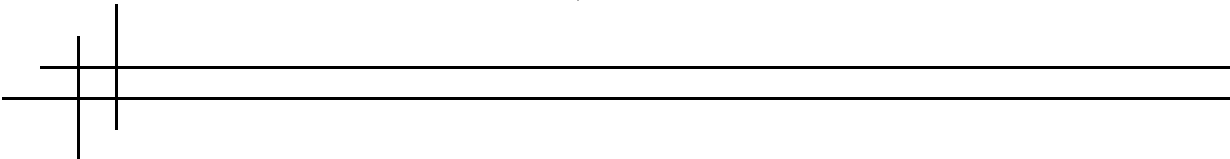


STATE OF NEW MEXICO  
**JAL PUBLIC SCHOOLS**

**ANNUAL FINANCIAL REPORT**  
June 30, 2014

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



	<u>Page</u>
Official Roster.....	5
Independent Auditor's Report.....	6-7
<b>FINANCIAL SECTION</b>	
Basic Financial Statements	
Government Wide Financial Statements	
Statement of Net Position.....	9
Statement of Activities.....	10
Fund Financial Statements	
Government Funds - Balance Sheet.....	11-13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	15-17
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities.....	18
<b>Operational-11000</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	19-21
<b>Transportation-13000</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	22
<b>Instructional Material-14000</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	23
<b>Major Special Revenue Funds</b>	
<b>Title I-24101</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	24
<b>IDEA B Entitlement-24106</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	25
<b>NM STEM Teacher Initiative-27181</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	26
Statement of Fiduciary Assets and Liabilities - Agency Funds.....	27
Notes to Financial Statements.....	28-41

	<u>Page</u>
<b>SUPPLEMENTAL INFORMATION RELATED TO MAJOR FUNDS</b>	
<b>Senate Bill Nine-31700</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	43
<b>SUPPLEMENTAL INFORMATION RELATED TO NON MAJOR FUNDS</b>	
Combining Non-Major Governmental Funds	
Combining Balance Sheet - by Fund Type.....	47-52
Combining Statement of Revenues, Expenditures and Changes in Fund Balance and Changes in Fund Balance - by Fund Type.....	53-58
<b>Food Service-21000</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	59
<b>Athletics-22000</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	60
<b>IDEA Preschool-24109</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	61
<b>IDEA B Early Intervention-24112</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	62
<b>IDEA B Risk Pool-24120</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	63
<b>Improving Teacher Quality-24154</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	64
<b>Medicaid -25153</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	65
<b>Rural Education Achievement Program-25233</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	66
<b>Dual Credit-27103</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	67
<b>2010 GO Library Books-27106</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	68
<b>2012 GO Library Books-27107</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	69
<b>Formative Assessments-27111</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	70

STATE OF NEW MEXICO  
**JAL PUBLIC SCHOOLS**  
 Table of Contents  
 For the Year Ended June 30, 2014

	<u>Page</u>
<b>NM Reads to Lead K-3-27114</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	71
<b>Pre K Initiative-27149</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	72
<b>2010 GOB Instructional Materials-27171</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	73
<b>Next Generation Asessment-27185</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	74
<b>OTHER SUPPLEMENTAL INFORMATION</b>	
<b>Agency Funds</b>	
Statement of Fiduciary Assets and Liabilities-Agency Funds .....	77
<b>Activity</b>	
Schedule of Changes in Assets and Liabilities - Agency Funds .....	78
Cash Reconciliations-All Funds.....	79
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i> .....	80-81
Schedule of Findings and Responses.....	82-89

STATE OF NEW MEXICO  
**JAL PUBLIC SCHOOLS**  
Official Roster  
June 30, 2014

---

**BOARD OF EDUCATION**

Jim Gross	President
Ricky Miller	Vice-President
Jimmy M. Samaneigo, Jr.	Secretary
Larry Cates	Member
Bobby Kimball	Member

**SCHOOL OFFICIALS**

John Wilbanks	Superintendent
Kim Reighley	Business Manager

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101  
(855) 253-4313

Independent Auditor's Report

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

Mr. Balderas and Members of the Board

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general funds and major special revenue funds of Jal Public 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 all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 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, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2014, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital projects funds and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

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

Our audit was conducted for the purpose of forming opinions on the District's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedule required by 2.2.2.NMAC is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule required by 2.2.2 NMAC is the responsibility of management and was 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 required by 2.2.2 NMAC is 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  
**JAL PUBLIC SCHOOLS**  
 Government-Wide Statement of Net Position  
 June 30, 2014

---

ASSETS	Governmental Activities
Current Assets	
Cash and Cash Equivalents	\$ 1,437,504
Investments	1,410,641
Taxes Receivable	3,489
Due From Grantor	102,474
Inventory	6,879
Total Current Assets	2,960,987
Noncurrent Assets	
Capital Assets	24,087,739
Less: Accumulated Depreciation	(18,893,037)
Total Noncurrent Assets	5,194,702
Total Assets	8,155,689
LIABILITIES	
Current Liabilities	
Accounts Payable	30,896
Compensated Absences	7,084
Total Current Liabilities	37,980
Total Liabilities	37,980
NET POSITION	
Net Investment in Capital Assets	5,194,702
Restricted for Capital Projects	2,381,023
Unrestricted	541,984
Total Net Position	\$ 8,117,709

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

STATE OF NEW MEXICO  
**JAL PUBLIC 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	Capital Grants and Contributions	
<b>Governmental Activities</b>					
Instruction	\$ 2,797,943	\$ 16,025	\$ 236,443	\$ 0	\$ (2,545,475)
<b>Support Services</b>					
Students	237,679	23,821	83,002	0	(130,856)
Instruction	65,937	0	15,480	0	(50,457)
General Administration	305,881	0	9,329	0	(296,552)
School Administration	286,465	0	0	0	(286,465)
Central Services	122,189	0	6,248	0	(115,941)
Operation & Maintenance of Plant	1,078,505	0	0	0	(1,078,505)
Student Transportation	165,761	0	175,273	0	9,512
Other	753	0	0	0	(753)
Food Services	202,280	19,777	131,355	0	(51,148)
Community Service	5,731	0	0	0	(5,731)
<b>Total Governmental Activities</b>	<b>\$ 5,269,124</b>	<b>\$ 59,623</b>	<b>\$ 657,130</b>	<b>\$ 0</b>	<b>(4,552,371)</b>
<b>General Revenues</b>					
<b>Taxes</b>					
Property Taxes, Levied for General Purposes					362,752
Property Taxes, Levied for Capital Projects					1,453,252
<b>Federal and State aid not restricted to specific purpose</b>					
General					3,582,481
Capital					0
Interest and investment earnings					1,271
Miscellaneous					62,397
Subtotal, General Revenues					<u>5,462,153</u>
Change in Net Position					909,782
Net Position - Beginning					<u>7,207,927</u>
Net Position - Ending					<u><u>\$ 8,117,709</u></u>

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

STATE OF NEW MEXICO  
**JAL PUBLIC SCHOOLS**  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2014

	General		
	Operational 11000	Transportation 13000	Instructional Material 14000
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 354,460	\$ 14,068	\$ 13,144
Investments	0	0	0
Receivables			
Property Taxes	634	0	0
Due From Grantor	0	0	0
Interfund Balance	102,474	0	0
Inventory	0	0	0
Total Assets	<u>\$ 457,568</u>	<u>\$ 14,068</u>	<u>\$ 13,144</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 18,452	\$ 0	\$ 0
Interfund Balance	0	0	0
Total Liabilities	<u>18,452</u>	<u>0</u>	<u>0</u>
<b>Deferred Inflows of Resources</b>			
Unearned Revenue	358	0	0
Total Deferred Inflows of Resources	<u>358</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	0	0
Capital Projects	0	0	0
Unassigned	438,758	14,068	13,144
Total Fund Balances	<u>438,758</u>	<u>14,068</u>	<u>13,144</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 457,568</u>	<u>\$ 14,068</u>	<u>\$ 13,144</u>

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

STATE OF NEW MEXICO  
**JAL PUBLIC SCHOOLS**  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2014

	Special Revenue		
	Title I 24101	IDEA B Entitlement 24106	NM STEM Teacher Initiative 27181
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Investments	0	0	0
Receivables			
Property Taxes	0	0	0
Due From Grantor	20,138	41,319	14,992
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 20,138</u>	<u>\$ 41,319</u>	<u>\$ 14,992</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	20,138	41,319	14,992
Total Liabilities	<u>20,138</u>	<u>41,319</u>	<u>14,992</u>
<b>Deferred Inflows of Resources</b>			
Unearned 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	0	0	0
Capital Projects	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 20,138</u>	<u>\$ 41,319</u>	<u>\$ 14,992</u>

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

STATE OF NEW MEXICO  
**JAL PUBLIC SCHOOLS**  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2014

	Capital Projects		Other Governmental Funds		Total Governmental Funds
	<u>Senate Bill Nine 31700</u>				<u>          </u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 980,292	\$	75,540	\$	1,437,504
Investments	1,410,641		0		1,410,641
Receivables					
Property Taxes	2,855		0		3,489
Due From Grantor	0		26,025		102,474
Interfund Balance	0		0		102,474
Inventory	0		6,879		6,879
Total Assets	<u>\$ 2,393,788</u>	\$	<u>108,444</u>	\$	<u>3,063,461</u>
 <b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 11,132	\$	1,312	\$	30,896
Interfund Balance	<u>0</u>		<u>26,025</u>		<u>102,474</u>
Total Liabilities	<u>11,132</u>		<u>27,337</u>		<u>133,370</u>
 <b>Deferred Inflows of Resources</b>					
Unearned Revenue	<u>1,633</u>		<u>0</u>		<u>1,991</u>
Total Deferred Inflows of Resources	<u>1,633</u>		<u>0</u>		<u>1,991</u>
 <b>Fund Balances</b>					
Nonspendable-Inventory	0		6,879		6,879
Restricted for:					
Special Revenue	0		74,228		74,228
Capital Projects	2,381,023		0		2,381,023
Unassigned	<u>0</u>		<u>0</u>		<u>465,970</u>
Total Fund Balances	<u>2,381,023</u>		<u>81,107</u>		<u>2,928,100</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 2,393,788</u>	\$	 <u>108,444</u>	\$	 <u>3,063,461</u>

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

STATE OF NEW MEXICO  
**JAL PUBLIC SCHOOLS**  
 Reconciliation of the Governmental Funds  
 Balance Sheet to the Statement of Net Position  
 June 30, 2014

---

Total Fund Balance - Governmental Funds \$ 2,928,100

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

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

	\$	24,087,739	
Capital Assets			
Accumulated Depreciation		<u>(18,893,037)</u>	5,194,702

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. 1,991

Compensated absences are not due and payable in the  
 current period and therefore are not reported as liabilities in  
 the funds. (7,084)

Total Net Position - Governmental Activities \$ 8,117,709

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

STATE OF NEW MEXICO  
**JAL PUBLIC SCHOOLS**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2014

	General		
	Operational 11000	Transportation 13000	Instructional Material 14000
<b>Revenues</b>			
Property Taxes	\$ 363,016	\$ 0	\$ 0
Investment Income	70	0	0
Fees	1,146	0	0
State and Local Grants	3,582,481	175,273	32,671
Federal Grants	0	0	0
Miscellaneous	62,397	0	0
Total Revenues	<u>4,009,110</u>	<u>175,273</u>	<u>32,671</u>
<b>Expenditures</b>			
Current			
Instruction	2,260,416	0	28,126
Support Services			
Students	129,821	0	0
Instruction	50,457	0	0
General Administration	300,947	0	0
School Administration	286,465	0	0
Central Services	115,711	0	0
Operation of Plant	784,698	0	0
Student Transportation	1,796	163,965	0
Other	753	0	0
Food Service	64,962	0	0
Community Services	5,731	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>4,001,757</u>	<u>163,965</u>	<u>28,126</u>
Excess (Deficiency) of Revenues Over Expenditures	7,353	11,308	4,545
Fund Balances at Beginning of Year	<u>431,405</u>	<u>2,760</u>	<u>8,599</u>
Fund Balances End of Year	<u>\$ 438,758</u>	<u>\$ 14,068</u>	<u>\$ 13,144</u>

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

STATE OF NEW MEXICO  
**JAL PUBLIC SCHOOLS**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2014

	Special Revenue		
	Title I 24101	IDEA B Entitlement 24106	NM STEM Teacher Initiative 27181
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Investment Income	0	0	0
Fees	0	0	0
State and Local Grants	0	0	27,481
Federal Grants	85,665	139,483	0
Miscellaneous	0	0	0
<b>Total Revenues</b>	<u>85,665</u>	<u>139,483</u>	<u>27,481</u>
<b>Expenditures</b>			
Current			
Instruction	85,665	56,251	27,481
Support Services			
Students	0	76,984	0
Instruction	0	0	0
General Administration	0	0	0
School Administration	0	0	0
Central Services	0	6,248	0
Operation of Plant	0	0	0
Student Transportation	0	0	0
Other	0	0	0
Food Service	0	0	0
Community Services	0	0	0
Capital Outlay	0	0	0
<b>Total Expenditures</b>	<u>85,665</u>	<u>139,483</u>	<u>27,481</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 Balances 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  
**JAL PUBLIC SCHOOLS**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2014

	Capital Projects		Total Governmental Funds
	Senate Bill Nine 31700	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$ 1,454,383	\$ 0	\$ 1,817,399
Investment Income	1,196	5	1,271
Fees	0	58,477	59,623
State and Local Grants	0	33,631	3,851,537
Federal Grants	0	162,926	388,074
Miscellaneous	0	0	62,397
Total Revenues	<u>1,455,579</u>	<u>255,039</u>	<u>6,180,301</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	0	48,422	2,506,361
Support Services			
Students	0	29,839	236,644
Instruction	0	15,480	65,937
General Administration	2,514	9,329	312,790
School Administration	0	0	286,465
Central Services	0	0	121,959
Operation of Plant	296,638	0	1,081,336
Student Transportation	0	0	165,761
Other	0	0	753
Food Service	0	137,318	202,280
Community Services	0	0	5,731
Capital Outlay	303,796	0	303,796
Total Expenditures	<u>602,948</u>	<u>240,388</u>	<u>5,289,813</u>
Excess (Deficiency) of Revenues Over Expenditures	852,631	14,651	890,488
Fund Balances at Beginning of Year	<u>1,528,392</u>	<u>66,456</u>	<u>2,037,612</u>
Fund Balances End of Year	<u>\$ 2,381,023</u>	<u>\$ 81,107</u>	<u>\$ 2,928,100</u>

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

STATE OF NEW MEXICO  
**JAL PUBLIC SCHOOLS**  
 Reconciliation of the Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 To the Statement of Activities  
 June 30, 2014

---

Excess (Deficiency) of Revenues Over Expenditures \$ 890,488

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

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

Property Taxes Receivable, June 30, 2013	\$ (3,386)	
Property Taxes Receivable, June 30, 2014	<u>1,991</u>	(1,395)

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	(291,582)	
Capital Outlays	<u>303,796</u>	12,214

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	15,559	
Compensated Absences, June 30, 2014	<u>(7,084)</u>	<u>8,475</u>

Changes in Net Position of Governmental Activities	\$	<u><u>909,782</u></u>
--	----	-----------------------

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

STATE OF NEW MEXICO  
**JAL PUBLIC 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	\$ 198,512	\$ 198,512	\$ 362,966	\$ 164,454
Investment Income	500	500	70	(430)
Fees	80,000	80,000	1,146	(78,854)
State Grant	3,379,346	3,379,346	3,582,481	203,135
Miscellaneous	0	0	62,397	62,397
Total Revenues	<u>3,658,358</u>	<u>3,658,358</u>	<u>4,009,060</u>	<u>350,702</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	1,623,453	1,651,801	1,630,163	21,638
Employee Benefits	502,869	490,810	500,531	(9,721)
Professional & Tech Services	31,500	28,265	7,238	21,027
Purchased Property Services	0	85	85	0
Other Purchased Services	63,950	173,130	31,322	141,808
Supplies	78,000	129,171	85,844	43,327
Supply Assets	0	11,009	646	10,363
Total Instruction	<u>2,299,772</u>	<u>2,484,271</u>	<u>2,255,829</u>	<u>228,442</u>
<b>Support Services</b>				
<b>Students</b>				
Personnel Services	93,982	76,401	71,599	4,802
Employee Benefits	36,323	33,031	23,894	9,137
Professional & Tech Services	27,100	30,130	23,038	7,092
Purchased Property Services	100	300	176	124
Other Purchased Services	100	100	36	64
Supplies	22,000	18,547	11,078	7,469
Total Students	<u>179,605</u>	<u>158,509</u>	<u>129,821</u>	<u>28,688</u>
<b>Instruction</b>				
Personnel Services	31,930	32,058	31,930	128
Employee Benefits	18,443	19,509	17,823	1,686
Professional & Tech Services	1,000	516	0	516
Supplies	200	774	704	70
Total Instruction	<u>51,573</u>	<u>52,857</u>	<u>50,457</u>	<u>2,400</u>
<b>General Administration</b>				
Personnel Services	122,534	187,324	187,125	199
Employee Benefits	34,835	30,139	29,772	367
Professional & Tech Services	21,350	37,232	35,980	1,252
Other Purchased Services	2,500	37,765	36,078	1,687
Supplies	10,000	14,100	10,332	3,768
Total General Administration	<u>\$ 191,219</u>	<u>\$ 306,560</u>	<u>\$ 299,287</u>	<u>\$ 7,273</u>

STATE OF NEW MEXICO  
**JAL PUBLIC 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	\$ 197,721	\$ 223,561	\$ 208,838	\$ 14,723
Employee Benefits	81,169	83,615	69,099	14,516
Professional & Tech Services	9,300	5,900	5,546	354
Other Purchased Services	0	51	51	0
Supplies	5,000	3,310	2,931	379
Total School Administration	<u>293,190</u>	<u>316,437</u>	<u>286,465</u>	<u>29,972</u>
Central Services				
Personnel Services	72,891	75,048	67,781	7,267
Employee Benefits	18,191	19,550	17,690	1,860
Professional & Tech Services	5,200	5,544	5,543	1
Other Purchased Services	0	8,900	8,851	49
Supplies	15,000	16,350	15,868	482
Supply Assets	1,000	0	0	0
Total Central Services	<u>112,282</u>	<u>125,392</u>	<u>115,733</u>	<u>9,659</u>
Operation of Plant				
Personnel Services	264,638	282,891	279,006	3,885
Employee Benefits	128,254	110,922	110,058	864
Professional & Tech Services	0	0	0	0
Purchased Property Services	264,558	214,967	214,205	762
Other Purchased Services	125,508	130,733	130,689	44
Supplies	13,600	53,737	49,832	3,905
Supply Assets	0	0	750	(750)
Total Operation of Plant	<u>796,558</u>	<u>793,250</u>	<u>784,540</u>	<u>8,710</u>
Transportation				
Personnel Services	0	959	875	84
Employee Benefits	0	255	193	62
Purchased Property Services	2,000	730	728	2
Total Transportation	<u>2,000</u>	<u>1,944</u>	<u>1,796</u>	<u>148</u>
Other				
Other Purchased Services	11,656	11,656	996	10,660
Total Other	<u>11,656</u>	<u>11,656</u>	<u>996</u>	<u>10,660</u>
Total Support Services	<u>1,638,083</u>	<u>1,766,605</u>	<u>1,669,095</u>	<u>97,510</u>
Food Service				
Personnel Services	41,400	35,300	26,830	8,470
Employee Benefits	35,305	30,446	25,466	4,980
Supplies	11,000	14,311	12,666	1,645
Total Food Service	<u>\$ 87,705</u>	<u>\$ 80,057</u>	<u>\$ 64,962</u>	<u>\$ 15,095</u>

STATE OF NEW MEXICO  
**JAL PUBLIC 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		
Community Service				
Personnel Services	\$ 2,000	\$ 8,796	\$ 5,243	\$ 3,553
Employee Benefits	0	852	488	364
Total Community Service	<u>2,000</u>	<u>9,648</u>	<u>5,731</u>	<u>3,917</u>
Total Expenditures	<u>4,027,560</u>	<u>4,340,581</u>	<u>3,995,617</u>	<u>344,964</u>
Excess (Deficiency) of Revenues Over Expenditures	(369,202)	(682,223)	13,443	695,666
Cash Balance Beginning of Year	<u>443,491</u>	<u>443,491</u>	<u>443,491</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 74,289</u>	<u>\$ (238,732)</u>	<u>\$ 456,934</u>	<u>\$ 695,666</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 13,443	
Net Change in Taxes Receivable			51	
Net Change in Taxes Delinquent			(263)	
Net Change in Payables			(6,141)	
Net Change in Deferred Revenue			263	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 7,353</u>	

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

STATE OF NEW MEXICO  
**JAL PUBLIC 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	\$ 155,537	\$ 175,273	\$ 175,273	\$ 0
Total Revenues	<u>155,537</u>	<u>175,273</u>	<u>175,273</u>	<u>0</u>
<b>Expenditures</b>				
<b>Support Services</b>				
<b>Student Transportation</b>				
Personnel Services	90,076	91,327	87,228	4,099
Employee Benefits	25,161	35,175	34,408	767
Professional & Tech Services	8,000	9,774	9,287	487
Other Purchased Services	9,400	9,538	9,114	424
Supplies	22,900	29,086	23,555	5,531
Other	0	373	373	0
Total Student Transportation	<u>155,537</u>	<u>175,273</u>	<u>163,965</u>	<u>11,308</u>
Total Support Services	<u>155,537</u>	<u>175,273</u>	<u>163,965</u>	<u>11,308</u>
Total Expenditures	<u>155,537</u>	<u>175,273</u>	<u>163,965</u>	<u>11,308</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	11,308	11,308
Cash Balance Beginning of Year	<u>2,760</u>	<u>2,760</u>	<u>2,760</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,760</u>	<u>\$ 2,760</u>	<u>\$ 14,068</u>	<u>\$ 11,308</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 11,308	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 11,308</u>	

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

STATE OF NEW MEXICO  
**JAL PUBLIC 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		
<b>Revenues</b>				
State Grants	\$ 21,627	\$ 21,627	\$ 32,671	\$ 11,044
Total Revenues	<u>21,627</u>	<u>21,627</u>	<u>32,671</u>	<u>11,044</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	28,667	28,667	28,126	541
Total Instruction	<u>28,667</u>	<u>28,667</u>	<u>28,126</u>	<u>541</u>
Total Expenditures	<u>28,667</u>	<u>28,667</u>	<u>28,126</u>	<u>541</u>
Excess (Deficiency) of Revenues Over Expenditures	(7,040)	(7,040)	4,545	11,585
Cash Balance Beginning of Year	<u>8,599</u>	<u>8,599</u>	<u>8,599</u>	<u>0</u>
Cash Balance End of Year	\$ <u>1,559</u>	\$ <u>1,559</u>	\$ <u>13,144</u>	\$ <u>11,585</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>4,545</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>4,545</u>	

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

STATE OF NEW MEXICO  
**JAL PUBLIC 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	\$ 131,691	\$ 133,035	\$ 105,758	\$ (27,277)
Total Revenues	<u>131,691</u>	<u>133,035</u>	<u>105,758</u>	<u>(27,277)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	65,265	62,055	59,150	2,905
Employee Benefits	16,196	24,746	23,557	1,189
Supplies	<u>10,000</u>	<u>6,004</u>	<u>2,959</u>	<u>3,045</u>
Total Instruction	<u>91,461</u>	<u>92,805</u>	<u>85,666</u>	<u>7,139</u>
Total Expenditures	<u>91,461</u>	<u>92,805</u>	<u>85,666</u>	<u>7,139</u>
Excess (Deficiency) of Revenues Over Expenditures	40,230	40,230	20,092	(20,138)
Cash Balance Beginning of Year	<u>(40,230)</u>	<u>(40,230)</u>	<u>(40,230)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (20,138)</u>	<u>\$ (20,138)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 20,092	
Net Change in Due from Grantor			<u>(20,092)</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  
**JAL PUBLIC 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	\$ 63,325	\$ 221,377	\$ 161,489	\$ (59,888)
Total Revenues	<u>63,325</u>	<u>221,377</u>	<u>161,489</u>	<u>(59,888)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	0	46,478	34,417	12,061
Employee Benefits	0	25,611	21,834	3,777
Total Instruction	<u>0</u>	<u>72,089</u>	<u>56,251</u>	<u>15,838</u>
<b>Support Services</b>				
<b>Students</b>				
Personnel Services	0	3,090	3,090	0
Employee Benefits	0	665	606	59
Other Purchased Services	0	75,953	73,289	2,664
Total Students	<u>0</u>	<u>79,708</u>	<u>76,985</u>	<u>2,723</u>
<b>Central Services</b>				
Personnel Services	0	5,091	5,091	0
Employee Benefits	0	1,164	1,156	8
Total Central Services	<u>0</u>	<u>6,255</u>	<u>6,247</u>	<u>8</u>
Total Support Services	<u>0</u>	<u>85,963</u>	<u>83,232</u>	<u>2,731</u>
Total Expenditures	<u>0</u>	<u>158,052</u>	<u>139,483</u>	<u>18,569</u>
Excess (Deficiency) of Revenues Over Expenditures	63,325	63,325	22,006	(41,319)
Cash Balance Beginning of Year	<u>(63,325)</u>	<u>(63,325)</u>	<u>(63,325)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (41,319)</u>	<u>\$ (41,319)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 22,006	
Net Change in Due from Grantor			<u>(22,006)</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  
**JAL PUBLIC SCHOOLS**  
SPECIAL REVENUE FUND-NM STEM TEACHER INITIATIVE-27181  
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	\$ 0	\$ 30,000	\$ 12,489	\$ (17,511)
Total Revenues	<u>0</u>	<u>30,000</u>	<u>12,489</u>	<u>(17,511)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	0	26,091	23,573	2,518
Employee Benefits	<u>0</u>	<u>3,909</u>	<u>3,908</u>	<u>1</u>
Total Instruction	<u>0</u>	<u>30,000</u>	<u>27,481</u>	<u>2,519</u>
Total Expenditures	<u>0</u>	<u>30,000</u>	<u>27,481</u>	<u>2,519</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(14,992)	(14,992)
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>\$ (14,992)</u>	<u>\$ (14,992)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (14,992)	
Net Change in Due From Grantor			<u>14,992</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  
**JAL PUBLIC SCHOOLS**  
Statement of Fiduciary Net Position - Agency Funds  
June 30, 2014

---

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 171,011
Total Assets	<u>\$ 171,011</u>
Liabilities	
Deposits Held for Others	\$ 171,011
Total Liabilities	<u>\$ 171,011</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 Jal Public Schools (District) ,have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**Financial Reporting Entity**

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

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

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

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

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

***Governmental Funds***

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

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

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

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

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

***Fiduciary Fund Type***

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

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

**MAJOR FUNDS**

The District reports the following major governmental funds:

**General Fund (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.

**NM STEM Teacher Initiative (27181).** To account for a state grant used to equipment a science classroom. The fund was created by the authority of state grant provisions.

**MAJOR CAPITAL PROJECTS FUND**

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

**Measurement Focus and Basis of Accounting**  
***Government-Wide Financial Statements (GWFS)***

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

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, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirement of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

#### Program Revenues

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

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

#### Governmental Funds

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

#### Revenues

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

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

#### Revenue Recognition for Grants

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

1. Required characteristics of recipients. The recipient has the characteristics specified by the provider (are required to be school districts).

2. Time requirements. Time requirements specified by enabling legislation or the provider have been met (period when the resources are required to be used).

3. Reimbursements. The provider offers resources on a reimbursement ("expenditure-driven") basis and the recipient has incurred allowable costs under the applicable program.

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

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

#### Expenditures

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

#### Other Financing Sources (Uses)

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

#### Basis of Budgeting

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

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

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

1. Prior to April 15, (unless a later date is fixed by the Secretary of Education) the local school board submits to the School Budget and Finance Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1st. 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 20th, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.

4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAU.
5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the SBFAU.
7. Legal budget control for expenditures is by function.
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 Services 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). 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	3-15 Years

#### Capital Leases

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

#### 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. The District has no long term liabilities.

#### Restricted Net Position

For the Government-Wide Statement of Net Position, net positions are reported as restricted when constraints placed on net positions use are either:

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

Imposed by law through constitutional provisions or enabling legislation.

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

#### Fund Balances of Fund Financial Statements

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

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

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

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

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

#### Interfund Transfers

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

#### Deferred Inflow of Resources

The District reports unearned or unavailable 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.

#### Payroll

The District has a Social Security 218 Agreement effective May 15, 1957. The District does not cover services of employees who are in positions which require a valid state teacher's or administrator's certificate as a prerequisite for employment. All other employees are covered by Social Security.

#### Compensated Absences

Administrative Personnel will receive two weeks of vacation time per year. After five years of experience, the vacation time will increase to three weeks, and after ten years, four weeks a year will be given. Employees who have been working in other positions in the school system will be given credit for this experience. Vacation time not used will be credited to the next year up to a maximum of 50 days. Employees retiring from the district may be compensated for up to 240 hours of unused vacation time. This limit is set by the Education Retirement Board.

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

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

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

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

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

#### Estimates

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

**NOTE B: DEPOSITS AND INVESTMENTS**

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

**Wells Fargo**

<u>Name of Account</u>	Balance Per Bank 6/30/14	Reconciled Balance	<u>Type</u>	
Operational	\$ 1,630,010	\$ 1,578,914	Checking	Non-Interest
Payroll Clearing Account	199,248	27,369	Checking	Non-Interest
Activity Account	2,233	2,232	Checking	Non-Interest
TOTAL Deposited	<u>1,831,491</u>	<u>\$ 1,608,515</u>		
Less: FDIC Coverage	<u>(250,000)</u>			
Uninsured Amount	1,581,491			
50% collateral requirement	790,746			
Pledged securities	<u>846,227</u>			
Over (Under) requirement	<u>\$ 55,482</u>			

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

The following securities are pledged at **Wells Fargo**:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FNMA	3138NY4W2	\$ 69,071	02/01/2043	Mellon Bank, NY
FNMS	3138X0ZQ4	108,113	07/01/2043	Mellon Bank, NY
FNMA	31417FPV4	669,043	03/01/2043	Mellon Bank, NY
		<u>\$ 846,227</u>		

**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	846,227
Uninsured and uncollateralized	735,264
Total Deposits	<u>\$ 1,831,491</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 \$735,264 of the District's bank balance of \$1,831,491, was exposed to custodial credit risk.

**New Mexico State Treasurer**

<u>Name of Account</u>	Balance Per Bank 6/30/14	Reconciled Balance	<u>Type</u>
Jal LGIP Fund	\$ 1,409,949	\$ 1,409,949	Savings
Jal Reserve Contingencies Fund	692	692	Savings
TOTAL Deposited	<u>\$ 1,410,641</u>	<u>\$ 1,410,641</u>	

STATE OF NEW MEXICO  
**JAL PUBLIC SCHOOLS**  
Notes to the Financial Statements  
June 30, 2014

---

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, relates to how deposits and investments are reported in the annual financial statements of governmental entities. GASB Statement No. 40 disclosures inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due. GASB Statement No. 40 requires governments to disclose deposit and investment risks related to credit risk (including custodial credit risk), concentration of credit risk, interest rate risk, and foreign currency risk. The State Treasurer's Office provides the following information regarding the LGIP:

1. With respect to credit risk, the LGIP, a government investment pool, is rated AAAM by Standard & Poor's. Therefore, the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.
2. GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as the LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure. However, our portfolio is posted on the State Treasurer's website [www.stonm.org](http://www.stonm.org) and available for review by participants at any time.
3. GASB Statement No. 40 defines interest rate risk as the risk that interest rate variations may adversely affect the fair value of an investment. According to GASB Statement No. 40, an acceptable method for reporting interest rate risk is weighted average maturity ("WAM"). The State Treasurer's Office uses this method for reporting purposes for the LGIP. The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer's Office website at [www.nmsto.gov](http://www.nmsto.gov). As of June 30, 2014, the LGIP WAM(R) is 59 days and WAM(F) is 96 days.
4. Finally, with respect to foreign currency risk, all investments in the LGIP are in U.S. dollar denominated assets. Therefore, the LGIP has no foreign currency risk.

**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	NM STEM Teacher Initiative 27181	Other Governmental Funds
General Fund	\$ 20,138	\$ 41,319	\$ 14,992	\$ 26,025
Totals	\$ 20,138	\$ 41,319	\$ 14,992	\$ 26,025
				Total
General Fund				\$ 102,474
Totals				\$ 102,474

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

STATE OF NEW MEXICO  
**JAL PUBLIC SCHOOLS**  
Notes to the Financial Statements  
June 30, 2014

**NOTE D: TAXES RECEIVABLE**

Following is a schedule of property taxes receivable as of June 30, 2014:

	General 11000	SB9 31700	Total
Property Taxes Receivable:			
Available	\$ 276	\$ 1,222	\$ 1,498
Unavailable	358	1,633	1,991
TOTAL Property Taxes Receivable	<u>\$ 634</u>	<u>\$ 2,855</u>	<u>\$ 3,489</u>

**NOTE E: DUE FROM GRANTOR**

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

Federal Agencies	\$ 76,046
State Agencies	26,428
Total	<u>\$ 102,474</u>

**NOTE F: CAPITAL ASSETS**

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

	Balance 6/30/13	Increases	Decreases	Balance 6/30/14
<b>Governmental Activities</b>				
Capital Assets, not being Depreciated				
Land	\$ 529,477	\$ 0	\$ 0	\$ 529,477
Total Capital Assets, not being Depreciated	<u>529,477</u>	<u>0</u>	<u>0</u>	<u>529,477</u>
Capital Assets, being Depreciated				
Buildings & Improvements	21,522,462	0	0	21,522,462
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	1,732,004	303,796	0	2,035,800
Total Capital Assets, being Depreciated	<u>23,254,466</u>	<u>303,796</u>	<u>0</u>	<u>23,558,262</u>
Total Capital Assets	<u>23,783,943</u>	<u>303,796</u>	<u>0</u>	<u>24,087,739</u>
<b>Less Accumulated Depreciation</b>				
Buildings & Improvements	17,251,124	247,431	0	17,498,555
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	1,350,331	44,151	0	1,394,482
Total Accumulated Depreciation	<u>18,601,455</u>	<u>291,582</u>	<u>0</u>	<u>18,893,037</u>
Capital Assets, net	<u>\$ 5,182,488</u>	<u>\$ 12,214</u>	<u>\$ 0</u>	<u>\$ 5,194,702</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 291,592
Total depreciation expenses	<u>\$ 291,592</u>

**NOTE G: LONG TERM DEBT**

The District has no Long Term Debt.

**NOTE H: COMMITMENTS**

There are no construction projects in the near future.

**NOTE I: 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 \$343,328, \$294,880, and \$248,573, respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE J: RETIREE HEALTH CARE ACT CONTRIBUTIONS**

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

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 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 \$52,217, \$53,365 and \$47,849 respectively, which equal the required contributions for each year.



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

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

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

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

**NOTE L: 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 M: 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 N: JOINT POWERS AGREEMENT**

Jal Public School is part of a joint powers agreement with the Lea Regional Education Cooperation # 7 (REC). The REC administers the following programs listed below for the District. The financial statements for these funds have been prepared separately and are available at the REC.

The agreement is to remain in effect until the end of any fiscal year during which the District gives notice of intent to terminate.

The REC is responsible for their audit. The information is available at the Lea Regional Education Cooperation, 315 East Clinton, Hobbs, New Mexico 88240.

Jal Public School is a member of the Lea County Distance Education Consortium. Other members include all school districts in Lea County, Eastern New Mexico University and New Mexico Junior College. The purpose of the Consortium is to purchase and maintain a two-way interactive television network to provide educational services between each of the members. The District contributed \$15,875 this fiscal year.

This agreement shall continue as mutually agreeable by all parties.

The New Mexico Junior College is responsible for their audit. The information is available at the New Mexico Junior College, 5317 N Lovington Hwy, Hobbs, New Mexico 88240.

**SUPPLEMENTAL INFORMATION RELATED TO  
MAJOR FUNDS**

STATE OF NEW MEXICO  
**JAL PUBLIC 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	\$ 796,217	\$ 796,217	\$ 1,454,160	\$ 657,943
Investment Income	1,500	1,500	1,196	(304)
State Grant	42,560	42,560	0	(42,560)
Total Revenues	<u>840,277</u>	<u>840,277</u>	<u>1,455,356</u>	<u>615,079</u>
<b>Expenditures</b>				
<b>Support Services</b>				
<b>General Administration</b>				
Professional & Tech Services	3,000	3,000	2,514	486
Total General Administration	<u>3,000</u>	<u>3,000</u>	<u>2,514</u>	<u>486</u>
Total Support Services	<u>3,000</u>	<u>3,000</u>	<u>2,514</u>	<u>486</u>
<b>Capital Outlay</b>				
Maintenance & Repairs	510,000	501,900	281,770	220,130
Supplies	255,000	255,000	98,724	156,276
Fixed Assets	1,482,942	1,491,042	220,625	1,270,417
Total Capital Outlay	<u>2,247,942</u>	<u>2,247,942</u>	<u>601,119</u>	<u>1,646,823</u>
Total Expenditures	<u>2,250,942</u>	<u>2,250,942</u>	<u>603,633</u>	<u>1,647,309</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,410,665)	(1,410,665)	851,723	2,262,388
Cash Balance Beginning of Year	<u>1,539,210</u>	<u>1,539,210</u>	<u>1,539,210</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 128,545</u>	<u>\$ 128,545</u>	<u>\$ 2,390,933</u>	<u>\$ 2,262,388</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 851,723	
Net Change in Taxes Receivable			223	
Net Change in Taxes Delinquent			(1,130)	
Net Change in Accounts Payable			685	
Net Change in Deferred Revenue			1,130	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 852,631</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.

**IDEA B Early Intervention (24112).** To account for a program funded by a Federal grant to assist the District in providing a free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 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.

**IDEA 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).

**Title XIX - Medicaid 3/21 Yrs. (25153).** To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. The fund was created by the authority of federal grant provisions. (Title XIX Social Security Act).

**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.

**2010 GO Library Books (27106).** To account for revenues and expenditures from a state grant to provide for public school libraries. Funding provided by a bond issue at the state level. The fund was created by the authority of state grant provisions.

**2012 GO Library Books (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.

**NONMAJOR SPECIAL REVENUE FUNDS**

**Formative Assessments-(27111)** To account for the revenues and expenditures to purchase testing materials for the achievement tests required by NMPED. The fund was created by the authority of state grant provision.

**NM Reads to Lead (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.

**Pre K Initiative (27149).** To account for revenues and expenditures from a state grant provided for the running of the Pre K program. The fund was created by state grant provisions.

**2010 GOB Instructional Materials (27171).** To account for revenues and expenditures from a state grant to provide for public school instructional materials. The fund was created by the authority of state grant provision.

**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.

STATE OF NEW MEXICO  
**JAL PUBLIC 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	\$ 58,460	\$ 17,080	\$ 0
Receivables			
Due From Grantor	0	0	924
Inventory	6,879	0	0
Total Assets	<u>\$ 65,339</u>	<u>\$ 17,080</u>	<u>\$ 924</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payable	\$ 33	\$ 1,279	\$ 0
Interfund Balance	0	0	924
Total Liabilities	<u>33</u>	<u>1,279</u>	<u>924</u>
Fund Balance			
Nonspendable-Inventory	6,879	0	0
Restricted for:			
Special Revenue Funds	58,427	15,801	0
Total Fund Balance	<u>65,306</u>	<u>15,801</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 65,339</u>	<u>\$ 17,080</u>	<u>\$ 924</u>

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

STATE OF NEW MEXICO  
**JAL PUBLIC SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2014

	Special Revenue		
	IDEA B Early Intervention 24112	IDEA B Risk Pool 24120	Improving Teacher Quality 24154
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	0	693	1,184
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 693</u>	<u>\$ 1,184</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	693	1,184
Total Liabilities	<u>0</u>	<u>693</u>	<u>1,184</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 693</u>	<u>\$ 1,184</u>

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



STATE OF NEW MEXICO  
**JAL PUBLIC SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2014

	Special Revenue		
	Title XIX Medicaid 3/21 years 25153	Rural Ed Achievement Program 25233	Duel Credits Instructional Materials 27103
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	11,788	0	2,906
Inventory	0	0	0
Total Assets	\$ 11,788	\$ 0	\$ 2,906
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	11,788	0	2,906
Total Liabilities	11,788	0	2,906
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Total Fund Balance	0	0	0
Total Liabilities and Fund Balance	\$ 11,788	\$ 0	\$ 2,906

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

STATE OF NEW MEXICO  
**JAL PUBLIC SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2014

	Special Revenue		
	2010 GO Student Library 27106	2012 GO Student Library 27107	Formative Assessment 27111
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	2,286	2,908	0
Inventory	0	0	0
Total Assets	<u>\$ 2,286</u>	<u>\$ 2,908</u>	<u>\$ 0</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	2,286	2,908	0
Total Liabilities	<u>2,286</u>	<u>2,908</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 2,286</u>	<u>\$ 2,908</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO  
**JAL PUBLIC SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2014

	Special Revenue		
	NM Reads to Lead 27114	Pre K Initiative 27149	2010 GOB Instructional Materials 27171
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO  
**JAL PUBLIC SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2014

	Special Revenue	
	<u>Next</u>	
	Generation	
	Assessments	
	<u>27185</u>	<u>Total</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 0	\$ 75,540
Receivables		
Due From Grantor	3,336	26,025
Inventory	<u>0</u>	<u>6,879</u>
Total Assets	<u>\$ 3,336</u>	<u>\$ 108,444</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts Payable	\$ 0	\$ 1,312
Interfund Balance	<u>3,336</u>	<u>26,025</u>
Total Liabilities	<u>3,336</u>	<u>27,337</u>
Fund Balance		
Nonspendable-Inventory	0	6,879
Restricted for:		
Special Revenue Funds	<u>0</u>	<u>74,228</u>
Total Fund Balance	<u>0</u>	<u>81,107</u>
Total Liabilities and Fund Balance	<u>\$ 3,336</u>	<u>\$ 108,444</u>

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

STATE OF NEW MEXICO  
**JAL PUBLIC 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
<b>Revenues</b>			
Investment Income	\$ 5	\$ 0	\$ 0
Fees	19,777	14,879	0
State and Local Grants	0	0	0
Federal Grants	131,355	0	11,808
Total Revenues	<u>151,137</u>	<u>14,879</u>	<u>11,808</u>
<b>Expenditures</b>			
Current			
Instruction	0	14,047	0
Support Services			
Students	0	0	2,479
Instruction	0	0	0
General Administration	0	0	9,329
Food Service	137,318	0	0
Total Expenditures	<u>137,318</u>	<u>14,047</u>	<u>11,808</u>
Excess (Deficiency) of Revenues Over Expenditures	13,819	832	0
Fund Balances at Beginning of Year	<u>51,487</u>	<u>14,969</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 65,306</u>	<u>\$ 15,801</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO  
**JAL PUBLIC SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2014

	Special Revenue		
	IDEA B Early Intervention 24112	IDEA B Risk Pool 24120	Improving Teacher Quality 24154
Revenues			
Investment Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State and Local Grants	0	0	0
Federal Grants	0	693	6,681
Total Revenues	<u>0</u>	<u>693</u>	<u>6,681</u>
Expenditures			
Current			
Instruction	0	693	3,142
Support Services			
Students	0	0	3,539
Instruction	0	0	0
General Administration	0	0	0
Food Service	0	0	0
Total Expenditures	<u>0</u>	<u>693</u>	<u>6,681</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  
**JAL PUBLIC SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2014

	Special Revenue		
	Title XIX Medicaid 3/21 years 25153	Rural Ed Achievement Program 25233	Duel Credits Instructional Materials 27103
<b>Revenues</b>			
Investment Income	\$ 0	\$ 0	\$ 0
Fees	23,821	0	0
State and Local Grants	0	0	2,906
Federal Grants	0	12,389	0
<b>Total Revenues</b>	<b>23,821</b>	<b>12,389</b>	<b>2,906</b>
<b>Expenditures</b>			
Current			
Instruction	0	12,389	2,906
Support Services			
Students	23,821	0	0
Instruction	0	0	0
General Administration	0	0	0
Food Service	0	0	0
<b>Total Expenditures</b>	<b>23,821</b>	<b>12,389</b>	<b>2,906</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  
**JAL PUBLIC SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2014

	Special Revenue		
	2010 GO Student Library 27106	2012 GO Student Library 27107	Formative Assessment 27111
<b>Revenues</b>			
Investment Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State and Local Grants	2,690	9,454	0
Federal Grants	0	0	0
<b>Total Revenues</b>	<u>2,690</u>	<u>9,454</u>	<u>0</u>
<b>Expenditures</b>			
Current			
Instruction	0	0	0
Support Services			
Students	0	0	0
Instruction	2,690	9,454	0
General Administration	0	0	0
Food Service	0	0	0
<b>Total Expenditures</b>	<u>2,690</u>	<u>9,454</u>	<u>0</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  
**JAL PUBLIC SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2014

	Special Revenue		
	NM Reads to Lead 27114	Pre K Initiative 27149	2010 GOB Instructional Materials 27171
<b>Revenues</b>			
Investment Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State and Local Grants	15,245	0	0
Federal Grants	0	0	0
Total Revenues	<u>15,245</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>			
Current			
Instruction	15,245	0	0
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	0	0
Food Service	0	0	0
Total Expenditures	<u>15,245</u>	<u>0</u>	<u>0</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  
**JAL PUBLIC SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2014

	Special Revenue <u>Next</u> Generation Assessments 27185	<u>Total</u>
Revenues		
Investment Income	\$ 0	5
Fees	0	58,477
State and Local Grants	3,336	33,631
Federal Grants	0	162,926
Total Revenues	<u>3,336</u>	<u>255,039</u>
Expenditures		
Current		
Instruction	0	48,422
Support Services		
Students	0	29,839
Instruction	3,336	15,480
General Administration	0	9,329
Food Service	0	137,318
Total Expenditures	<u>3,336</u>	<u>240,388</u>
Excess (Deficiency) of Revenues Over Expenditures	0	14,651
Fund Balances at Beginning of Year	<u>0</u>	<u>66,456</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 81,107</u>

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

STATE OF NEW MEXICO  
**JAL PUBLIC 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>				
Investment Income	\$ 10	\$ 10	\$ 5	\$ (5)
Fees	20,500	20,500	19,744	(756)
Federal Grant	100,500	100,500	124,615	24,115
Miscellaneous	0	0	33	33
<b>Total Revenues</b>	<b>121,010</b>	<b>121,010</b>	<b>144,397</b>	<b>23,387</b>
<b>Expenditures</b>				
<b>Food Service</b>				
Personnel Services	44,284	45,815	45,814	1
Employee Benefits	4,438	3,832	3,832	0
Other Purchased Services	1,200	1,478	1,477	1
Supplies	76,000	75,306	75,305	1
<b>Total Food Service</b>	<b>125,922</b>	<b>126,431</b>	<b>126,428</b>	<b>3</b>
<b>Total Expenditures</b>	<b>125,922</b>	<b>126,431</b>	<b>126,428</b>	<b>3</b>
Excess (Deficiency) of Revenues Over Expenditures	(4,912)	(5,421)	17,969	23,390
Cash Balance Beginning of Year	40,491	40,491	40,491	0
Cash Balance End of Year	\$ <u>35,579</u>	\$ <u>35,070</u>	\$ <u>58,460</u>	\$ <u>23,390</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 17,969	
Net Change in Inventory			(4,178)	
Net Change in Accounts Payable			28	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>13,819</u>	

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

STATE OF NEW MEXICO  
**JAL PUBLIC 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		
Revenues				
Fees	\$ 13,750	\$ 13,750	\$ 14,879	\$ 1,129
Total Revenues	<u>13,750</u>	<u>13,750</u>	<u>14,879</u>	<u>1,129</u>
Expenditures				
Instruction				
Professional & Tech Services	3,448	4,248	2,925	1,323
Other Purchased Services	15,500	14,540	7,685	6,855
Supplies	<u>2,000</u>	<u>2,160</u>	<u>2,158</u>	<u>2</u>
Total Instruction	<u>20,948</u>	<u>20,948</u>	<u>12,768</u>	<u>8,180</u>
Total Expenditures	<u>20,948</u>	<u>20,948</u>	<u>12,768</u>	<u>8,180</u>
Excess (Deficiency) of Revenues Over Expenditures	(7,198)	(7,198)	2,111	9,309
Cash Balance Beginning of Year	<u>14,969</u>	<u>14,969</u>	<u>14,969</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 7,771</u>	<u>\$ 7,771</u>	<u>\$ 17,080</u>	<u>\$ 9,309</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,111	
Net Change in Accounts Payable			<u>(1,279)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 832</u>	

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

STATE OF NEW MEXICO  
**JAL PUBLIC 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	\$ 7,570	\$ 22,203	\$ 18,454	\$ (3,749)
Total Revenues	<u>7,570</u>	<u>22,203</u>	<u>18,454</u>	<u>(3,749)</u>
Expenditures				
Support Services				
Students				
Other Purchased Services	0	5,281	2,479	2,802
Total Students	<u>0</u>	<u>5,281</u>	<u>2,479</u>	<u>2,802</u>
General Administration				
Personnel Services	0	7,662	7,662	0
Employee Benefits	0	1,690	1,667	23
Total General Administration	<u>0</u>	<u>9,352</u>	<u>9,329</u>	<u>23</u>
Total Support Services	<u>0</u>	<u>14,633</u>	<u>11,808</u>	<u>2,825</u>
Total Expenditures	<u>0</u>	<u>14,633</u>	<u>11,808</u>	<u>2,825</u>
Excess (Deficiency) of Revenues Over Expenditures	7,570	7,570	6,646	(924)
Cash Balance Beginning of Year	<u>(7,570)</u>	<u>(7,570)</u>	<u>(7,570)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (924)</u>	<u>\$ (924)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 6,646	
Net Change in Due from Grantor			<u>(6,646)</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  
**JAL PUBLIC SCHOOLS**  
SPECIAL REVENUE FUND-IDEA B EARLY INTERVENTION-24112  
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	\$ 13,588	\$ 13,588	\$ 13,588	\$ 0
Total Revenues	<u>13,588</u>	<u>13,588</u>	<u>13,588</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	0	0	0	0
Employee Benefits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	13,588	13,588	13,588	0
Cash Balance Beginning of Year	<u>(13,588)</u>	<u>(13,588)</u>	<u>(13,588)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 13,588	
Net Change in Due from Grantor			<u>(13,588)</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  
**JAL PUBLIC 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		
<b>Revenues</b>				
Federal Grant	\$ 507	\$ 1,341	\$ 507	\$ (834)
Total Revenues	<u>507</u>	<u>1,341</u>	<u>507</u>	<u>(834)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Other Purchased Services	<u>0</u>	<u>834</u>	<u>693</u>	<u>141</u>
Total Instruction	<u>0</u>	<u>834</u>	<u>693</u>	<u>141</u>
Total Expenditures	<u>0</u>	<u>834</u>	<u>693</u>	<u>141</u>
Excess (Deficiency) of Revenues Over Expenditures	507	507	(186)	(693)
Cash Balance Beginning of Year	<u>(507)</u>	<u>(507)</u>	<u>(507)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (693)</u>	<u>\$ (693)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (186)	
Net Change in Due From Grantor			<u>186</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  
**JAL PUBLIC 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	\$ 41,555	\$ 71,254	\$ 20,121	\$ (51,133)
Total Revenues	<u>41,555</u>	<u>71,254</u>	<u>20,121</u>	<u>(51,133)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	18,304	19,674	2,700	16,974
Employee Benefits	<u>3,132</u>	<u>1,762</u>	<u>442</u>	<u>1,320</u>
Total Instruction	<u>21,436</u>	<u>21,436</u>	<u>3,142</u>	<u>18,294</u>
<b>Support Services</b>				
<b>Students</b>				
Other Purchased Services	<u>5,495</u>	<u>35,194</u>	<u>3,539</u>	<u>31,655</u>
Total Students	<u>5,495</u>	<u>35,194</u>	<u>3,539</u>	<u>31,655</u>
Total Support Services	<u>5,495</u>	<u>35,194</u>	<u>3,539</u>	<u>31,655</u>
Total Expenditures	<u>26,931</u>	<u>56,630</u>	<u>6,681</u>	<u>49,949</u>
Excess (Deficiency) of Revenues Over Expenditures	14,624	14,624	13,440	(1,184)
Cash Balance Beginning of Year	<u>(14,624)</u>	<u>(14,624)</u>	<u>(14,624)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,184)</u>	<u>\$ (1,184)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 13,440	
Net Change in Due From Grantor			<u>(13,440)</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  
**JAL PUBLIC SCHOOLS**  
SPECIAL REVENUE FUND-TITLE XIX - MEDICAID 3/21 YRS-25153  
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				
Fees	\$ 36,010	\$ 59,837	\$ 48,043	\$ (11,794)
Total Revenues	<u>36,010</u>	<u>59,837</u>	<u>48,043</u>	<u>(11,794)</u>
Expenditures				
Support Services				
Students				
Personnel Services	0	17,065	17,064	1
Employee Benefits	<u>0</u>	<u>6,762</u>	<u>6,757</u>	<u>5</u>
Total Students	<u>0</u>	<u>23,827</u>	<u>23,821</u>	<u>6</u>
Total Support Services	<u>0</u>	<u>23,827</u>	<u>23,821</u>	<u>6</u>
Total Expenditures	<u>0</u>	<u>23,827</u>	<u>23,821</u>	<u>6</u>
Excess (Deficiency) of Revenues Over Expenditures	36,010	36,010	24,222	(11,788)
Cash Balance Beginning of Year	<u>(36,010)</u>	<u>(36,010)</u>	<u>(36,010)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (11,788)</u>	<u>\$ (11,788)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 24,222	
Net Change in Due from Grantor			<u>(24,222)</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

**JAL PUBLIC 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	\$ 11,806	\$ 24,195	\$ 24,195	\$ 0
Total Revenues	<u>11,806</u>	<u>24,195</u>	<u>24,195</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	0	9,758	9,758	0
Employee Benefits	0	1,926	1,926	0
Other Purchased Services	<u>0</u>	<u>705</u>	<u>705</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>12,389</u>	<u>12,389</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>12,389</u>	<u>12,389</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	11,806	11,806	11,806	0
Cash Balance Beginning of Year	<u>(11,806)</u>	<u>(11,806)</u>	<u>(11,806)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 11,806	
Net Change in Due From Grantor			<u>(11,806)</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  
**JAL PUBLIC 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	\$ 0	\$ 627	\$ 0	\$ (627)
Total Revenues	<u>0</u>	<u>627</u>	<u>0</u>	<u>(627)</u>
Expenditures				
Instruction				
Supplies	0	2,906	2,906	0
Total Instruction	<u>0</u>	<u>2,906</u>	<u>2,906</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>2,906</u>	<u>2,906</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(2,279)	(2,906)	(627)
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>\$ (2,279)</u>	<u>\$ (2,906)</u>	<u>\$ (627)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (2,906)	
Net Change in Due from Grantor			<u>2,906</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  
**JAL PUBLIC SCHOOLS**  
SPECIAL REVENUE FUND-2010 GO LIBRARY BOOKS-27106  
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	\$ 3,331	\$ 9,992	\$ 3,735	\$ (6,257)
Total Revenues	<u>3,331</u>	<u>9,992</u>	<u>3,735</u>	<u>(6,257)</u>
Expenditures				
Support Services				
Instruction				
Supplies	0	6,661	2,690	3,971
Total Instruction	<u>0</u>	<u>6,661</u>	<u>2,690</u>	<u>3,971</u>
Total Support Services	<u>0</u>	<u>6,661</u>	<u>2,690</u>	<u>3,971</u>
Total Expenditures	<u>0</u>	<u>6,661</u>	<u>2,690</u>	<u>3,971</u>
Excess (Deficiency) of Revenues Over Expenditures	3,331	3,331	1,045	(2,286)
Cash Balance Beginning of Year	<u>(3,331)</u>	<u>(3,331)</u>	<u>(3,331)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,286)</u>	<u>\$ (2,286)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,045	
Net Change in Due From Grantor			<u>(1,045)</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  
**JAL PUBLIC SCHOOLS**  
SPECIAL REVENUE FUND-2012 GO LIBRARY BOOKS-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 Grants	\$ 9,454	\$ 9,454	\$ 6,546	\$ (2,908)
Total Revenues	<u>9,454</u>	<u>9,454</u>	<u>6,546</u>	<u>(2,908)</u>
Expenditures				
Support Services				
Instruction				
Supplies	<u>9,454</u>	<u>9,454</u>	<u>9,454</u>	<u>0</u>
Total Instruction	<u>9,454</u>	<u>9,454</u>	<u>9,454</u>	<u>0</u>
Total Support Services	<u>9,454</u>	<u>9,454</u>	<u>9,454</u>	<u>0</u>
Total Expenditures	<u>9,454</u>	<u>9,454</u>	<u>9,454</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(2,908)	(2,908)
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>\$ (2,908)</u>	<u>\$ (2,908)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (2,908)	
Net Change in Due From Grantor			<u>2,908</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  
**JAL PUBLIC SCHOOLS**  
SPECIAL REVENUE FUND-FORMATIVE ASSESSMENTS-27111  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 2,721	\$ 2,721	\$ 2,721	\$ 0
Total Revenues	<u>2,721</u>	<u>2,721</u>	<u>2,721</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	0	0	0	0
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	2,721	2,721	2,721	0
Cash Balance Beginning of Year	<u>(2,721)</u>	<u>(2,721)</u>	<u>(2,721)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,721	
Net Change in Due From Grantor			<u>(2,721)</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  
**JAL PUBLIC 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		
Revenues				
State Grant	\$ 0	\$ 47,976	\$ 15,245	\$ (32,731)
Total Revenues	<u>0</u>	<u>47,976</u>	<u>15,245</u>	<u>(32,731)</u>
Expenditures				
Instruction				
Supplies	0	47,976	15,245	32,731
Total Instruction	<u>0</u>	<u>47,976</u>	<u>15,245</u>	<u>32,731</u>
Total Expenditures	<u>0</u>	<u>47,976</u>	<u>15,245</u>	<u>32,731</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  
**JAL PUBLIC SCHOOLS**  
SPECIAL REVENUE FUND-PRE K INITIATIVE-27149  
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	\$ 22,609	\$ 22,609	\$ 22,609	\$ 0
Total Revenues	<u>22,609</u>	<u>22,609</u>	<u>22,609</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	0	0	0	0
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	22,609	22,609	22,609	0
Cash Balance Beginning of Year	<u>(22,609)</u>	<u>(22,609)</u>	<u>(22,609)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 22,609	
Net Change in Due From Grantor			<u>(22,609)</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  
**JAL PUBLIC SCHOOLS**  
SPECIAL REVENUE FUND-2010 GOB INSTRUCTIONAL MATERIALS-27171  
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	\$ 603	\$ 603	\$ 603	\$ 0
Total Revenues	<u>603</u>	<u>603</u>	<u>603</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	603	603	603	0
Cash Balance Beginning of Year	<u>(603)</u>	<u>(603)</u>	<u>(603)</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			\$ 603	
Net Change in Due From Grantor			<u>(603)</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  
**JAL PUBLIC 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 Grants	\$ 0	\$ 3,336	\$ 0	\$ (3,336)
Total Revenues	<u>0</u>	<u>3,336</u>	<u>0</u>	<u>(3,336)</u>
Expenditures				
Support Services				
Instruction				
Supply Assets	0	3,336	3,336	0
Total Instruction	<u>0</u>	<u>3,336</u>	<u>3,336</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>3,336</u>	<u>3,336</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>3,336</u>	<u>3,336</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(3,336)	(3,336)
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>\$ (3,336)</u>	<u>\$ (3,336)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (3,336)	
Net Change in Due From Grantor			<u>3,336</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.

**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  
**JAL PUBLIC SCHOOLS**  
 AGENCY FUNDS  
 Statement of Fiduciary Assets and Liabilities-Agency Funds  
 June 30, 2014

---

	Beginning Balance <u>6/30/13</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>6/30/14</u>
<b>ASSETS</b>				
Activity Trust Fund	\$ 161,335	\$ 183,044	\$ 173,368	\$ 171,011
<b>TOTAL Assets</b>	<u>\$ 161,335</u>	<u>\$ 183,044</u>	<u>\$ 173,368</u>	<u>\$ 171,011</u>
<b>LIABILITIES</b>				
Due to Student Groups	\$ 161,335	\$ 183,044	\$ 173,368	\$ 171,011
<b>TOTAL Liabilities</b>	<u>\$ 161,335</u>	<u>\$ 183,044</u>	<u>\$ 173,368</u>	<u>\$ 171,011</u>

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

STATE OF NEW MEXICO  
**JAL PUBLIC SCHOOLS**  
 AGENCY FUNDS - ACTIVITY  
 Schedule of Fiduciary Assets and Liabilities-Agency Funds  
 June 30, 2014

	Balance 6/30/13	Additions	Deductions	Transfers In/(Out)	Balance 6/30/14
<b>ASSETS</b>					
Elementary					
Educational Enhancement	\$ 13,490	\$ 36,832	\$ 31,985	\$ 555	\$ 18,892
Annuals	465	90	0	(555)	0
Total Elementary	<u>13,955</u>	<u>36,922</u>	<u>31,985</u>	<u>0</u>	<u>18,892</u>
Junior and Senior High School					
Annual	1,198	2,004	2,010	0	1,192
Character Counts	0	233	0	0	233
Cheerleaders	4,073	12,983	14,779	0	2,277
Educational Enhancement	10,797	8,915	18,559	4,547	5,700
Football Clearing Account	0	1,000	1,000	0	0
Gas Capital Relays	1,455	0	900	0	555
Junior Class	2,708	8,218	8,130	(477)	2,319
National Honor Society	1,397	500	1,276	0	621
Pool	8,345	17,024	6,915	0	18,454
Senior Bash	7,798	40,930	49,465	737	0
Senior Class	2,157	434	3,328	770	33
Shop	1,247	200	524	0	923
Sophomore Class	2,231	0	0	(2,231)	0
Sports Booster	2,474	11,276	11,181	(28)	2,541
Sports Misc.	0	18,435	13,777	(3,346)	1,312
Student Council	1,327	98	92	0	1,333
Technology Fund	996	1,610	1,731	28	903
Kayser	0	152	152	0	0
Total Jr. & Sr. High	<u>48,203</u>	<u>124,012</u>	<u>133,819</u>	<u>0</u>	<u>38,396</u>
Administrative					
Administrative Activity	(8,968)	3,348	6,564	0	(12,184)
Total Administrative	<u>(8,968)</u>	<u>3,348</u>	<u>6,564</u>	<u>0</u>	<u>(12,184)</u>
Scholarships					
Woolworth Scholarship	13,730	13	0	0	13,743
Short Scholarship	29,310	38	1,000	0	28,348
Owen Scholarship	2,213	2	0	0	2,215
New Mexico Junior College	81,518	83	0	0	81,601
Total Scholarships	<u>126,771</u>	<u>136</u>	<u>1,000</u>	<u>0</u>	<u>125,907</u>
State Directed Funds	<u>(18,626)</u>	<u>18,626</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 161,335</u>	<u>\$ 183,044</u>	<u>\$ 173,368</u>	<u>\$ 0</u>	<u>\$ 171,011</u>
<b>LIABILITIES</b>					
Deposits Held for Others	<u>\$ 161,335</u>	<u>\$ 183,044</u>	<u>\$ 173,368</u>	<u>\$ 0</u>	<u>\$ 171,011</u>
Total Liabilities	<u>\$ 161,335</u>	<u>\$ 183,044</u>	<u>\$ 173,368</u>	<u>\$ 0</u>	<u>\$ 171,011</u>

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

STATE OF NEW MEXICO  
**JAL PUBLIC SCHOOLS**  
Cash Reconciliations - All Funds  
June 30, 2014

		Beginning Cash Balance 6/30/13	Revenue	Expenditures	Ending Cash Balance 6/30/14
Operational	11000	\$ 443,491	\$ 4,009,060	\$ 3,995,616.32	\$ 456,935
Transportation	13000	2,760	175,273	163,965	14,068
Instructional Materials	14000	8,599	32,671	28,126	13,144
Food Services	21000	40,491	144,397	126,428	58,460
Athletics	22000	14,969	14,879	12,769	17,080
Federal Flowthrough	24000	(139,844)	319,916	244,330	(64,257)
Federal Direct	25000	(47,816)	72,238	36,210	(11,788)
State Flowthrough	27000	(29,264)	63,947	61,111	(26,428)
SB9	31700	1,539,210	1,455,356	603,634	2,390,933
Agency Funds		161,335	183,043	173,367	171,011
Total		<u>\$ 1,993,931</u>	<u>\$ 6,470,781</u>	<u>\$ 5,445,556</u>	<u>\$ 3,019,156</u>

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

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

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

Independent Auditor's Report

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

Mr. Balderas and Members of the Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of Jal Public 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses, that we consider to be significant deficiencies. 2013-001, 2013-002, 2013-003, 2013-005, 2013-006, 2013-007, 2013-008, 2013-010, 2013-013, 2013-014, 2013-015, 2013-016, 2014-001, 2014-002 and 2014-003.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses; 2013-001, 2013-002, 2013-003, 2013-005, 2013-006, 2013-007, 2013-008, 2013-010, 2013-013, 2013-014, 2013-015, 2013-016, 2014-001, 2014-002 and 2014-003.

#### 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 Responses. The District's response was not subject to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

#### 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 District'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 District'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

STATE OF NEW MEXICO  
**JAL PUBLIC SCHOOLS**  
 Schedule of Findings and Responses  
 For the Year Ended June 30, 2014

---

<b>Prior Year Audit Findings</b>		<b>Status</b>
<b>13-1</b>	Bank Reconciliations	Repeated
<b>13-2</b>	PED Cash Reports	Repeated
<b>13-3</b>	Stale Dated Transactions	Repeated
<b>13-4</b>	Request for Grant Expenditures	Resolved
<b>13-5</b>	Section 218 Agreement	Repeated
<b>13-6</b>	Payroll	Repeated & Modified
<b>13-7</b>	NMPSIA	Repeated
<b>13-8</b>	Cash Appropriations in Excess of Available Cash Balances	Repeated & Modified
<b>13-9</b>	Budget Violations	Resolved
<b>13-10</b>	Credit Card	Repeated
<b>13-11</b>	Anti-Donation	Resolved
<b>13-12</b>	Disposal of Capital Assets	Resolved
<b>13-13</b>	Bank Deposits	Repeated
<b>13-14</b>	Receipts	Repeated
<b>13-15</b>	Negative Activity Accounts	Repeated
<b>13-16</b>	Internal Controls at Athletic Events	Repeated
<b>13-17</b>	Late Audit Contract	Resolved
<b>13-18</b>	Late Audit Report	Resolved

**Current Year Audit Findings**

**2013-001 Bank Reconciliations - Compliance and Internal Control-Significant Deficiency**

**(13-1) Condition**

The payroll clearing account did not reconcile to zero or a constant number each month.

**Criteria**

NMAC 2.2.5.8 (4) Bank reconciliations are to be performed timely and agreed to the general ledger.

**Cause**

There were differences in the reconciled balance each month that could not be explained. NMPSIA and timing differences were certainly effecting the process, but all issues were not resolved.

**Effect**

When bank statements are not reconciled to the general ledger there is an opportunity for misappropriation of cash assets and incorrect financial reporting. Management decisions may be skewed by the incorrect financials.

**Recommendation**

Because of the timing differences, if the reconciliation process doesn't improve, we recommend closing the clearing account and only using the one bank account for all expenditures.

**Response**

The District will consider closing the payroll clearing account.

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

**(13-2) Condition**

The audited cash balances did not agree to the cash balances on the final cash report submitted to PED. The difference was \$369.48.

**Criteria**

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

**Cause**

There were some date issues in recording transactions at year end that effected the reconciled bank balance.

**Effect**

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

**Recommendation**

The PED cash reports must agree with a reconciled general ledger.

**Response**

This date issue should not occur again resolving the finding.

**2013-003 Stale Dated Transactions-Compliance and Internal Control-Significant Deficiency (13-3) Condition**

The District is in violation of state statutes regarding stale-dated checks. The District maintained 4 checks totaling \$1,003.44 in the Operational account that was dated over one year old at June 30, 2014.

**Criteria**

Section 7-8A, NMSA 1978, and related regulations require that the District provide information about the payees and the related funds to Unclaimed Property Division of the New Mexico Taxation and Revenue Department for outstanding checks that were distributed but not cashed within one year.

**Cause**

The District did not implement an internal control policy to account for stale dated outstanding checks and did not void these checks on a timely basis.

**Effect**

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

**Recommendation**

We recommend that the District implement a procedure to review the outstanding check listings for all bank accounts and track stale-dated checks. If checks on the outstanding check listings are greater than one year old, we recommend these checks be voided and that the District take appropriate steps to ensure that the funds are reported to the Unclaimed Property Division as may be necessary.

**Response**

Administration will implement new procedures to void checks that have gone undeposited after 60 days instead of 1 year. During the monthly reconciliation process, the District will begin generating an outstanding check listing so that vendors can be contacted when checks are close to becoming stale dated.

**2013-005 Section 218 Agreement-Compliance and Internal Control-Significant Deficiency (13-5) Condition**

The District has a Social Security 218 Agreement effective May 15, 1957. The District does not cover services of employees who are in positions which require a valid state teacher's or administrator's certificate as a prerequisite for employment. All other employees are covered by Social Security.

**Criteria**

218 Agreement with Jal Public School.

**Cause**

New management does not have an understanding of the Section 218 Agreement and does not know if it is functioning correctly.

**Effect**

Employees cannot collect social security benefits. The financial impact of implementing the social security tax in the District would have a significant financial impact.

**Recommendation**

We as auditors are not qualified to determine if the Section 218 Agreement is in effect and is functioning correctly. We recommend a the District contact legal council and preferably one that specializes in 218 Agreements.

**Response**

We began withholding and matching social security and Medicare taxes July 1, 2014.

**2013-006 Payroll-Compliance and Internal Control-Significant Deficiency (13-6) Condition**

(A)-All four quarterly 941 reports were not completed correctly. The 3rd quarter of 2013 941 deposits made for the payroll taxes were not reflected on the 941's forms causing a balance due. The 9/30/13 quarterly report was not submitted timely.

(B)-One employee's Medicare wages were reduce by a 457 retirement plan.

(C)-There is a difference of \$80,000 between the amount reported for state unemployment wages and what was in the general ledger as salaries. The difference was the superintendent's payout which was not reported on the SUTA report.

(D)-One of sixteen employees sampled revealed that there was no additional stipends for additional pay, which totaled \$5,528.64.

(E)-One of the sixteen employees that were sampled was considered an hourly employee. The employee's wages were based on a salary amount. The approved hourly rate and the calculated hourly rate based on the salary paid did not agree. The time worked was hand written and was exactly seven hours every day. There was not a supervisor's approval signature.

(F)-Fifteen of the sixteen I-9's that were sampled were incomplete and one of the sixteen 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**

There is a lack of training, supervision and review in the payroll process.

**Effect**

The District is subject to penalties from the Internal Revenue Service for underpaying payroll taxes and filing the 941 report after the due date. Unemployment premiums are underpaid because of the under reported SUTA wages. Employees may not be paid what they should have be paid. It is unclear if employees were over or under paid. 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 avoid all of the above issues.

**Response**

We will attend training and have a secondary review of all payroll reports, software settings and general ledger reports.

**2013-007 NMPSIA-Compliance and Internal Control-Significant Deficiency (13-7) Condition**

A total of eleven people employed by the Public Library are participating in NMPSIA through the District. The library issues the District a check for 100% of the cost.

**Criteria**

According to New Mexico Public School Insurance Authority Rules and Regulations found at [nmpsia.com](http://nmpsia.com), you must be an employee of a school district to participate in the insurance authority.

**Cause**

It is unknown who or when the employees began participating in NMPSIA. Management assumed that because the District does not have a library, the employees of the public library could participate in the school insurance.

**Effect**

The library employees may not have medical coverage because they are not qualified employees of NMPSIA.

**Recommendation**

The non-school employees should purchase medical insurance elsewhere.

**Response**

The employees are no longer participating in NMPSIA effective July 1, 2014.

**2013-008 Cash Appropriations in Excess of Available Cash Balances-Compliance and Internal Control-Significant Deficiency (13-8) Condition**

The District maintained a deficit budget in excess of available cash balance in the following funds:

Operational	11000	\$	(238,732)
Duel Credit Instructional Materials	27103		(2,279)

**Criteria**

Section 2.2.2.10. (P) (1), NMAC, requires all school district funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the PED for approval. Cash balances rebudgeted to make up the deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

**Cause**

The District does not have a procedure in place to ensure sufficient beginning cash balances exist to absorb budget deficits.

**Effect**

The District will have to supplement the budget deficit with other funds, which may lead to financial difficulties and deplete the budget in other funds.

**Recommendation**

BARS should be issued shortly after audited cash balances are confirmed if estimated cash balances are more and cash was used to balance the budget.

**Response**

The District will correct cash balances as directed to ensure accuracy and build reports to compare budget to cash balance for administration and the board of directors to increase control on expenditures to prevent deficits.

**2013-010 Credit Card-Compliance and Internal Control-Significant Deficiency  
(13-10) Condition**

The District has a credit card issued by Wells Fargo, Sam's Club and Lowes Home Improvement.

**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 unaware that a credit card could not be used.

**Effect**

The District potentially could lose spending control with the use of these cards because the purchases do not follow the District's procurement process. 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 immediately cancel the credit cards and only utilize procurement cards authorized by Section 6-5-9(l) NMSA 1978.

**Response**

The District will obtain P-cards issued by the State and cancel all other credit cards.

**2013-013 Bank Deposits-Compliance and Internal Control-Significant Deficiency  
(13-13) Condition**

A review of the receipts and deposits revealed seven violations of twenty transactions of the timely deposit requirement for total of \$2,405.45. It was stated that the cash receipts were not always secured before deposited.

**Criteria**

Section 6-10-3 NMSA 1978. Money received shall be deposited with an authorized banking institution by the end of the next business day after receipt.

**Cause**

Management was unaware that money had to be deposited by the end of the next business day.

**Effect**

Cash could be misappropriated by the responsible person or stolen by an unrelated individual because it was not secured.

**Recommendation**

All cash receipts must be deposited by the end of the next business day and always kept in a secure location.

**Response**

The District will provide training for staff responsible for deposits in regards to the statutory requirements of deposits.

**2013-014 Receipts-Compliance and Internal Control-Significant Deficiency  
(13-14) Condition**

A review of the receipts and deposits revealed that receipts are being issued to an activity name rather than to the person.

**Criteria**

6-5-2 NMSA Internal Accounting Controls. Internal controls and procedures should be in writing and followed allowing documentation for the responsible party.

**Cause**

Management, secretaries and sponsors did not understand the importance of the control system or how the system made the parties involved responsible.

**Effect**

Cash receipts could be misappropriated without knowing who was responsible for them.

**Recommendation**

Written procedures that include internal controls should be provided to all personnel. Training is necessary to explain the internal control process that is in place and assure the process is adhered to.

**Response**

We will document and train personnel involved in cash receipts process.

**2013-015 Negative Activity Accounts-Compliance and Internal Control-Significant Deficiency (13-15) Condition**

The Administrative Activity account had a negative ending balance of \$(12,184) as of June 30, 2014.

**Criteria**

Internal control should exist to provide reasonable assurance that no disbursement is made that would result in a deficit balance. PSAB Supplement 18 and 6-10-2 NMSA 1978. According to the State Public Education Department Manual of Procedures "Under no circumstances shall an activity fund remain in a deficit balance at the end of the fiscal year".

**Cause**

Management was unaware that a negative balance in an activity was an issue.

**Effect**

Negative balances in the activity funds could result in a loss that would have to be funded by the Operational Fund thereby reducing funds that could be used to educate the students.

**Recommendation**

Activity accounts should be moved to a positive cash balance by fund raising and in the case of the State Directed Activities, request drawdowns from the REC before year end.

**Response**

We have stopped all spending in the Administrative activity account and will begin raising funds to bring the account to a positive balance.

**2013-016 Internal Controls at Athletic Events-Compliance and Internal Control-Significant Deficiency (13-16) Condition**

The District has an adequate internal control system for athletic events but does not use the system for all athletic events. Football is the only activity that uses the system.

**Criteria**

6-5-2 NMSA Internal Accounting Controls.

**Cause**

Management did not feel it was necessary to use the internal control system for the other athletic events because the activities were so small.

**Effect**

Without internal controls, cash could be misappropriated.

**Recommendation**

Implement the internal control system for all athletic events.

**Response**

This issue have been corrected for the current year.

**2014-001 Activity Fund-Compliance and Internal Control-Significant Deficiency**

**Condition**

During our expenditure sampling we noticed that staff awards are being paid out of activity accounts. For the one check sampled staff awards from HS Activities were \$1,011. and from Elementary Activities were \$1,164 for a total of \$2,175. The monetary awards were not included in the employees' W-2s.

**Criteria**

Internal Revenue Service Publication 525 states all monetary gifts, awards and incentives given to employees and taxable and should be reported on the form W-2.

**Cause**

Management was not aware staff awards could not be paid from activity accounts.

**Effect**

Paying staff awards from activity accounts takes money away from student who raised the funds for student activities.

**Recommendation**

Bonuses may be paid to employees if they are appropriately budgeted. Student activity funds can not be used to pay incentives or awards to employees of the District.

**Response**

We will not pay awards for teachers from activity funds.

**2014-002 Incorrect Coding of Expenditures-Compliance and Internal Control-Significant Deficiency**

**Condition**

Elementary playground equipment \$43,559.69 was coded to maintenance and repairs instead of fixed assets.

**Criteria**

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

**Cause**

Management did not ensure these amounts were paid from the correct line item.

**Effect**

The expenditures for maintenance and repairs were overstated and a capital asset was not included on the depreciation schedule.

**Recommendation**

Before an invoice should be paid, the account code should be reviewed for accuracy.

**Response**

We will review each purchase order for errors in coding before they are issued.

**2014-003 1099's-Compliance and Internal Control-Significant Deficiency**

**Condition**

During our sampling process, we found one vendor that should have been issued a 1099 totaling \$17,500.

**Criteria**

Internal Revenue Code (IRC) Section 6721.

**Cause**

The vendor was not marked in the software as "1099" in the software system. Expenditures were not reviewed at the calendar year end for possible 1099s.

**Effect**

A penalty could be proposed for each 1099 (information return) that was not filed or filed correctly by the due date. Because it has been longer than 30 day from the original due date the penalty could be \$100 per information return, up to a maximum of \$500,000. There could also be a late filing penalty.

**Recommendation**



Vendors should be marked as "1099s" in the software and expenditures reviewed on the calendar year end for possible 1099s that should be issued.

**Response**

We will mark vendors as "1099s" when required in our software and review the expenditures by vendor for the calendar year to assure all 1099s are issued.

**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. Those present were John Wilbanks-Superintendent, Jim Gross-Board President, Kim Harrison-Accounts Payable Clerk, Kim Reighley-Business Manager and De'Aun Willoughby CPA.