
STATE OF NEW MEXICO
LAKE ARTHUR Municipal Schools
June 30, 2014

Financial Statements and Supplementary Information
As Of And For The Year Ended June 30, 2014
With Independent Auditor's Report Thereon

Sandra Rush
Certified Public Accountant, PC

1101 E Llano Estacado
Clovis, New Mexico 88101

Introductory Section

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS

Official Roster
For the year ended June 30, 2014

Board of Education

John Jackson	President
Edward Rubio Jr.	Vice-President
Irma Guillen	Secretary
Brad Durham	Member
Gene Bassett	Member

School Officials

Michael Grossman	Superintendent
Dee Dee Dalton	Business Manager

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS

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LAKE ARTHUR MUNICIPAL SCHOOLS

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Financial Section

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Independent Auditor's Report

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Lake Arthur Municipal Schools
Lake Arthur, New Mexico

Report on Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Lake Arthur Municipal Schools (the 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. I also have audited the financial statements of each of the District's nonmajor governmental, fiduciary funds and the budgetary comparisons for the major capital project fund, major debt service funds and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for Qualified Opinion

I was not able to verify balances due to inadequate accounting records relating to the District's capital assets, accumulated depreciation, and depreciation expense accounts as of and for the year ended June 30, 2014. Furthermore, evidence supporting historical cost of capital assets maintained by the District was not available. I was not able to verify either accumulated depreciation at July 1, 2013 or the depreciation expense for the fiscal year ended June 30, 2014. I was unable to determine these amounts through the use of alternative procedures and, as such, am unable to express an opinion on capital assets as of June 30, 2014 and the depreciation accrual for the year then ended. The effect on assets, net position, and expenditures of the governmental activities is not readily determinable.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" paragraph, 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, for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in my opinion, except for the possible effects of the matters described in the "Basis for Qualified Opinion" paragraph, 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 year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in my opinion, except for the possible effects of the matters described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the budgetary comparisons of the general fund and each of the District's nonmajor funds for the year then ended June 30, 2014 in conformity with the budgetary basis more fully described in Note 2, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

My 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 other schedules as required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 5, 2014 on my consideration of the District's internal control over financial reporting and on my 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 my 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.



Sandra Rush CPA PC

Clovis, New Mexico

September 5, 2014

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Basic Financial Statements

Government Wide Financial Statements

LAKE ARTHUR MUNICIPAL SCHOOLS

Statement of Net Position
June 30, 2014

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current assets:	
Cash	\$ 477,350
Receivables:	
Taxes	68,176
Due from grantor	85,755
Other	<u>6,533</u>
Total current assets	<u>637,814</u>
Noncurrent assets:	
Capital assets, net	<u>7,534,843</u>
Total non current assets	<u>7,534,843</u>
Total assets	<u>\$ 8,172,657</u>
 <u>LIABILITIES AND NET POSITION</u>	
Current liabilities:	
Cash deficit	\$ 15,402
Accounts payable	14,720
Accrued interest	43,018
Current portion of long term debt	<u>285,000</u>
Total current liabilities	<u>358,140</u>
Noncurrent liabilities:	
Compensated absences	11,214
Bonds and notes	<u>4,805,000</u>
Total noncurrent liabilities	<u>4,816,214</u>
Total liabilities	<u>5,174,354</u>
Net position:	
Net invested in capital assets	2,444,843
Restricted for:	
General funds	10,340
Special revenue funds	48,759
Capital project funds	256,390
Debt service fund	147,740
Unrestricted	<u>90,231</u>
Total net position	<u>2,998,303</u>
Total liabilities and net position	<u>\$ 8,172,657</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS

Statement of Activities
For the year ended June 30, 2014

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 997,640	\$ 4,447	\$ 175,885	\$ -
Support services:				
Students	200,149	-	15,887	-
Instruction	85,525	-	3,830	-
General administration	160,508	-	-	-
School administration	91,669	-	-	-
Central services	100,167	-	-	-
Operation & maintenance of plant	271,147	13,080	-	-
Student transportation	199,512	-	171,681	-
Other support services	4,441	-	-	-
Food services	130,396	6,409	94,091	-
Facilities acquisition and construction	251,812	-	-	-
Interest on long-term debt	219,613	-	-	-
Total governmental activities	<u>\$ 2,712,579</u>	<u>\$ 23,936</u>	<u>\$ 461,374</u>	<u>\$ -</u>

General revenues:
 Property tax:
 Levied for general purposes
 Levied for debt service
 Levied for capital projects
 Payment in lieu of taxes
 Local:
 Interest
 Prior year refund
 Equalization guarantee
 Emergency supplement
 Federal flowthrough

Total general revenues

Change in net position

Net position, beginning
 Prior period adjustment

Net position, beginning restated

Net position, ending

The accompanying notes are an integral part of these financial statements

Net Program
 [Expense]
 Revenues

 Governmental
 Activities

 Total

\$ (817,308)

 (184,262)
 (81,695)
 (160,508)
 (91,669)
 (100,167)
 (258,067)
 (27,831)
 (4,441)
 (29,896)
 (251,812)
 (219,613)

 -
 (2,227,269)

38,962
 421,640
 157,574
 25,000

1,115
 26,112
 1,411,046
 284,542
 235

2,366,226

138,957

3,180,566
 (321,220)

2,859,346

\$ 2,998,303

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Fund Financial Statements

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS

Balance Sheet
Governmental Funds
June 30, 2014

	General Fund			
	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
ASSETS				
Cash and cash equivalents	\$ -	\$ 6,443	\$ -	\$ 3,947
Accounts receivable:				
Taxes	3,886	-	-	-
Other	6,200	-	-	-
Due from grantor	-	-	-	-
Due from other funds	95,047	-	-	-
Total assets	<u>\$ 105,133</u>	<u>\$ 6,443</u>	<u>\$ -</u>	<u>\$ 3,947</u>
LIABILITIES				
Cash deficit	\$ -	\$ -	\$ -	\$ -
Accounts payable	10,670	50	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>10,670</u>	<u>50</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Non-spendable	-	-	-	-
Restricted for:				
General funds	-	6,393	-	3,947
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Debt service fund	-	-	-	-
Unassigned:				
General funds	94,463	-	-	-
Special revenue funds	-	-	-	-
Total fund balance	<u>94,463</u>	<u>6,393</u>	<u>-</u>	<u>3,947</u>
Total liabilities and fund balances	<u>\$ 105,133</u>	<u>\$ 6,443</u>	<u>\$ -</u>	<u>\$ 3,947</u>

The accompanying notes are an integral part of these financial statements.

Special Revenue		Capital Projects	Debt Service	
IDEA - B Risk Pool 24120	New Mexico Reads to Lead 27114	Bond Building 31100	Debt Service 41000	Education Technology Debt Service 43000
\$ -	\$ -	\$ 160,231	\$ 123,586	\$ 38
-	-	-	43,455	5,245
-	-	-	-	-
32,828	32,720	-	-	-
-	-	-	-	-
<u>\$ 32,828</u>	<u>\$ 32,720</u>	<u>\$ 160,231</u>	<u>\$ 167,041</u>	<u>\$ 5,283</u>
\$ -	\$ 15,402	\$ -	\$ -	\$ -
-	-	291	-	-
32,828	17,318	-	-	24,584
-	-	-	-	-
<u>32,828</u>	<u>32,720</u>	<u>291</u>	<u>-</u>	<u>24,584</u>
-	-	-	-	-
-	-	-	-	-
-	-	159,940	-	-
-	-	-	167,041	(19,301)
-	-	-	-	-
-	-	-	-	-
-	-	159,940	167,041	(19,301)
<u>\$ 32,828</u>	<u>\$ 32,720</u>	<u>\$ 160,231</u>	<u>\$ 167,041</u>	<u>\$ 5,283</u>

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS

Balance Sheet
Governmental Funds
June 30, 2014

	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>		
Cash and cash equivalents	\$ 183,105	\$ 477,350
Accounts receivable:		
Taxes	15,590	68,176
Other	333	6,533
Due from grantor	20,207	85,755
Due from other funds	-	95,047
	<hr/>	<hr/>
Total assets	\$ 219,235	\$ 732,861
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES</u>		
Cash deficit	\$ -	\$ 15,402
Accounts payable	3,709	14,720
Due to other funds	20,317	95,047
	<hr/>	<hr/>
Total liabilities	24,026	125,169
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Non-spendable	-	-
Restricted for:		
General funds	-	10,340
Special revenue funds	48,759	48,759
Capital project funds	96,450	256,390
Debt service fund	-	147,740
Unassigned:		
General funds		94,463
Special revenue funds	50,000	50,000
	<hr/>	<hr/>
Total fund balance	195,209	607,692
	<hr/>	<hr/>
Total liabilities and fund balances	\$ 219,235	\$ 732,861
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS

Reconciliation of the Balance Sheet
All Governmental Funds to the
Statement of Net Position
June 30, 2014

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

Fund balance - total governmental funds		\$	607,692
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds financial statement, but are reported in the governmental activities of the Statement of Net Position			
Capital assets	\$	12,729,004	
Accumulated depreciation		<u>(5,194,161)</u>	7,534,843
Compensated absences expensed as paid in governmental fund statements, expensed as incurred in entity wide statements reflected as liability on Statement of Net Position			
			(11,214)
Other liabilities are not due and payable in the current period and, therefore, are not reported in the funds			
Accrued interest payable			(43,018)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds			
Bond payable		(5,335,000)	
Principal payment on bond		245,000	
			<u>(5,090,000)</u>
Net position of governmental activities		\$	<u>2,998,303</u>

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
For the year ended June 30, 2014

	General Fund			
	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
Revenues:				
Local sources	\$ 71,421	\$ 13,080	\$ -	\$ 109
State sources	1,695,588	-	171,681	7,383
Federal sources	235	-	-	-
Total revenues	<u>1,767,244</u>	<u>13,080</u>	<u>171,681</u>	<u>7,492</u>
Expenditures:				
Current				
Instruction	833,272	-	-	7,818
Support services				
Students	156,249	-	-	-
Instruction	81,695	-	-	-
General administration	159,171	-	-	-
School administration	91,669	-	-	-
Central services	100,167	-	-	-
Operation & maintenance of plant	258,172	18,281	-	-
Student transportation	27,831	-	171,681	-
Other support services	4,441	-	-	-
Operation of non-instructional services				
Food services operations	19,884	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,732,551</u>	<u>18,281</u>	<u>171,681</u>	<u>7,818</u>
Excess (deficiency) of revenues over expenditures	34,693	(5,201)	-	(326)
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	34,693	(5,201)	-	(326)
Fund balance, beginning	<u>59,770</u>	<u>11,594</u>	<u>-</u>	<u>4,273</u>
Fund balance, end of year	<u>\$ 94,463</u>	<u>\$ 6,393</u>	<u>\$ -</u>	<u>\$ 3,947</u>

The accompanying notes are an integral part of these financial statements

Special Revenue		Capital Projects	Debt Service	
IDEA - B Risk Pool 24120	New Mexico Reads to Lead 27114	Bond Building 31100	Debt Service 41000	Education Technology Debt Service 43000
\$ -	\$ -	\$ -	\$ 380,333	\$ 41,307
-	51,454	-	-	-
32,828	-	-	-	-
<u>32,828</u>	<u>51,454</u>	<u>-</u>	<u>380,333</u>	<u>41,307</u>
18,890	51,454	-	-	-
13,938	-	-	-	-
-	-	-	-	-
-	-	-	903	108
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	838,261	-	-
-	-	-	150,000	55,000
-	-	-	190,086	5,500
<u>32,828</u>	<u>51,454</u>	<u>838,261</u>	<u>340,989</u>	<u>60,608</u>
-	-	(838,261)	39,344	(19,301)
-	-	-	-	-
-	-	-	-	-
-	-	(838,261)	39,344	(19,301)
-	-	998,201	127,697	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,940</u>	<u>\$ 167,041</u>	<u>\$ (19,301)</u>

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
For the year ended June 30, 2014

	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:		
Local sources	\$ 193,430	\$ 699,680
State sources	9,106	1,935,212
Federal sources	<u>188,813</u>	<u>221,876</u>
Total revenues	<u>391,349</u>	<u>2,856,768</u>
Expenditures:		
Current		
Instruction	86,203	997,637
Support services		
Students	29,962	200,149
Instruction	3,830	85,525
General administration	326	160,508
School administration	-	91,669
Central services	-	100,167
Operation & maintenance of plant	-	276,453
Student transportation	-	199,512
Other support services	-	4,441
Operation of non-instructional services		
Food services operations	110,512	130,396
Capital outlay	340,418	1,178,679
Debt Service		
Principal	-	205,000
Interest	<u>-</u>	<u>195,586</u>
Total expenditures	<u>571,251</u>	<u>3,825,722</u>
Excess (deficiency) of revenues over expenditures	(179,902)	(968,954)
Other financing sources (uses):		
Operating transfers in (out)	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Net change in fund balances	(179,902)	(968,954)
Fund balance, beginning	<u>375,111</u>	<u>1,576,646</u>
Fund balance, end of year	<u>\$ 195,209</u>	<u>\$ 607,692</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the year ended June 30, 2014

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

Net change in fund balances - total governmental funds		\$	(968,954)
--	--	----	-----------

Governmental funds report capital outlays as expenditures.
However, in the statement of activities the cost of those assets are allocated
over their estimated useful lives and reported as depreciation expense

Capital expenditures			
Current year capital expenditures capitalized	\$	1,029,640	
Depreciation expense		<u>(137,467)</u>	892,173

Revenue earned but not collected within sixty days are deferred in the
governmental fund statements, are recognized as revenue in
the Statement of Activities

Deferred revenue			(5,232)
------------------	--	--	---------

Compensated absences expensed as paid in governmental fund statements and
expensed as incurred in entity wide statements and reflected as liability on
the Statement of Net Position

Change in compensated absences			(3)
--------------------------------	--	--	-----

The issuance of long-term (e.g., bonds, notes, leases) provides current
financial resources in governmental funds, while the repayment of the
principal of long-term debt consumes the current financial resources of
governmental funds. Neither transaction, however, has any effect on
net position. Also, governmental funds report the effect of issuance
costs, premiums, discounts, and similar items when debt is first issued,
whereas these amounts are deferred and amortized in the Statement
of Activities

Change in accrued interest payable		(24,027)	
Principal payment on bond		<u>245,000</u>	<u>220,973</u>

Change in Net Position of Governmental Activities			<u>\$ 138,957</u>
---	--	--	-------------------

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 General Fund - Operational - 11000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 57,586	\$ 57,586	\$ 84,545	\$ 26,959
State sources	1,801,150	1,685,692	1,695,588	9,896
Federal sources	-	-	235	235
Total revenues	1,858,736	1,743,278	1,780,368	37,090
Expenditures:				
Current				
Instruction	921,354	835,637	832,620	3,017
Support services				
Students	177,669	160,515	156,249	4,266
Instruction	81,718	81,720	81,695	25
General administration	171,903	165,805	161,081	4,724
School administration	106,184	92,486	91,875	611
Central services	105,792	101,810	100,374	1,436
Operation & maintenance of plant	258,928	270,150	255,516	14,634
Student transportation	32,974	30,824	27,831	2,993
Other support services	6,982	7,291	4,441	2,850
Operation of non-instructional services				
Food services operations	20,621	22,429	19,884	2,545
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,884,125	1,768,667	1,731,566	37,101
Excess (deficiency) of revenues over(under) expenditures	(25,389)	(25,389)	48,802	74,191
Other financing sources (uses):				
Operating transfers in (out)	-	-	(48,802)	(48,802)
Designated cash	25,389	25,389	-	(25,389)
Total other financing sources (uses)	25,389	25,389	(48,802)	(74,191)
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			35,678	
Adjustment to expenditures for payables, prepaids & other accruals			(985)	
Net change in fund balance (GAAP Basis)			\$ 34,693	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 General Fund - Teacherage - 12000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 14,400	\$ 14,400	\$ 13,080	\$ (1,320)
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>14,400</u>	<u>14,400</u>	<u>13,080</u>	<u>(1,320)</u>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	23,989	23,989	18,231	5,758
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>23,989</u>	<u>23,989</u>	<u>18,231</u>	<u>5,758</u>
Excess (deficiency) of revenues over(under) expenditures	(9,589)	(9,589)	(5,151)	4,438
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	9,589	9,589	-	(9,589)
Total other financing sources (uses)	<u>9,589</u>	<u>9,589</u>	<u>-</u>	<u>(9,589)</u>
Net change in fund balances	-	-	(5,151)	(5,151)
Cash balance, beginning of year	-	-	11,594	11,594
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,443</u>	<u>\$ 6,443</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (5,151)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			(50)	
Net change in fund balance (GAAP Basis)			<u>\$ (5,201)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 General Fund - Transportation - 13000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	168,138	171,681	171,681	-
Federal sources	-	-	-	-
Total revenues	168,138	171,681	171,681	-
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	168,138	171,681	171,681	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	168,138	171,681	171,681	-
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 General Fund - Instructional Materials - 14000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	7,382	7,382	8,883	1,501
Federal sources	-	-	-	-
Total revenues	<u>7,382</u>	<u>7,382</u>	<u>8,883</u>	<u>1,501</u>
Expenditures:				
Current				
Instruction	7,382	7,382	7,818	(436)
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>7,382</u>	<u>7,382</u>	<u>7,818</u>	<u>(436)</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	1,065	1,065
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	1,065	1,065
Cash balance, beginning of year	-	-	2,882	2,882
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,947</u>	<u>\$ 3,947</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 1,065	
Adjustment to revenues for accruals & other deferrals			(1,391)	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ (326)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Major Special Revenue Fund - IDEA-B Risk Pool - 24120
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	32,916	41,973	9,057
Total revenues	-	32,916	41,973	9,057
Expenditures:				
Current				
Instruction	2,266	18,978	18,890	88
Support services				
Students	400	13,938	13,938	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	2,666	32,916	32,828	88
Excess (deficiency) of revenues over(under) expenditures	(2,666)	-	9,145	9,145
Other financing sources (uses):				
Operating transfers in (out)	-	-	(9,145)	(9,145)
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(9,145)	(9,145)
Net change in fund balances	(2,666)	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ (2,666)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Major Special Revenue Fund - New Mexico Reads to Lead - 27114
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	51,454	18,734	(32,720)
Federal sources	-	-	-	-
Total revenues	-	51,454	18,734	(32,720)
Expenditures:				
Current				
Instruction		51,454	51,454	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	51,454	51,454	-
Excess (deficiency) of revenues over(under) expenditures	-	-	(32,720)	(32,720)
Other financing sources (uses):				
Operating transfers in (out)	-	-	17,318	17,318
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	17,318	17,318
Net change in fund balances	-	-	(15,402)	(15,402)
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ (15,402)	\$ (15,402)
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (15,402)	
Adjustment to revenues for accruals & other deferrals			15,402	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS

Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 72,169
Total assets	<u>\$ 72,169</u>
<u>LIABILITIES</u>	
Deposits held for others	\$ 72,169
Total liabilities	<u>\$ 72,169</u>

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

NOTE 1 Summary of Significant Accounting Policies

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

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of the District's management who is responsible for their integrity and objectivity. The financial statements of the 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 financial statements have incorporated all applicable GASB statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental agency.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with

a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. These include fees for meals, lab fees and activity fees for the District. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. *Measurement focus, basis of accounting, and financial statement presentation*

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

General Fund

The General Fund consists of four 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 Teacherage Fund is to provide teachers affordable housing to entice them to teach there. 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.

IDEA B, Risk Pool – Special Revenue

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.

New Mexico Reads to Lead – Special Revenue

The purpose of this grant is to assist the District to purchase informational text materials for grades K-3 in alignment with Common Core State Standards (CCSS).

Bond Building Fund – Capital Project

The revenues are derived by a tax levy based upon property values. Expenditures are restricted to capital improvements.

Debt Service Fund - Debt Service

To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Educational Technology Debt Service Fund - Debt Service

To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Additionally, the government reports the following fund types:

Capital Projects Funds

To account for financial resources to be used for the acquisition or construction of major capital facilities.

Fiduciary Funds

To account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

As a general rule the effect of inter fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Assets, Liabilities and Net Position or Equity

Deposits and Investments: 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.

State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the District are reported at fair value.

Receivables and Payables: Inter fund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as inter fund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost

as a reimbursement. All other inter fund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from tax levies in Chaves County. The funds are collected by the County Treasurers and are remitted to the School District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurers in July and August 2014 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2014.

Certain Special Revenue funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the New Mexico Public Education Department "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. The districts are allowed to carry forward unused allocations from year to year.

Inventory: Inventory is valued at cost utilizing the purchase basis of accounting. Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as expenditures at the time individual inventory items are consumed. The U.S.D.A. commodities are recorded at year-end by audit adjusting entries. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction. Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Building and Improvements	20 - 50 Years
Vehicles	2 - 15 Years
Equipment	2 - 15 Years

Unearned Revenues: Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be "available" under the current financial resources measurement focus are reported as unearned revenues in the governmental fund financial statements.

Deferred inflows/outflows of resources: GASB 63 amended previous guidance on deferred revenues in the Government-Wide Financial Statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period.

Compensated Absences:

All twelve month employees are granted annual leave at the rate of one day per month. All district employees are entitled to accrue personal/sick leave according to the following schedule:

Twelve month contract	12 days per year
Eleven month contract	11 days per year
Nine month contract	10 days per year
At will employees	1 day per month

Employees accumulate a maximum of sixty days personal/sick leave. Unused personal/sick leave is not paid upon termination. All employees of the District are allowed two personal days leave per year. Personal leave cannot be accumulated. Unused personal leave can be transferred to sick leave the following year. In the past, the liability for compensated absences was reported in the General Long-Term Debt Account Group. The General fund was used to liquidate the liability.

Long-term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond issuance costs are reflected as a current period expense per GASB 65. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity: Restricted fund balance represents amounts that are constrained either by: 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority.

Assigned fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body or a subordinate high-level body or official whom the governing body has delegated.

Unassigned fund balance is the residual classification for the general fund and represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes.

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

Reclassifications: Certain amounts presented in prior year data have been reclassified in order to be consistent with the current year's presentation.

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

E. *Revenues*

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration: 1) early childhood education; 2) basic education; 3) special education; 4) bilingual multicultural education; 5) size of district, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$1,411,046 in state equalization guarantee distributions during the year ended June 30, 2014.

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The District recognized \$169,160 in ad valorem tax revenues and \$449,816 in oil and gas tax revenue in the governmental fund financial statements during the year ended June 30, 2014. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K-12 attending public school within the school district. The District received \$171,681 in transportation distributions during the year ended June 30, 2014.

Instructional Materials: The District had allocations allowed by the State for the current year of \$7,383. The full amount of allocations used to purchase textbooks during the year was \$7,383. Allocations received and utilized are reflected in revenue and expenditures of the General Fund.

NOTE 2 Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

The budgetary information presented in these financial statements has been amended in accordance with the above procedures. The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.
6. Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.

The School Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico Administrative Code 6.20.2.9 prohibits a school district from exceeding budgetary control at the function level. The District is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

NOTE 3 Cash and Temporary Investments

State statutes authorize the investment of the District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts,

and United States Government obligations. All invested funds of the District properly followed state investment requirements as of June 30, 2014.

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

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

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

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, District or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Deposits

New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for a least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

	Western Bank Artesia, NM	Type
Total amount on deposit on June 30, 2014		
Lake Arthure Municipal School Operational	\$ 670,412	Checking
Lake Arthue Municipal Schools Activities	<u>74,983</u>	Checking
Total deposited	745,395	
Less FDIC coverage	<u>(250,000)</u>	
Total uninsured public funds	<u>495,395</u>	
50% collateral requirement as per Section 6-10-17, NMSA 1978	<u>247,698</u>	
Pledged securities		
Schedule below	<u>1,003,942</u>	
Over (under)	<u>\$ 756,244</u>	

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Pledged Collateral

Description	CUSIP #	Market Value	Maturity Date	Location
FHLMC Pool #780468	31342AQV4	25,587	4/1/2033	FHLB, Dallas TX
FNMA Pool #257180	31371NUD5	55,334	4/1/2033	FHLB, Dallas TX
FNMA Pool #257291	31371NXU4	43,757	7/1/2018	FHLB, Dallas TX
Questa NM ISD	74852DC2	511,084	9/1/2017	FHLB, Dallas TX
Albuquerque NM School Dist	031395QL0	266,271	8/1/2017	FHLB, Dallas TX
GNMA	38376X3E1	101,909	9/20/2014	FHLB, Dallas TX
		<u>1,003,942</u>		

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2014, none of the District's bank balance of \$745,395 was exposed to custodial credit risk.

Custodial Credit Risk Deposits

Account Balance	\$	745,395
FDIC Insurance		250,000
Collateral:		
Collateral held by the pledging bank, not in the District's name		1,003,942
Uninsured and uncollateralized		<u>(508,547)</u>
Total Deposits	\$	<u>745,395</u>

Custodial Credit Risk- Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk. New Mexico State Statutes require collateral pledged to be delivered for the securities underlying an overnight repurchase agreement, or a joint safekeeping receipt to be issued to the District for at least one hundred and two percent of the fair value of the securities underlying overnight repurchase accounts invested with the institution.

At June 30, 2014, the District had no investment balances therefore there was no custodial credit risk.

NOTE 4 Accounts Payables and Accrued Expenses

Accounts payable as of June 30, 2014, were as follows:

Accounts payable		
Operational	\$	10,670
Tracherage		50
Medicaid		435
Bond Building		291
SB-9		1,916
Ed Tech Equip Act		<u>1,358</u>
Total	\$	<u>14,720</u>

NOTE 5 Inter fund Receivables, Payables, and Transfers

The District records temporary interfund receivables and payables to enable the funds to operate until grant monies are received.

The composition of interfund balances during the year ended June 30, 2014 is as follows:

	Interfund Receivable	Interfund Payable	Total
Operational	\$ 95,047	\$ -	\$ 95,047
Title 1	-	(5,408)	(5,408)
IDEA-B Entitlement	-	(3,658)	(3,658)
Pre School	-	(180)	(180)
IDEA-B Risk Pool	-	(32,828)	(32,828)
Teacher Principal Training	-	(5,196)	(5,196)
Safe and Drug Free	-	(111)	(111)
Dual Credit	-	(1,343)	(1,343)
NM Reads to Read	-	(17,318)	(17,318)
NM Fruits & Veg's	-	(591)	(591)
Next Generation Assm.	-	(3,830)	(3,830)
Ed Tech Debt Service	-	(24,584)	(24,584)
Totals	<u>\$ 95,047</u>	<u>\$ (95,047)</u>	<u>\$ -</u>

NOTE 6 Accounts Receivable

Accounts Receivable as of June 30, 2014, is as follows:

	General Fund	Debt Service Fund	SB-9 Fund	Ed Tech Debt Service Funds	Other Governmental Funds	Totals
Taxes receivable						
Property taxes receivable	\$ 56	\$ 631	\$ 271	\$ 66	\$ -	\$ 1,024
Oil & gas taxes receivable	3,830	42,824	15,319	5,179	-	67,152
Total						<u>68,176</u>
Due from grantor						
Special Revenue Funds						
IASA Title 1	-	-	-	-	5,408	5,408
IDEA-B Entitlement	-	-	-	-	3,658	3,658
IDEA-B Preschool	-	-	-	-	180	180
IDEA-B Risk Pool	-	-	-	-	32,828	32,828
Teacher/Principal Training	-	-	-	-	5,197	5,197
Dual Credit	-	-	-	-	1,343	1,343
New Mexico Read to Lead	-	-	-	-	32,720	32,720
New Mexico Fruit & Veg's	-	-	-	-	591	591
Next Generation Assm	-	-	-	-	3,830	3,830
Total						<u>85,755</u>
Other receivables						
Operational	6,200	-	-	-	-	
Food Service	-	-	-	-	333	6,533
Totals	<u>\$ 10,086</u>	<u>\$ 43,455</u>	<u>\$ 15,590</u>	<u>\$ 5,245</u>	<u>\$ 86,088</u>	<u>\$ 160,464</u>

NOTE 7 Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2014, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation.

	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 14,579	\$ -	\$ -	\$ 14,579
Construction in Progress	197,503	-	(197,503)	-
Capital assets being depreciated				
Buildings and Improvements	10,505,480	1,187,778	-	11,693,258
Equipment, Vehicles, Information Technology Equipment, Software, & Library Books	981,802	39,365	-	1,021,167
Total assets being depreciated	11,699,364	1,227,143	(197,503)	12,729,004
Less accumulated depreciation				
Buildings and improvements	(4,298,838)	(116,692)	-	(4,415,530)
Equipment, Vehicles, Information Technology Equipment, Software, & Library Books	(757,856)	(20,775)	-	(778,631)
Total accumulated depreciation	(5,056,694)	(137,467)	-	(5,194,161)
Governmental activity capital assets, net	\$ 6,642,670	\$ 1,089,676	\$ (197,503)	\$ 7,534,843

Capital assets, net of depreciation, at June 30, 2014 appear in the Statement of Net Position as follows:

Governmental activities \$7,534,843

Depreciation expense for the year ended June 30, 2014 was charged to the following functions and funds:

Operation maintenance of plant	\$ 7,042
Facility acquisition	130,425
Total Depreciation	\$ 137,467

NOTE 8 Long-term Debt

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2014 are for governmental activities. The following bonds were issued for the purpose of erecting, furnishing, remodeling and making additions to District buildings and improving District grounds. A tax is annually assessed, levied and collected upon all taxable property within the District for the purpose of providing the necessary funds to meet the interest and principal payments as they become due.

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Series	Date of Issue	Original Amount	Interest Rate	Balance	Due in One Year
2005	6/15/2005	400,000	4.1% - 4.25%	\$ 255,000	\$ 40,000
2006	4/16/2006	240,000	3.875% - 4.0%	# 80,000	40,000
2007	4/1/2007	400,000	4%	315,000	25,000
2009	8/15/2009	470,000	4% - 5.6%	470,000	40,000
2010	3/15/2010	455,000	2% - 4.35%	425,000	10,000
2011	5/15/2011	750,000	3.3% - 4.3%	750,000	-
2012	1/15/2012	450,000	2.80% - 3.70%	425,000	-
2013	7/1/2012	1,200,000	4% - 3.10%	1,200,000	25,000
2013	2/1/2013	1,000,000	2.75% - 3.20%	950,000	50,000
2013	6/11/2013	275,000	2%	220,000	55,000
				<u>\$ 5,090,000</u>	<u>\$ 285,000</u>

The annual requirements to amortize the General Obligation Bonds as of June 30, 2014, including interest payments are as follows:

Year Ended June 30,	Principal	Interest	Total
2015	285,000	183,508	468,508
2016	310,000	173,908	483,908
2017	300,000	163,873	463,873
2018	330,000	153,833	483,833
2019	255,000	143,150	398,150
2020-2024	1,610,000	540,324	2,150,324
2025-2029	1,425,000	221,050	1,646,050
2030-2031	575,000	16,088	591,088
	<u>\$ 5,090,000</u>	<u>\$ 1,595,734</u>	<u>\$ 6,685,734</u>

The payments made to liquidate the debt are usually paid by the debt service funds.

NOTE 9 Compensated Absences

A summary of compensated absences and changes occurring during the year ended June 30, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities Compensated absences	\$ 11,211	\$ 17,504	\$ (17,501)	\$ 11,214

NOTE 10 Risk Management

The District is a member of the New Mexico Public School Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance.

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible to each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2014, there have been no claims that have exceeded insurance coverage.

NOTE 11 Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

A. Deficit fund balance

Safe & Drug Free	\$(111)
Ed Tech Debt Derive	\$(19,301)

B. Excess Expenditures over budget.

14000 Instructional Materials	
Instruction	\$ (436)
25233 REAP	
Instruction	\$ (5,498)
26130 School Based Health Clinic	
Student Support - Students	\$ (1,667)
31700 SB-9	
Student Support - General Administration	\$ (103)
41100 Debt Service	
Student Support - General Administration	\$ (26)

C. Designated cash and appropriations in excess of available balances.
 None

NOTE 12 Pension Plan- Educational Retirement Board

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.

Funding Policy

Member contributions

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

Employer Contributions

In the fiscal year 2014, the District was required to contribute 13.15% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 10.1% of the gross covered salary for employees whose annual salary is more than \$20,000.

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

The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to the ERB for the years ended June 30, 2014, 2013 and 2012 were \$238,275, \$247,139, and \$229,840, respectively, which equal the required contributions for each year.

NOTE 13 Post-Employment Benefits-State Retiree Healthcare Plan

Plan description: The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA 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 Retiree Health Care Act on the person's behalf, unless that person retires before the employer's NMRHCA effective date, in which event the time period required for the employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; or (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 RCHA 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 RCHA or viewed on their website at www.nmrhca.stat.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirement for the contributions can be changed by the New Mexico State Legislature. Employers that chose 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 plan 3, 4 or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention office member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; 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 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's contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$31,113, \$36,523, and \$43,230, respectively, which equal the required contributions for each year.

NOTE 14 Contingent Liabilities

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

NOTE 15 Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2014 was \$6,332.

NOTE 16 Surety Bond

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

NOTE 17 Memorandum of Understanding

District

Purpose: To allow the submission of a consolidated application to the State Department of Education for certain funds granted to the State of New Mexico by the USDE under the Education of the Handicapped Act, Part B, PL 94-142 among others.

Participants: Regional Education Cooperative and Lake Arthur Municipal Schools

Responsible Party for Operation and Audit: Regional Education Cooperative

Beginning and Ending Date of Agreement: July 1, 1995 until the end of any fiscal year during which the school gives notice of intent to terminate.

Total Estimated Amount of Project and Actual Amount Contributed: The REC did not paid expenditures on behalf of the District in the year ending June 30, 2014.

Eastern New Mexico University Dual Enrollment Agreement

Purpose: Eastern New Mexico University will provide higher education to qualified Lake Arthur High School junior and senior students in both technical and arts and science courses.

Participants: Eastern New Mexico University and Lake Arthur Municipal Schools.

Responsibility: Lake Arthur Municipal Schools will be responsible for tuition and enrollment fees for the enrolled students.

Beginning and ending dates of agreement: Extended indefinitely until terminated by either party.

Estimated costs: Total costs are dependent on the number of enrolled students and is the sole responsibility of Lake Arthur Municipal Schools.

NOTE 18 Subsequent Accounting Standard Pronouncements

Statement No. 67, Financial Reporting for Pension Plans. This statement also amends Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trust or equivalent arrangements. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered plans that provide postemployment benefits other than pensions. This Statement is effective for financial statements for the fiscal years beginning after June 15, 2013 with earlier application encouraged. The District has reviewed the statement and has determined that this does not apply to the District.

Statement No. 68, Accounting and Financial Reporting for Pensions. The statement replaces the requirements of GASBS 27, Accounting for Pensions by State and Local Governmental Employers, and the requirements of GASBS 50 Pension Disclosures, as they related to pensions that are provided through pension plans administered as trusts. The requirements of Statements 27 and 50 remain applicable for pensions that are covered by GASBS 68. This statement is effective for financial statements for fiscal years beginning after June 15, 2014. The District is reviewing the effects of the implementation of this statement.

Statement No. 69, Government Combinations and Disposals of Government Operations. This statement establishes accounting and financial reporting standards related to government mergers, acquisitions, and transfers of operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013 and should be applied on a prospective basis. The District has reviewed the statement and has determined that this does not apply to the District.

Statement No. 70, Accounting and Financial Reporting for Non-exchange Financial Guarantees. This statement establishes accounting and financial reporting standards for financial guarantees that are non exchange transactions extended or received by a state or local government. A non-exchange financial guarantee is a guarantee of an obligation of a legally separate entity or individual, including a blended or discretely presented component unit, which requires the guarantor to indemnify a third-party obligation holder under specified conditions. This statement is effective for financial statements for reporting periods beginning after June 15, 2013. The District has reviewed the statement and has determined that this does not apply to the District.

NOTE 19 Restatement of Net Position

GASB 65 requires a restatement of bond issuance costs and related amortization to Net Position as it has been determined that such costs should be expensed in the year of acquisition.

Beginning Net Position	\$	3,180,566
Restatement for GASB 65		<u>(321,220)</u>
Totals	\$	<u>2,859,346</u>

NOTE 20 Subsequent Events Review

The District has evaluated subsequent events through September 5, 2014, which is the date the financial statements were available to be issued. There were no events identified.

NOTE 21 Inactive Funds

The District has the following inactive funds that they do not budget revenue or expenses for. The cash balances are carried on the All Non major Governmental Funds - Combining Balance. The funds are not included in the budgetary information section of the report.

Technology for Education - 27117	\$	1,057
Incentives for School Improvements - 27138	\$	1
Beginning Teacher Mentoring - 27154	\$	8,976
State Directed Activities - 27200	\$	3
2008 Library Books - 27549	\$	489

Supplementary Information Related to
Major Governmental Funds

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Major Capital Project Fund - Bond Building - 31100
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	757,171	1,757,171	984,691	772,480
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	757,171	1,757,171	984,691	772,480
Excess (deficiency) of revenues over(under) expenditures	(757,171)	(1,757,171)	(984,691)	772,480
Other financing sources (uses):				
Proceeds from bonds	-	1,000,000	-	(1,000,000)
Operating transfers in (out)	-	-	7,618	7,618
Designated cash	-	-	-	-
Total other financing sources (uses)	-	1,000,000	7,618	(992,382)
Net change in fund balances	(757,171)	(757,171)	(977,073)	(219,902)
Cash balance, beginning of year	757,171	757,171	1,137,304	380,133
Cash balance, end of year	\$ -	\$ -	\$ 160,231	\$ 160,231
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (977,073)	
Adjustment to revenues for accruals & other deferrals			(7,618)	
Adjustment to expenditures for payables, prepaids & other accruals			146,430	
Net change in fund balance (GAAP Basis)			\$ (838,261)	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Major Debt Service Fund - Debt Service - 41000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 395,083	\$ 395,083	\$ 355,729	\$ (39,354)
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>395,083</u>	<u>395,083</u>	<u>355,729</u>	<u>(39,354)</u>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	800	800	903	(103)
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	354,219	354,219	150,000	204,219
Interest	205,083	205,083	153,704	51,379
Total expenditures	<u>560,102</u>	<u>560,102</u>	<u>304,607</u>	<u>255,495</u>
Excess (deficiency) of revenues over(under) expenditures	(165,019)	(165,019)	51,122	216,141
Other financing sources (uses):				
Operating transfers in (out)	-	-	72,464	72,464
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>72,464</u>	<u>72,464</u>
Net change in fund balances	(165,019)	(165,019)	123,586	288,605
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ (165,019)</u>	<u>\$ (165,019)</u>	<u>\$ 123,586</u>	<u>\$ 288,605</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 123,586	
Adjustment to revenues for accruals & other deferrals			(47,860)	
Adjustment to expenditures for payables, prepaids & other accruals			<u>(36,382)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 39,344</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Debt Service Fund - Education Technology Debt Service - 43000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 60,615	\$ 60,615	\$ 36,062	\$ (24,553)
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>60,615</u>	<u>60,615</u>	<u>36,062</u>	<u>(24,553)</u>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	115	115	108	7
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	55,000	55,000	55,000	-
Interest	5,500	5,500	5,500	-
Total expenditures	<u>60,615</u>	<u>60,615</u>	<u>60,608</u>	<u>7</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	(24,546)	(24,546)
Other financing sources (uses):				
Operating transfers in (out)	-	-	24,584	24,584
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	<u>24,584</u>	<u>24,584</u>
Net change in fund balances	-	-	38	38
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ 38</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 38	
Adjustment to revenues for accruals & other deferrals			(19,339)	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ (19,301)</u>	

The accompanying notes are an integral part of these financial statements.

Supplementary Information Related to
Nonmajor Governmental Funds

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for Federal, State, and Local funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational tasks. Grants accounted for in the Special Revenue Funds include:

Food Service

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

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

IASA Title I (24101)

This fund's major objectives are to provide supplemental educational opportunities for academically disadvantaged children in the area where they reside. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identify a campus; education need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authority for the creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

IDEA-B Entitlement

The purpose of this program is to account for revenue used to help maximize the resources in meeting the objective of handicapped children. The federal revenues in this fund are received from and administered by the New Mexico Department of Education. Authority for the creation of this fund is Part B of the Handicapped Act, Public Law 105-17.

IDEA-B Preschool

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

Teacher Principal Training and Recruiting

The purpose of this fund is to improve the skills of teachers and the quality of instruction in mathematics and science and also to increase the accessibility of such instruction to all students. Authority for creation of this fund is Title II of the Elementary and Secondary Education Act of 1965 as amended, Public Law 103-382.

Safe & Drug Free Schools and Community

To offer a disciplined environment conducive to learning, by preventing violence in and around schools and strengthen programs that prevent the illegal use of alcohol, tobacco, and drugs, involve parents, and coordinated with related Federal, State, and community efforts and resources. Elementary and Secondary Education Act , Title IV, Part A, Subpart 1, as amended. 20 USC 7111-7118.

Carl Perkins

To account for funds distributed by the U. S. Department of Education through the State Department of Education to provide services which impact school district vocational programs, educators, and students. This fund was created by the authority of the Carl D. Perkins Vocational. and Applied Technology

NONMAJOR GOVERNMENTAL FUNDS

Education Amendments of 1998, Title I, Part B and C and Sections 115 and 116, and Workforce Investment Act, Section 503.

Medicaid

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

The objective is 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

The objective is to account for the monies received from NMHU for the purpose of dual credit college enrollment for qualified high school seniors.

GO Bonds Library

The objective of this act is the acquisition of library books, equipment, and library resources for public school libraries and juvenile detention libraries. Funds are acquired from the sale of General Obligation Bonds through the New Mexico Public Education Department. Authority for creation of these funds is the Legislation in Chapter 117, Laws of 2008, Section 10C(3).

Formative Assessment Laws of 2012

To account for funds received from a state grant provided to use computer technology to accumulate and report test scores. Funding provided by SB-1 2010 Chapter 3, Section 10, Paragraph C-2.

Technology for Education Act

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

Incentives for School Improvement

To account for revenues and expenditures from a state grant as part of the Incentives for School Improvement Act: awarded based on the improvement in CTBS 5/Terra Nova or New Mexico High School Competency Examination scores. The fund was created by state grant provisions. (NMSA 22-13 A-1).

Beginning Teacher Mentoring

To account for revenues and expenditures from a state grant provided for tutoring and student enhancement activities in reading, math, and study skills for grades six through eight. The fund was created by state grant provisions.

Breakfast for Elementary

To account for revenues and expenditures from a state grant for the purpose of providing a free breakfast to elementary students. The fund was created by state grant provisions.

New Mexico Grown Fruits and Vegetables

To account for funds provided by New Mexico Public Education Department to purchase New Mexico locally grown fresh fruits and vegetables for school meal programs.

Next Generation Assessments

To account for funds provided by the New Mexico Public Education Department to remediate deficiencies in computer devices compliant with the Partnership for Assessment of Readiness for College and Career assessment requirements.

NONMAJOR GOVERNMENTAL FUNDS

State Directed

The objective is to account for the IDEA B Discretionary funding passed through the regional education cooperative to the District.

School Based Health Clinic

To account for resources administered by New Mexico Department of Health. Funded by a contract with New Mexico Department of Health.

Wind Farm

To account for revenue from the wind farm in lieu of property taxes. The fund was created by definition.

CAPITAL PROJECT FUNDS

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

The District has one separate fund classified as non-major Capital Projects Funds as follows:

Senate Bill-9

Revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements.

Education Technology Act

Revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to technology expenditures.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS

All Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2014

	Food Service 21000	Athletics 22000	IASA Title I 24101	IDEA - B Entitlement 24106
<u>ASSETS</u>				
Cash and cash equivalents	\$ 30,309	\$ 1,248	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from grantor	-	-	5,408	3,658
Other	333	-	-	-
	<u>333</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 30,642</u>	<u>\$ 1,248</u>	<u>\$ 5,408</u>	<u>\$ 3,658</u>
 <u>LIABILITIES</u>				
Cash deficit	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Due to other funds	-	-	5,408	3,658
	<u>-</u>	<u>-</u>	<u>5,408</u>	<u>3,658</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>5,408</u>	<u>3,658</u>
 <u>FUND BALANCE</u>				
Non-spendable	-	-	-	-
Restricted for:				
General fund	-	-	-	-
Special revenue funds	30,642	1,248	-	-
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>30,642</u>	<u>1,248</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 30,642</u>	<u>\$ 1,248</u>	<u>\$ 5,408</u>	<u>\$ 3,658</u>

The accompanying notes are an integral part of these financial statements.

IDEA Preschool 24109	Teacher / Principal Training & Recruiting 24154	Safe and Drug Free Schools and Community 24157	Carl Perkins 24180	Carl Perkins Redistribution 24182	Medicaid 25153
\$ -	\$ -	\$ -	\$ -	\$ 196	\$ 5,294
-	-	-	-	-	-
180	5,197	-	-	-	-
-	-	-	-	-	-
<u>\$ 180</u>	<u>\$ 5,197</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196</u>	<u>\$ 5,294</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	435
180	5,196	111	-	-	-
-	-	-	-	-	-
<u>180</u>	<u>5,196</u>	<u>111</u>	<u>-</u>	<u>-</u>	<u>435</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	1	(111)	-	196	4,859
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>1</u>	<u>(111)</u>	<u>-</u>	<u>196</u>	<u>4,859</u>
<u>\$ 180</u>	<u>\$ 5,197</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196</u>	<u>\$ 5,294</u>

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS

All Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2014

	Rural Education Achievement Program 25233	Dual Credit Instructional Materials 27103	2010 GO Bond Student Library 27106	2012 GOB Public School Library 27107
ASSETS				
Cash and cash equivalents	\$ 412	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from grantor	-	1,343	-	-
Other	-	-	-	-
	<u>412</u>	<u>1,343</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 412</u>	<u>\$ 1,343</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
Cash deficit	\$ -	-	-	-
Accounts payable	-	-	-	-
Due to other funds	-	1,343	-	-
	<u>-</u>	<u>1,343</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>1,343</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Non-spendable	-	-	-	-
Restricted for:				
General fund	-	-	-	-
Special revenue funds	412	-	-	-
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
Unassigned	-	-	-	-
	<u>412</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>412</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 412</u>	<u>\$ 1,343</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and fund balance	<u>\$ 412</u>	<u>\$ 1,343</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Formative Assessment Laws of 2012 27111	Technology for Education 27117	Incentives for School Improvement 27138	Beginning Teacher Mentoring 27154	Breakfast for Elementary 27155	Science Instructional Materials K - 12 27176
\$ -	\$ 1,057	\$ 1	\$ 8,976	\$ 986	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,057</u>	<u>\$ 1</u>	<u>\$ 8,976</u>	<u>\$ 986</u>	<u>\$ -</u>
-	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,057	1	8,976	986	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,057	1	8,976	986	-
<u>\$ -</u>	<u>\$ 1,057</u>	<u>\$ 1</u>	<u>\$ 8,976</u>	<u>\$ 986</u>	<u>\$ -</u>

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS

All Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2014

	New Mexico Grown Fruits and Vegetables 27183	Next Generation Assessments 27185	State Directed Activities 27200	2008 Library Books 27549
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 3	\$ 489
Accounts receivable				
Taxes	-	-	-	-
Due from grantor	591	3,830	-	-
Other	-	-	-	-
	<u>591</u>	<u>3,830</u>	<u>3</u>	<u>489</u>
Total assets	<u>\$ 591</u>	<u>\$ 3,830</u>	<u>\$ 3</u>	<u>\$ 489</u>
LIABILITIES				
Cash deficit	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Due to other funds	591	3,830	-	-
	<u>591</u>	<u>3,830</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>591</u>	<u>3,830</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Non-spendable	-	-	-	-
Restricted for:				
General fund	-	-	-	-
Special revenue funds	-	-	3	489
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>3</u>	<u>489</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>3</u>	<u>489</u>
Total liabilities and fund balance	<u>\$ 591</u>	<u>\$ 3,830</u>	<u>\$ 3</u>	<u>\$ 489</u>

The accompanying notes are an integral part of these financial statements.

School Based Health Clinic 29130	Wind Farm Projects 29134	Senate Bill - 9 Capital Outlay 31700	Education Technology Act 31900	Total Non-major Governmental Funds
\$ -	\$ 50,000	\$ 39,976	\$ 44,158	\$ 183,105
-	-	15,590	-	15,590
-	-	-	-	20,207
-	-	-	-	333
<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 55,566</u>	<u>\$ 44,158</u>	<u>\$ 219,235</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,916	1,358	3,709
-	-	-	-	20,317
-	-	1,916	1,358	24,026
-	-	-	-	-
-	-	-	-	-
-	-	-	-	48,759
-	-	53,650	42,800	96,450
-	-	-	-	-
-	50,000	-	-	50,000
-	50,000	53,650	42,800	195,209
<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 55,566</u>	<u>\$ 44,158</u>	<u>\$ 219,235</u>

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS

All Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2014

	Food Service 21000	Athletics 22000	IASA Title I 24101	IDEA - B Entitlement 24106
Revenues:				
Local sources	\$ 6,409	\$ 4,447	\$ -	\$ -
State sources	-	-	-	-
Federal sources	90,614	-	35,818	35,387
Total revenues	<u>97,023</u>	<u>4,447</u>	<u>35,818</u>	<u>35,387</u>
Expenditures:				
Current				
Instruction	-	5,166	35,818	30,016
Support services				
Students	-	-	-	5,371
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	107,034	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>107,034</u>	<u>5,166</u>	<u>35,818</u>	<u>35,387</u>
Excess (deficiency) revenues over expenditures	(10,011)	(719)	-	-
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(10,011)	(719)	-	-
Fund balance, beginning	<u>40,653</u>	<u>1,967</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ 30,642</u>	<u>\$ 1,248</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

IDEA Preschool 24109	Teacher / Principal Training & Recruiting 24154	Safe and Drug Free Schools and Community 24157	Carl Perkins 24180	Carl Perkins Redistribution 24182	Medicaid 25153
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>2,885</u>	<u>5,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,002</u>
<u>2,885</u>	<u>5,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,002</u>
2,485	5,196	-	-	225	-
400	-	-	-	-	22,524
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,885</u>	<u>5,196</u>	<u>-</u>	<u>-</u>	<u>225</u>	<u>22,524</u>
-	1	-	-	(225)	(9,522)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	1	-	-	(225)	(9,522)
<u>-</u>	<u>-</u>	<u>(111)</u>	<u>-</u>	<u>421</u>	<u>14,381</u>
<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (111)</u>	<u>\$ -</u>	<u>\$ 196</u>	<u>\$ 4,859</u>

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS

All Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2014

	Rural Education Achievement Program 25233	Dual Credit Instructional Materials 27103	2010 GO Bond Student Library 27106	2012 GOB Public School Library 27107
Revenues:				
Local and county sources	\$ -	\$ -	\$ -	-
State sources		1,799	-	-
Federal sources	5,910	-	-	-
Total revenues	5,910	1,799	-	-
Expenditures:				
Current				
Instruction	5,498	1,799	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	5,498	1,799	-	-
Excess (deficiency) revenues over expenditures	412	-	-	-
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	412	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ 412	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

Formative Assessment Laws of 2012 27111	Technology for Education 27117	Incentives for School Improvement 27138	Beginning Teacher Mentoring 27154	Breakfast for Elementary 27155	Science Instructional Materials K - 12 27176
-	-	-	-	-	-
-	-	-	-	2,886	-
-	-	-	-	-	-
-	-	-	-	2,886	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2,887	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2,887	-
-	-	-	-	-	-
-	-	-	-	(1)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(1)	-
-	1,057	1	8,976	987	-
\$ -	\$ 1,057	\$ 1	\$ 8,976	\$ 986	\$ -

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS

All Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2014

	New Mexico Grown Fruits and Vegetables 27183	Next Generation Assessments 27185	State Directed Activities 27200	2008 Library Books 27549
Revenues:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	591	3,830	-	-
Federal sources	-	-	-	-
Total revenues	591	3,830	-	-
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	3,830	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	591	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	591	3,830	-	-
Excess (deficiency) revenues over expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance, beginning	-	-	3	489
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 489</u>

The accompanying notes are an integral part of these financial statements.

School Based Health Clinic 29130	Wind Farm Projects 29134	Senate Bill - 9 Capital Outlay 31700	Education Technology Act 31900	Total Non-major Governmental Funds
\$ -	\$ 25,000	\$ 157,574	\$ -	\$ 193,430
-	-	-	-	9,106
-	-	-	-	188,813
-	25,000	157,574	-	391,349
-	-	-	-	86,203
1,667	-	-	-	29,962
-	-	-	-	3,830
-	-	326	-	326
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	110,512
-	-	154,400	186,018	340,418
-	-	-	-	-
-	-	-	-	-
1,667	-	154,726	186,018	571,251
(1,667)	25,000	2,848	(186,018)	(179,902)
-	-	-	-	-
-	-	-	-	-
(1,667)	25,000	2,848	(186,018)	(179,902)
1,667	25,000	50,802	228,818	375,111
\$ -	\$ 50,000	\$ 53,650	\$ 42,800	\$ 195,209

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Special Revenue Fund - Food Service - 21000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 6,500	\$ 6,500	\$ 6,076	\$ (424)
State sources	-	-	-	-
Federal sources	76,197	76,197	87,254	11,057
Total revenues	82,697	82,697	93,330	10,633
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	102,867	102,867	100,702	2,165
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	102,867	102,867	100,702	2,165
Excess (deficiency) of revenues over(under) expenditures	(20,170)	(20,170)	(7,372)	12,798
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	20,170	20,170	-	(20,170)
Total other financing sources (uses)	20,170	20,170	-	(20,170)
Net change in fund balances	-	-	(7,372)	(7,372)
Cash balance, beginning of year	-	-	37,681	37,681
Cash balance, end of year	\$ -	\$ -	\$ 30,309	\$ 30,309
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (7,372)	
Adjustment to revenues for accruals & other deferrals			(2,639)	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ (10,011)	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Special Revenue Fund - Athletics - 22000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 6,500	\$ 6,500	\$ 4,447	\$ (2,053)
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	6,500	6,500	4,447	(2,053)
Expenditures:				
Current				
Instruction	8,709	8,709	5,166	3,543
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	8,709	8,709	5,166	3,543
Excess (deficiency) of revenues over(under) expenditures	(2,209)	(2,209)	(719)	1,490
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	2,209	2,209	-	(2,209)
Total other financing sources (uses)	2,209	2,209	-	(2,209)
Net change in fund balances	-	-	(719)	(719)
Cash balance, beginning of year	-	-	1,967	1,967
Cash balance, end of year	\$ -	\$ -	\$ 1,248	\$ 1,248
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (719)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ (719)	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Special Revenue Fund - IASA Title I - 24101
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 37,462	\$ 37,602	\$ 57,774	\$ 20,172
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>37,462</u>	<u>37,602</u>	<u>57,774</u>	<u>20,172</u>
Expenditures:				
Current				
Instruction	37,462	37,602	35,818	1,784
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>37,462</u>	<u>37,602</u>	<u>35,818</u>	<u>1,784</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	21,956	21,956
Other financing sources (uses):				
Operating transfers in (out)	-	-	(21,956)	(21,956)
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(21,956)</u>	<u>(21,956)</u>
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Special Revenue Fund - IDEA-B Entitlement - 24106
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	35,806	38,576	54,461	15,885
Total revenues	35,806	38,576	54,461	15,885
Expenditures:				
Current				
Instruction	30,435	33,205	30,016	3,189
Support services				
Students	5,371	5,371	5,371	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	35,806	38,576	35,387	3,189
Excess (deficiency) of revenues over(under) expenditures	-	-	19,074	19,074
Other financing sources (uses):				
Operating transfers in (out)	-	-	(19,074)	(19,074)
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(19,074)	(19,074)
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Special Revenue Fund - IDEA Preschool - 24109
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	2,665	2,885	3,719	834
Total revenues	<u>2,665</u>	<u>2,885</u>	<u>3,719</u>	<u>834</u>
Expenditures:				
Current				
Instruction	2,265	2,485	2,485	-
Support services				
Students	400	400	400	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>2,665</u>	<u>2,885</u>	<u>2,885</u>	<u>-</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	834	834
Other financing sources (uses):				
Operating transfers in (out)	-	-	(834)	(834)
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(834)</u>	<u>(834)</u>
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Special Revenue Fund - Teacher/Principal Training and Recruiting - 24154
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	15,450	16,687	16,367	(320)
Total revenues	15,450	16,687	16,367	(320)
Expenditures:				
Current				
Instruction	15,450	16,687	5,197	11,490
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	15,450	16,687	5,197	11,490
Excess (deficiency) of revenues over(under) expenditures	-	-	11,170	11,170
Other financing sources (uses):				
Operating transfers in (out)	-	-	(11,170)	(11,170)
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(11,170)	(11,170)
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			1	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ 1	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Special Revenue Fund - Carl Perkins - 24180
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	8,866	8,866
Total revenues	-	-	8,866	8,866
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over(under) expenditures	-	-	8,866	8,866
Other financing sources (uses):				
Operating transfers in (out)	-	-	(8,866)	(8,866)
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(8,866)	(8,866)
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Special Revenue Fund - Carl Perkins Redistribution - 24182
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	5,633	-	(5,633)
Total revenues	-	5,633	-	(5,633)
Expenditures:				
Current				
Instruction	-	5,633	225	5,408
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	5,633	225	5,408
Excess (deficiency) of revenues over(under) expenditures	-	-	(225)	(225)
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(225)	(225)
Cash balance, beginning of year	-	-	421	421
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196</u>	<u>\$ 196</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (225)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ (225)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Special Revenue Fund - Medicaid - 25153
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	16,530	16,530	14,785	(1,745)
Total revenues	16,530	16,530	14,785	(1,745)
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	34,551	34,551	22,089	12,462
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	34,551	34,551	22,089	12,462
Excess (deficiency) of revenues over(under) expenditures	(18,021)	(18,021)	(7,304)	10,717
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	18,021	18,021	-	(18,021)
Total other financing sources (uses)	18,021	18,021	-	(18,021)
Net change in fund balances	-	-	(7,304)	(7,304)
Cash balance, beginning of year	-	-	12,598	12,598
Cash balance, end of year	\$ -	\$ -	\$ 5,294	\$ 5,294
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (7,304)	
Adjustment to revenues for accruals & other deferrals			(1,783)	
Adjustment to expenditures for payables, prepaids & other accruals			(435)	
Net change in fund balance (GAAP Basis)			\$ (9,522)	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Special Revenue Fund - Rural Education Achievement Program - 25233
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	5,910	5,910
Total revenues	-	-	5,910	5,910
Expenditures:				
Current				
Instruction	-	-	5,498	(5,498)
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	5,498	(5,498)
Excess (deficiency) of revenues over(under) expenditures	-	-	412	412
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	412	412
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ 412	\$ 412
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 412	
Adjustment to revenues for accruals & other deferrals			-	
- Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ 412	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Special Revenue Fund - Dual Credit Instructional Materials - 27103
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	1,799	456	(1,343)
Federal sources	-	-	-	-
Total revenues	-	1,799	456	(1,343)
Expenditures:				
Current				
Instruction	-	1,799	1,799	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	1,799	1,799	-
Excess (deficiency) of revenues over(under) expenditures	-	-	(1,343)	(1,343)
Other financing sources (uses):				
Operating transfers in (out)	-	-	1,343	1,343
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	1,343	1,343
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Special Revenue Fund - 2010 GO Bond Student Library - 27106
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	1,606	1,606	4,409	2,803
Federal sources	-	-	-	-
Total revenues	1,606	1,606	4,409	2,803
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	1,606	1,606	-	1,606
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,606	1,606	-	1,606
Excess (deficiency) of revenues over(under) expenditures	-	-	4,409	4,409
Other financing sources (uses):				
Operating transfers in (out)	-	-	(4,409)	(4,409)
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(4,409)	(4,409)
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Special Revenue Fund - 2012 GOB Public School Library - 27107
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	9,156	9,156	-	(9,156)
Federal sources	-	-	-	-
Total revenues	<u>9,156</u>	<u>9,156</u>	<u>-</u>	<u>(9,156)</u>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	9,156	9,156	-	9,156
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>9,156</u>	<u>9,156</u>	<u>-</u>	<u>9,156</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Special Revenue Fund - Formative Assessment Laws of 2012 - 27111
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	983	983
Federal sources	-	-	-	-
Total revenues	-	-	983	983
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over(under) expenditures	-	-	983	983
Other financing sources (uses):				
Operating transfers in (out)	-	-	(983)	(983)
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(983)	(983)
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Special Revenue Fund - Breakfast for Elementary - 27155
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	2,929	3,236	307
Federal sources	-	-	-	-
Total revenues	-	2,929	3,236	307
Expenditures:				
Current				
Instruction				-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	2,929	2,887	42
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	2,929	2,887	42
Excess (deficiency) of revenues over(under) expenditures	-	-	349	349
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	349	349
Cash balance, beginning of year	-	-	637	637
Cash balance, end of year	\$ -	\$ -	\$ 986	\$ 986
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 349	
Adjustment to revenues for accruals & other deferrals			(350)	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ (1)	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Special Revenue Fund - Science Instructional Materials K - 12 - 27176
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	2,508	2,508
Federal sources	-	-	-	-
Total revenues	-	-	2,508	2,508
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over(under) expenditures	-	-	2,508	2,508
Other financing sources (uses):				
Operating transfers in (out)	-	-	(2,508)	(2,508)
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(2,508)	(2,508)
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Special Revenue Fund - New Mexico Grown Fruits and Vegetables - 27183
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	591	-	(591)
Federal sources	-	-	-	-
Total revenues	-	591	-	(591)
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	591	591	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	591	591	-
Excess (deficiency) of revenues over(under) expenditures	-	-	(591)	(591)
Other financing sources (uses):				
Operating transfers in (out)	-	-	591	591
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	591	591
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Special Revenue Fund - Next Generation Assessments - 27185
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	3,830	-	(3,830)
Federal sources	-	-	-	-
Total revenues	-	3,830	-	(3,830)
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	3,830	3,830	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	3,830	3,830	-
Excess (deficiency) of revenues over(under) expenditures	-	-	(3,830)	(3,830)
Other financing sources (uses):				
Operating transfers in (out)	-	-	3,830	3,830
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	3,830	3,830
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Special Revenue Fund - School Based Health Clinic - 29130
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	1,667	(1,667)
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	1,667	(1,667)
Excess (deficiency) of revenues over(under) expenditures	-	-	(1,667)	(1,667)
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(1,667)	(1,667)
Cash balance, beginning of year	-	-	1,667	1,667
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (1,667)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ (1,667)	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Special Revenue Fund - Wind Farm Projects - 29134
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ 25,000	\$ 25,000
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	-	-	25,000	25,000
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over(under) expenditures	-	-	25,000	25,000
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	25,000	25,000
Cash balance, beginning of year	-	-	25,000	25,000
Cash balance, end of year	\$ -	\$ -	\$ 50,000	\$ 50,000
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 25,000	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ 25,000	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Capital Project Fund - Senate Bill Nine - 31700
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 212,685	\$ 212,685	\$ 159,337	\$ (53,348)
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>212,685</u>	<u>212,685</u>	<u>159,337</u>	<u>(53,348)</u>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	300	300	326	(26)
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Facilities acquisition and construction	294,136	294,136	160,800	133,336
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>294,436</u>	<u>294,436</u>	<u>161,126</u>	<u>133,310</u>
Excess (deficiency) of revenues over(under) expenditures	(81,751)	(81,751)	(1,789)	79,962
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	81,751	81,751	-	(81,751)
Total other financing sources (uses)	<u>81,751</u>	<u>81,751</u>	<u>-</u>	<u>(81,751)</u>
Net change in fund balances	-	-	(1,789)	(1,789)
Cash balance, beginning of year	-	-	41,765	41,765
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,976</u>	<u>\$ 39,976</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (1,789)	
Adjustment to revenues for accruals & other deferrals			(1,763)	
Adjustment to expenditures for payables, prepaids & other accruals			6,400	
Net change in fund balance (GAAP Basis)			<u>\$ 2,848</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Capital Project Fund - Education Technology Equipment Act - 31900
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	275,000	275,000	185,979	89,021
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	275,000	275,000	185,979	89,021
Excess (deficiency) of revenues over(under) expenditures	(275,000)	(275,000)	(185,979)	89,021
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	275,000	275,000	-	(275,000)
Total other financing sources (uses)	275,000	275,000	-	(275,000)
Net change in fund balances	-	-	(185,979)	(185,979)
Cash balance, beginning of year	-	-	230,137	230,137
Cash balance, end of year	\$ -	\$ -	\$ 44,158	\$ 44,158
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (185,979)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			(39)	
Net change in fund balance (GAAP Basis)			\$ (186,018)	

The accompanying notes are an integral part of these financial statements.

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Supplementary Information Related to Agency Funds

AGENCY FUNDS

To account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other governments and/or other funds.

The District has the following funds classified as Agency Funds:

Activity - To account for assets held by the District until distributed to various organizations at the schools.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Agency Funds - Activity
 Statement of Changes in Assets and Liabilities
 June 30, 2014

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>ASSETS</u>				
Student activity groups	\$ 94,665	\$ 242,712	\$ 265,208	\$ 72,169
Total assets	<u>\$ 94,665</u>	<u>\$ 242,712</u>	<u>\$ 265,208</u>	<u>\$ 72,169</u>

LIABILITIES

Funds handled on behalf of:				
Student activity groups	\$ 94,665	\$ 242,712	\$ 265,208	\$ 72,169
Total liabilities	<u>\$ 94,665</u>	<u>\$ 242,712</u>	<u>\$ 265,208</u>	<u>\$ 72,169</u>

ASSETS

General	\$ 358	\$ 2,200	\$ 2,385	\$ 173
In/out	429	-	195	234
Gift	302	98	400	-
Class of 2019	564	170	15	719
Library	94	27	117	4
Carnival	531	-	41	490
Student Council	264	257	463	58
Superintendent	139	106	89	156
FHA	141	-	99	42
Principals	94	-	-	94
Class of 2017	352	37	41	348
Honor society	188	-	85	103
Cheerleaders	152	-	119	33
Industrial arts	957	-	-	957
Class of 2018	845	108	15	938
Class of 2020	888	112	58	942
Class of 2007	126	-	-	126
Class of 2008	72	-	-	72
Class of 2009	1,322	-	-	1,322
Resource room	137	-	-	137
Class of 2016	116	48	-	164
Yearbook	2,167	634	94	2,707
Arts and crafts	252	-	252	-
Class of 2022	147	167	79	235
Class of 2015	811	192	795	208
Class of 2014	1,921	2,310	2,470	1,761
Class of 2013	1,386	-	469	917
Class of 2012	465	-	-	465
Class of 2011	324	-	-	324
Class of 2010	26	-	-	26
Sub-total	<u>\$ 15,570</u>	<u>\$ 6,466</u>	<u>\$ 8,281</u>	<u>\$ 13,755</u>

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Agency Funds - Activity
 Statement of Changes in Assets and Liabilities
 June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>ASSETS</u>				
PTO	\$ 16	\$ -	\$ 16	\$ -
School museum	63	-	63	-
Accelerated reader	458	-	458	-
Athletic boosters	1,669	20,178	20,784	1,063
TNT	7,523	13,539	16,081	4,981
Panther outpost	979	-	-	979
Student health	319	-	-	319
Technology	626	-	-	626
MENSA	1	-	1	-
NMPSA insurance	39,008	183,640	197,875	24,773
SADD	159	-	-	159
Class of 2023	464	181	90	555
PNM science grant	46	-	-	46
FFA / AG	2,369	-	-	2,369
LA's best	1,013	-	995	18
PBS award	750	-	66	684
Preschool playground	1,800	-	-	1,800
Summer school	2,201	140	-	2,341
NM 6 man football	2,641	-	130	2,511
Project celebration	909	-	-	909
District 8-A	1,726	2,988	1,851	2,863
State rings/shirts	6,263	9,186	12,873	2,576
Panther invitational	1,097	2,649	3,442	304
Legislative trip	3,390	2,151	1,477	4,064
Fees and fines	1,163	638	230	1,571
Class of 2021	766	167	135	798
Regional school board	65	-	-	65
Dig pink - volleyball	1,346	219	49	1,516
Class of 2027	-	110	-	110
Class of 2024	158	182	90	250
Class of 2025	21	173	30	164
District 8-A	70	105	175	-
Balance	16	-	16	-
Total assets	\$ 94,665	\$ 242,712	\$ 265,208	\$ 72,169
<u>LIABILITIES</u>				
Due to student groups	\$ 94,665	\$ 242,712	\$ 265,208	\$ 72,169
Total liabilities	\$ 94,665	\$ 242,712	\$ 265,208	\$ 72,169

The accompanying notes are an integral part of these financial statements.

Other Supplemental Information

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS

Cash Reconciliation - All Funds
For the year ended June 30, 2014

	<u>Beginning Cash</u>	<u>Receipts</u>	<u>Distributions</u>	<u>Other</u>
Lake Arthur Municipal Schools				
Operational	\$ -	\$ 1,780,368	\$ (1,731,566)	\$ (48,802)
Teacherage	11,594	13,080	(18,231)	-
Transportation	-	171,681	(171,681)	-
Instructional Materials	2,882	8,883	(7,818)	-
Food Services	37,681	93,330	(100,702)	-
Athletics	1,967	4,447	(5,166)	-
Federal Flow through	421	183,160	(112,340)	(71,045)
Federal Direct	12,598	20,695	(27,587)	-
State Flow through	11,163	30,326	(60,561)	15,182
Combined Local / State	26,667	25,000	(1,667)	-
Bond Building	1,137,304	-	(984,691)	7,618
Capital Improvement SB-9	41,765	159,337	(161,126)	-
Ed Tech Equipment Act	230,137	-	(185,979)	-
Debt Service	-	355,729	(304,607)	72,464
Equipment Act Debt Service	-	36,062	(60,608)	24,584
	<u>1,514,179</u>	<u>2,882,098</u>	<u>(3,934,330)</u>	<u>1</u>
Total Governmental Funds				
Student Activities	<u>94,665</u>	<u>242,712</u>	<u>(265,208)</u>	<u>-</u>
Total Lake Arthur Municipal Schools	<u>\$ 1,608,844</u>	<u>\$ 3,124,810</u>	<u>\$ (4,199,538)</u>	<u>\$ 1</u>

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>
Lake Arthur Municipal Schools			
Operational Account	Checking	Western Bank	\$ 670,412
Reconciling items - outstanding deposits			
Reconciling items - outstanding checks	Checking	Western Bank	<u>(208,464)</u>
Total Lake Arthur Municipal Schools			<u>\$ 461,948</u>
Student Activities	Checking	Western Bank	\$ 74,983
Reconciling items - outstanding deposits			-
Reconciling items - outstanding checks			<u>(2,814)</u>
Report balance			<u>\$ 72,169</u>

Statement of Net Position	
Cash	\$ 477,350
Cash deficit	<u>(15,402)</u>
Statement of Net Position total cash	<u>\$ 461,948</u>

<u>Net Cash</u> <u>End of Period</u>	<u>Adjustments to</u> <u>the Report</u>	<u>Total Cash</u> <u>on Report</u>
\$ -	\$ -	\$ -
6,443	-	6,443
-	-	-
3,947	-	3,947
30,309	-	30,309
1,248	-	1,248
196	-	196
5,706	-	5,706
(3,890)	-	(3,890)
50,000	-	50,000
160,231	-	160,231
39,976	-	39,976
44,158	-	44,158
123,586	-	123,586
38	-	38
<hr/>	<hr/>	<hr/>
461,948	-	461,948
<hr/>	<hr/>	<hr/>
72,169	-	72,169
<hr/>	<hr/>	<hr/>
<u>\$ 534,117</u>	<u>\$ -</u>	<u>\$ 534,117</u>

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS

Schedule of Revenue
For the year ended June 30, 2014

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
Revenues:				
Local sources:				
Taxes	\$ 38,962	\$ -	\$ -	\$ -
Payments in lieu of taxes	-	-	-	-
Interest	1,115	-	-	-
Fees	-	-	-	-
Rentals	-	13,080	-	-
Prior year refund	31,344	-	-	109
Total local sources	<u>71,421</u>	<u>13,080</u>	<u>-</u>	<u>109</u>
State sources:				
Equalization guarantee	1,411,046	-	-	-
Emergency supplement	284,542	-	-	-
Flow through grants	-	-	-	-
Transportation	-	-	171,681	-
Instructional materials	-	-	-	7,383
Total state sources	<u>1,695,588</u>	<u>-</u>	<u>171,681</u>	<u>7,383</u>
Federal sources				
Direct grants	-	-	-	-
Flow through grants	235	-	-	-
Total federal sources	<u>235</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,767,244</u>	<u>\$ 13,080</u>	<u>\$ 171,681</u>	<u>\$ 7,492</u>

The accompanying notes are an integral part of these financial statements.

IDEA - B Risk Pool 24120	New Mexico Reads to Lead 27114	Bond Building 31100	Debt Service 41000	Education Technology Debt Service 41000
\$ -	\$ -	\$ -	\$ 380,333	\$ 41,307
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	380,333	41,307
-	-	-	-	-
-	51,454	-	-	-
-	-	-	-	-
-	-	-	-	-
-	51,454	-	-	-
32,828	-	-	-	-
-	-	-	-	-
32,828	-	-	-	-
<u>\$ 32,828</u>	<u>\$ 51,454</u>	<u>\$ -</u>	<u>\$ 380,333</u>	<u>\$ 41,307</u>

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS

Schedule of Revenue
For the year ended June 30, 2014

	Nonmajor Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>
Revenues:		
Local sources:		
Taxes	\$ 157,574	\$ 618,176
Payments in lieu of taxes	25,000	25,000
Interest	-	1,115
Fees	10,856	10,856
Rentals	-	13,080
Prior year refund	-	31,453
	<u> </u>	<u> </u>
Total local sources	193,430	699,680
	<u> </u>	<u> </u>
State sources:		
Equalization guarantee	-	1,411,046
Emergency supplement	-	284,542
Flow through grants	9,106	60,560
Transportation	-	171,681
Instructional materials	-	7,383
	<u> </u>	<u> </u>
Total state sources	9,106	1,935,212
	<u> </u>	<u> </u>
Federal sources		
Direct grants	169,901	202,729
Flow through grants	18,912	19,147
	<u> </u>	<u> </u>
Total federal sources	188,813	221,876
	<u> </u>	<u> </u>
Total	<u>\$ 391,349</u>	<u>\$ 2,856,768</u>

The accompanying notes are an integral part of these financial statements.

Compliance Section

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

Independent Auditor's Report

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Lake Arthur Municipal Schools
Lake Arthur, New Mexico

I 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 Lake Arthur Municipal Schools (the 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 supplementary information, and have issued my report thereon dated September 5, 2014. This report contains an opinion modification, the nature of which is a qualification over capital assets, accumulated depreciation, and depreciation expense.

Internal Control Over Financial Reporting

In planning and performing my audit, of the financial statements, I 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, I identified certain deficiencies in internal control over financial reporting that I consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. 2011-1, 2012-2, 2013-2, 2013-3, 2013-4, 2014-3

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. 2013-6

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2014-1, 2014-2, 2014-4.

The District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result 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.


Sandra Rush CPA PC
Clovis, New Mexico
September 5, 2014

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Schedule of Findings and Responses
 June 30, 2014

Prior Year Audit Findings:		Status
2012-003	Late Audit Report	Resolved
2013-001	Cash Appropriation In Excess Of Available Cash	Resolved
2013-005	Construction in Progress Not Tracked	Resolved
2013-007	Bank Reconciliations	Resolved
2011-001	Budget	Revised & Repeated
2012-002	Capital Asset Listing	Repeated
2013-002	Financial Statements and Disclosures	Repeated
2013-003	Compensation Not Reported as Wages	Revised & Repeated
2013-004	Restricted Cash Loaned to Other Funds	Revised & Repeated
2013-006	Deficit Fund Balance	Revised & Repeated
2014-001	Cash Disbursements	New
2014-002	Mileage Meals Per Diem Not Signed By Employee	New
2014-003	SB-9 Expenditures	New
2014-004	Stale Dated Checks	New

2011-001 Budget - Internal Control & Compliance - Material Weakness

Condition

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

14000 Instructional Materials		
Instruction	\$	(436)
25233 REAP		
Instruction	\$	(5,498)
29130 School Based Health Clinic		
Student Support - Students	\$	(1,667)
31700 SB-9		
Student Support - General Administration	\$	(103)
41100 Debt Service		
Student Support - General Administration	\$	(26)

Criteria

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

Cause

The District does not have procedures in place to ensure sufficient budget balances are available prior to expenditures being authorized.

Effect

As a result, the district is in not in compliance with state regulation 6.20.2.9 (A), NMAC and state statutes 22-8-5 through 22-8-12.2, NMSA 1978 and the controls established by the use of budgets has been compromised. Continued over-expenditure of budgeted balances may result in unnecessary usage of operating funds.

Recommendation

The District should establish a policy of budgetary review before purchases are authorized and make necessary budget adjustments.

Response

We are checking our budget balances before coding any requisitions.

2012-002 Capital Asset Listing – Compliance and Internal Control – Material Weakness

Condition

For the year ended June 30, 2014, the District had not maintained a capital asset listing that was reconciled to the general ledger and in compliance with the GASB 34. The records lacked asset identification and location and appeared to have obsolete equipment and equipment the District no longer owns. As a result, the financial statements of the District may be materially misstated due to the balances of capital assets and accumulated depreciation being materially misstated. Also, the District did not perform an annual physical inventory of movable chattels and equipment on the capital asset inventory list at the end of each fiscal year.

Criteria

The State Audit Act, 12-6-10 NMSA 1978 requires that the District prepare and maintain an accurate listing of capital assets. The District must have a capital assets management policy to provide accountability for the safeguarding of assets in accordance with GASB 34 and Section 12-2-10 NMSA 1978.

Section 12-6-10(A) NMSA 1978 requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory. This certification should be provided to the agency's auditors.

Cause

There are no procedures in place to ensure that all capital assets are accounted for in a capital asset inventory listing. Further, the District did not have a system in place to track capital asset additions and deletions and to calculate and account for depreciation and accumulated depreciation. In prior years the District's auditor maintained the capital asset records.

Effect

Lack of sufficient records results in assets that are not properly safeguarded. Asset identification and location are essential in the prevention of theft and loss of assets due to fraudulent activity. Capital assets cannot be depreciated due to lack of information that is being maintained. As a result, the financial statements of the District may be materially misstated due to the balances of capital assets and accumulated depreciation being materially misstated.

Recommendation

The District should develop procedures to ensure that all capital assets are accounted for in a capital asset inventory listing. The District should establish controls over its capital assets in order to safeguard them and establish accountability for their custody and use. (Capital Asset Controls 2.20.1.15, NMAC) Such controls should apply to authorization to acquire fixed assets, receiving purchases, tagging the assets, assigned location, individuals responsible for tracking use and location, and fund and organizational unit fund and organizational unit

The District should conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year, certify the correctness of the inventory after the physical inventory, and provide the certification the District's auditors.

Response

We are currently working on updating the capital Asset Listing. Our previous auditor kept the list on her computer and we didn't have a hard copy so we have to recreate the list and find out where she came up with the amounts on her list. We are working on recreating this each time we have a little time after our other responsibilities are done.

2013-002 Financial Statements and Disclosures - Compliance and Internal Control - Material Weakness

Condition

The District relies upon their independent auditor to prepare the financial statements in accordance with generally accepted accounting principles (GAAP). The accounting staff lacks the knowledge to prepare such statements, as well as the ability to detect accuracy and completeness of all required notes that explain financial activity contained in the financial statements. The District requires the independent auditor gather all necessary information in order to convert their cash basis accounting information into financial statements prepared in accordance with GAAP.

Criteria

Auditing standards adopted in the United States of America in particular Statement on Auditing Standards (SAS) 115, paragraph 3 states the following: "Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with laws and regulations. Internal control over safeguarding of assets against unauthorized acquisition, use, or disposition may include control relating to financial reporting and operations objectives. Generally, controls that are relevant to an audit of financial statements are those that pertain to the entity's objective of reliable financial reporting."

Appropriate internal control procedures over financial reporting include the ability to prepare financial statements in accordance with GAAP or at a minimum; management should have the ability to comprehend the requirements for financial reporting. Financial statements prepared in accordance with GAAP include all required statements of financial position, statements of changes in financial position, changes in cash flow, and notes.

SAS 115 paragraph 5 provides an explanation of a deficiency in internal control as either a deficiency in design or in operation. Paragraph 6 states "A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis." SAS 115 paragraph 15 provides a list of indicators of a material weakness in internal control. One such example is "Ineffective oversight of the entity's financial reporting and internal control by those charged with governance."

Effect

Since the District personnel lack the ability to prepare, and did not prepare, the financial statements, there is an increased risk that a misstatement of the district's financial statements, that is more than inconsequential, will not be prevented or detected. Further, since the District's accounting staff lacks the proper knowledge or training regarding the requirements of GAAP financial reporting, there is more than a remote possibility that a material misstatement of the financial statements will not be prevented or detected.

Cause

The District's staff lacks the proper ability to prepare financial statements and the associated disclosures. When audit services are sought, there is a requirement that the auditor will prepare the financial statements. In the past this may have been sufficient; however, the accounting profession, by issuance

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
Schedule of Findings and Responses
June 30, 2014

of SAS 115, now requires recognition and reporting of significant deficiencies in internal control when there is an ineffective oversight of the financial reporting and internal control by those charged with governance.

Recommendation

I recommend the accounting staff of the District attend seminars on governmental financial reporting to increase their knowledge and abilities.

Response

We will attend any seminars available in our area and keep working with our auditors to increase our knowledge in this area.

2013-003 Compensation Not Reported As Wages - Compliance and Internal Control - Material Weakness

Condition

During the test work over expenditures it was determined eight employees were paid to attend a workshop, but the payments were not included as wages on the employees W-2. The eight (8) checks totaled \$400.

Criteria

Internal Revenue Service Section 3401(a) defines "wages" for income tax withholding purposes as all remuneration for services performed by an employee for his employer. The pay may be in cash or in other forms. Wages includes but are not limited to salaries, vacation allowances, bonuses, commissions, and fringe benefits.

Cause

The District does not have a policy in place requiring all payments to employees for services performed be included in wages.

Effect

The District is not in compliance with Internal Revenue Service Section 3401(a).

Recommendation

All remuneration for services performed by an employee for the District should be reported as wages.

Response

All of our stipends will be run through payroll. This procedure has already been put in place.

2013-004 Restricted Cash Loaned to Other Funds - Compliance and Internal Control - Material Weakness

Condition

As of June 30, 2014 the following Special Revenue Funds and Debt Service Fund had negative cash balances. The District has one pooled bank account for all funds. The Operational Fund had a cash balance of \$95,047 which was not sufficient to cover the negative cash balances totaling \$110,449.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOLS
 Schedule of Findings and Responses
 June 30, 2014

IASA Title 1	\$	(5,408)
IDEA-B Entitlement		(3,658)
IDEA-B Preschool		(180)
IDEA-B Risk Pool		(32,828)
Teacher Principal Training & Recruiting		(5,196)
Safe & Drug Free School & Communities		(111)
Dual Credit		(1,343)
New Mexico Reads to Lead		(32,720)
New Mexico Fruits & Veggies		(591)
Next Generation Assm.		(3,830)
Ed Tech Debt Service		<u>(24,584)</u>
	\$	<u>(110,449)</u>

Criteria

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

Cause

Management does not maintain sufficient cash in the Operational Fund to cover cash deficits in the Special Revenue Funds. Certain Special Revenue funds are administered on a reimbursement method of funding. These funds incur the cost and then submit the necessary request for reimbursement. Operational Fund cash is used to cover the deficit until the reimbursements are received.

Effect

Cash balances from restricted funds were used incorrectly to cover expenditures of other funds.

Recommendation

Management should maintain sufficient cash in the Operational Fund to cover any cash deficits in the Special Revenue Funds until requested reimbursements are received.

Response

We are entering our RFRs each month and spending throughout the year so that we won't have big deficits in our Federal Funds that Operational has to cover.

2013-006 Deficit Fund Balance - Internal Control - Significant Deficiency

Condition

The Safe and Drug Free Schools and Community fund had a deficient fund balance of \$111 and Ed Tech Debt Service has a deficit fund balance of \$19,301 at year end.

Criteria

6.20.2 NMAC and other state statutes prohibit any governmental agency from encumbering future funds.

Effect

The District spent funds that were not available for these funds. The operational fund will have to cover the negative balances.

Cause

The District did not maintain adequate cash records to know how much was available for these funds.

Recommendation

The District should submit budgets as required and adhere to the controls built into the accounting software. The software alerts the user when there is no budget for expenditure. Inactive funds should be closed and any remaining cash should be transferred to the Operational Fund

Response

The Safe and Drug Free account is an inactive account and the auditor told me what to do to close this out and that has been done. Operational had to loan Ed Tech Debt Service money to cover our bond payment, we didn't receive enough income from this fund to make the payment for the year. We have been in contact with our Bond seller and also the County Treasures office about this and they both assure us we will make enough this year to cover our payment and also pay back our loan from operational account.

2014-001 Cash Disbursements - Other

Condition

It is the District's policy and procedure to obtain approved purchase orders before goods or services are purchased. During our cash disbursements test work; we noted eight out of twenty-five instances in which the vendor invoice predated the purchase order date.

Criteria

According to NMSA 1978 Section 6-6-3, the District is expected to conform to the rules and regulations adopted relating to internal controls.

Effect

The lack of enforcing the District's policies and procedures may result in the non-authorized purchases and/or purchases that exceed available resources.

Cause

Policies and procedures that the District has adopted for cash disbursement transactions are not being enforced.

Recommendation

The District must enforce policies and procedures that are set in place for the purchase of goods and/or services and ensure purchase orders are authorized prior to the purchase of goods and services. The District could issue a blanket PO for recurring expenditures such as utilities.

Response

We issue blanket POs for our utilities and staff must have a purchase order in place before making any purchases.

2014-002 Mileage and Per Diem Act - Other

Condition

During the course of the audit, we performed tests of travel and per diem expenditures. Our sample size was ten transactions, which were selected throughout the fiscal year, and contained the following discrepancies: There was five instances where the employee failed to sign the form certifying the reimbursement was correct

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
Schedule of Findings and Responses
June 30, 2014

Criteria

The New Mexico Department of Finance and Administration (DFA) have issued regulations in the form of Title 2, Chapter 42, Part 2, *Travel and Per Diem Regulations Governing the Per Diem and Mileage Act* of the New Mexico Administrative Code. The rule was issued in accordance with Section 10-8-1 to 10-8-8 NMSA 1978.

Effect

Non-compliance with the state of New Mexico Travel and Per Diem Act subjects officials and employees to penalties as required by state statutes.

Cause

The District did not understand and apply DFA regulations correctly. Travel requests were not reviewed properly prior to payment.

Recommendation

The District should review the Mileage and Per Diem Act. Once a solid understanding of the Act is obtained, procedures should be reviewed and modified to ensure compliance with the Act.

Response

We had an in service with staff about how to properly fill out the form, including signatures.

2014-003 Disallowed SB-9 Expenditures - Internal Control - Material Weakness

Condition

Test of 15 SB-9 expenditures resulted in four expenditures totaling \$2,499.37 that did not meet the qualifications of the Public School Capital Improvements (2 Mill) Tax Questions.

Criteria

The Public School Capital Improvements (2 Mill) Tax Questions voted on by qualified, registered electors of the district stated funds are to be used for the purpose of erecting, remodeling, making additions to, providing equipment for or furnishing public school grounds; maintenance of public school buildings or public school grounds.

Cause

Unknown.

Effect

The District is not in compliance with the Public School Capital Improvements (2 Mill) Tax Questions

Recommendation

The District should only purchase goods and services that meet the qualifications of the Public School Capital Improvements (2 Mill) Tax Questions the District's registered electors approved.

Response

We have been repeatedly been told by PED that we could reduce our budget in supplies and purchase those supplies out of our SB-9 money, so this is what we had been doing. We will make sure in our next 2 Mill election to change the wording so that supplies are included.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOLS
Schedule of Findings and Responses
June 30, 2014

2014-004 Stale Dated Checks - Other

Condition

The District maintained 17 checks totaling \$7,933.02 in the Operational checking account that were dated at least one year prior to June 30, 2014.

Criteria

Section 7-8A NMSA 1978 and related regulations require the District provide information about the payee and the related funds to Unclaimed Property Division of the New Mexico Taxation and Revenue Department for 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.

Effect

The District is in violation of Section 7-8A NMSA 1978, and related regulations. Also carrying numerous bank reconciling items could result in a misstatement in the accounting records or related misappropriation of funds.

Recommendation

The District should implement a procedure to review the outstanding check list for all bank accounts and track stale dated checks. If checks on the outstanding check list are greater than one year old take appropriate steps to ensure the funds are reported to the Unclaimed Property Division of the New Mexico Taxation and Revenue Department.

Response

We are in the process of going through all these outstanding checks to find out why they are outstanding and will work with our auditors with the information we gather to find out what to do with them.

Financial Statement Preparation

Although it would be preferred and desirable for the District to prepare its own GAAP-basis financial statements, it is felt that the District's personnel did not have the time to prepare them. Therefore, the outside auditor prepared the GAAP basis financial statements and footnotes for inclusion in the annual audit report from the original books and records provided to them by the management of the District. Management of the District has reviewed and approved these financial statements and related notes and believes they are adequately supported by the books and records of the government.

Exit Conference

The contents of this report were discussed with, Michael Grossman, Superintendent, Edward Rubio Jr., Board President, Dee Dee Dalton, Business Manager, Christina Villa, Bookkeeper, and Sandra Rush, CPA, in an exit conference on September 5, 2014.