

State of New Mexico

# MOSQUERO MUNICIPAL SCHOOLS



FOR YEAR ENDED JUNE 30, 2014

(WITH AUDITOR'S REPORT THEREON)

*"To educate the students of the  
Mosquero Municipal School District to  
be the best people they can be."*

**RICE & ASSOCIATES**

CERTIFIED PUBLIC ACCOUNTANTS

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
AUDIT REPORT  
For The Year Ended June 30, 2014  
(with Auditor's Report Thereon)

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
TABLE OF CONTENTS  
Year Ended June 30, 2014

	<u>Page</u>
Introduction Section	
Official Roster	i
Financial Section	
Independent Auditor's Report	1
<u>Financial Statements</u>	
<u>Statements</u>	
1 Statement of Net Position	3
2 Statement of Activities	4
3 Balance Sheet - All Governmental Funds	5
4 Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	6
5 Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds	7
6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	8
7 Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	9
8 Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) - Title I	10
9 Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) - IDEA-B Entitlement	11
10 Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) - Read2Lead	12

Table of Contents (continued)

	<u>Page</u>
11 Statement of Fiduciary Assets and Liabilities - Agency Funds	13
Notes to Financial Statements	14
Other Major Funds Budgets:	
12 Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) Bond Building Fund	37
13 Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) Capital Improvements - SB-9 Fund	38
14 Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) Debt Service Fund	39
Non-Major Governmental Funds:	
A-1 Combining Balance Sheet - By Fund Type	40
A-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances - By Fund Type	41
A-3 Combined Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) Governmental Fund types - Non-Major Special Revenue Funds	42
A-4 Combined Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) Governmental Fund types - Non-Major Debt Service Fund	43
Non-Major Special Revenue Funds:	
B-1 Combining Balance Sheet	44
B-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances	46
B-3 REAP: Statement of Revenues and Expenditures Budget and Actual (Non-GAAP Budgetary Basis)	48
B-4 IDEA-B Preschool: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	49

Table of Contents (continued)

	<u>Page</u>
B-5 Beginning Teacher Mentoring Program: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	50
B-6 Gear Up Program: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	51
B-7 Sun Safety: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	52
B-8 Fuel Up to Play 60: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	53
B-9 Athletics: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	54
B-10 Cafeteria: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	55
Non-Major Debt Service Fund:	
C-1 Combining Balance Sheet	56
C-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds	57
C-3 Statement of Revenues and Expenditures Budget and Actual (Non-GAAP Budgetary Basis)	58
General Fund	
D-1 Combining Balance Sheet	59
D-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances	60
D-3 Operational Fund: Statement of Revenues and Expenditures Budget and Actual (Non-GAAP Budgetary Basis)	61
D-4 Teacherage Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	62

Table of Contents (continued)

	<u>Page</u>
D-5 Transportation Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	63
D-6 Instructional Materials Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	64
Supplementary Information	
Schedule of Cash Receipts and Disbursements - All Funds by School District Classification	65
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	66
Status of Findings	68
Financial Statement Preparation and Exit Conference	70

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Official Roster  
Year Ended June 30, 2014

Board of Education

<u>Name</u>	<u>Title</u>
Mr. Jack Chatfield	President
Ms. Curtis Jeffrey	Vice-President
Ms. Catherine Wheeler	Secretary
Mr. Victor R. Vigil	Member
Ms. Amanda Culbertson	Member

School Officials

Mr. Bill Ward	Superintendent
Ms. Darla King	Business Manager

# Rice and Associates, C.P.A.

AUDITING  
BOOKKEEPING  
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS  
11805 Menaul NE  
Albuquerque, NM 87112

TAX PLANNING  
TAX PREPARATION  
FAX (505) 294-8904

## INDEPENDENT AUDITOR'S REPORT

Mr. Hector H. Balderas  
New Mexico State Auditor  
and  
Board of Education  
Mosquero Municipal Schools  
Mosquero, New Mexico

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the General, Title I, Bond Building, Capital Improvements SB-9 and Debt Service Funds of the Mosquero Municipal Schools, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the Mosquero Municipal Schools basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Mosquero Municipal Schools non-major governmental and fiduciary funds and the budgetary comparisons for the Major Capital Project and Debt Services Funds and all non-major funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014 as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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



## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mosquero Municipal Schools, as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparisons for the General, Title I, Bond Building, Capital Improvements SB-9 and Debt Service Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental and fiduciary funds of the Mosquero Municipal Schools, as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the Major Capital Project and Debt Service Funds and the non-major governmental funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Management has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the Mosquero Municipal Schools financial statements, the combining and the individual fund financial statements, and the budgetary comparisons. The budgetary comparisons for the Major Capital Project and Debt Service Funds and the non-major governmental funds and the Schedule of Cash Receipts and Disbursements - All Funds by School District Classification are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparisons for the Major Capital Project and Debt Service Funds and non-major governmental funds and the Schedule of Cash Receipts and Disbursements - All Funds by School District Classification are the responsibility of management and were derived from and relates 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 basis financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparisons for the Major Capital Project and Debt Service Funds and the non-major governmental funds and the Schedule of Cash Receipts and Disbursements - All Funds by School District Classification fairly states, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2014 on our consideration of the Mosquero Municipal Schools internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mosquero Municipal Schools internal control over financial reporting and compliance.



Albuquerque, New Mexico  
October 23, 2014

**FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Statement of Net Position  
June 30, 2014

Statement 1

	Governmental Activities
<b>ASSETS</b>	
Current assets	
Cash	\$ 2,803,647
Taxes receivable	23,110
Due from grantor	46,145
Inventory	2,992
Total current assets	2,875,894
Non-current assets	
Capital assets	11,091,553
Less accumulated depreciation	(3,341,833)
Total non-current assets	7,749,720
<b>Total assets</b>	<b>10,625,614</b>
<b>LIABILITIES</b>	
Current liabilities	
Cash overdraft	-
Security deposit payable	200
Revenues not yet earned	256
Accounts payable	-
Accrued interest	247,358
Current portion of long-term obligations	325,000
Total current liabilities	572,814
Long-term obligations	
Non-current portion of long-term obligations	5,635,000
Compensated absences	17,245
Total long-term obligations	5,652,245
<b>Total liabilities</b>	<b>6,225,059</b>
<b>NET POSITION</b>	
Net investment in capital assets	1,789,720
Restricted for:	
Cafeteria fund (inventory)	2,992
Capital projects	2,411,710
Debt service	339,916
Special grants	119,321
Unrestricted	(263,104)
<b>Total net position</b>	<b>\$ 4,400,555</b>

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

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Statement of Activities  
Year Ended June 30, 2014

Statement 2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			Net
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	(Expenses) Revenue and Changes Net Assets
<b>EXPENSES:</b>					
Governmental activities:					
Direct instruction	\$ 667,940	\$ 2,766	\$ 116,464	\$ 25,422	\$ (523,288)
Instructional support	941,219	8,743	224,856	-	(707,620)
Food services	50,511	9,084	10,676	-	(30,751)
Depreciation - unallocated	247,017	-	-	-	(247,017)
Interest on long-term obligations	383,414	-	-	-	(383,414)
Total governmental activities	<u>2,290,101</u>	<u>20,593</u>	<u>351,996</u>	<u>25,422</u>	<u>(1,892,090)</u>
General revenues:					
Taxes					
Property taxes, levied for general purposes					34,148
Property taxes, levied for capital projects					140,077
Property taxes, levied for debt service					339,076
Copper production taxes, general purposes					2,732
Copper production taxes, capital projects					10,929
Copper production taxes, debt service					30,895
Oil and gas taxes, general purposes					15,155
Oil and gas taxes, capital projects					69,739
Oil and gas taxes, debt service					138,255
Federal and State aid not restricted to specific purpose General					1,127,619
Interest and investment earnings					<u>5,083</u>
Sub-total, general revenues					<u>1,913,708</u>
Change in net position					21,618
Net position - beginning of year					<u>4,378,937</u>
<b>Net position - end of year</b>					<b><u>\$ 4,400,555</u></b>

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

STATE OF NEW MEXICO  
 MOSQUERO MUNICIPAL SCHOOLS  
 Balance Sheet - All Governmental Funds  
 June 30, 2014

	General	Title I	IDEA-B Entitlement	Read2 Lead	Bond Building	Capital Improvements SB-9	Debt Service	Other Governmental	Total
<b>ASSETS</b>									
Cash on deposit	\$ 68,752	\$ -	\$ -	\$ -	\$ 1,982,341	\$ 423,700	\$ 323,891	\$ 4,963	\$ 2,803,647
Accounts receivable, collectible	1,416	-	-	-	-	5,669	16,025	-	23,110
Due from grantor	-	9,638	5,982	26,743	-	-	-	3,782	46,145
Inventory, at cost	-	-	-	-	-	-	-	2,992	2,992
Due from other funds	46,145	-	-	-	-	-	-	-	46,145
<b>Total assets</b>	<b>\$ 116,313</b>	<b>\$ 9,638</b>	<b>\$ 5,982</b>	<b>\$ 26,743</b>	<b>\$ 1,982,341</b>	<b>\$ 429,369</b>	<b>\$ 339,916</b>	<b>\$ 11,737</b>	<b>\$ 2,922,039</b>
<b>LIABILITIES</b>									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Security deposit payable	200	-	-	-	-	-	-	-	200
Revenues not yet earned	-	-	-	-	-	-	-	256	256
Due to other funds	-	9,638	5,982	26,743	-	-	-	3,782	46,145
<b>Total liabilities</b>	<b>200</b>	<b>9,638</b>	<b>5,982</b>	<b>26,743</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,038</b>	<b>46,601</b>
<b>FUND BALANCE</b>									
Nonspendable	-	-	-	-	-	-	-	2,992	2,992
Restricted	114,614	-	-	-	1,982,341	429,369	339,916	4,707	2,870,947
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	1,499	-	-	-	-	-	-	-	1,499
<b>Total fund balance</b>	<b>116,113</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,982,341</b>	<b>429,369</b>	<b>339,916</b>	<b>7,699</b>	<b>2,875,438</b>
<b>Total liabilities and fund balance</b>	<b>\$ 116,313</b>	<b>\$ 9,638</b>	<b>\$ 5,982</b>	<b>\$ 26,743</b>	<b>\$ 1,982,341</b>	<b>\$ 429,369</b>	<b>\$ 339,916</b>	<b>\$ 11,737</b>	<b>\$ 2,922,039</b>

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

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position  
June 30, 2014

Statement 4

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

Total fund balances - governmental funds	\$ 2,875,438
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds

The cost of capital assets	11,091,553	
Accumulated depreciation	<u>(3,341,833)</u>	
		7,749,720

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year-end consist of:

Bonds payable	(5,960,000)	
Accrued interest on bonds	(247,358)	
Compensated absences	<u>(17,245)</u>	
		<u>(6,224,603)</u>

Total net position - governmental funds	<u>\$ 4,400,555</u>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Statement of Revenues, Expenditures and Changes in  
Fund Balances - All Governmental Funds  
Year Ended June 30, 2013

	General	Title I	IDEA-B Entitlement	Read2 Lead	Bond Building	Capital			Debt Service	Other Governmental	Total
						Improvements SB-9	Improvements	Improvements			
<b>REVENUES</b>											
Property taxes	\$ 34,148	\$ -	\$ -	\$ -	\$ -	\$ 140,077	\$ 339,076	\$ -	\$ -	\$ 513,301	
Copper production taxes	2,732	-	-	-	-	10,929	30,895	-	-	44,556	
Oil and gas taxes	15,155	-	-	-	-	69,739	138,255	-	-	223,149	
Charges for services	8,743	-	-	-	-	-	-	11,850	-	20,593	
Local sources	4,617	-	-	-	-	-	-	-	4,617	4,617	
State sources	1,349,207	-	-	-	25,422	-	-	-	1,882	1,376,511	
Federal sources	103	10,617	15,797	49,172	4,980	-	-	-	48,323	123,909	
Earnings from investments										5,083	
<b>Total revenues</b>	<b>1,414,705</b>	<b>10,617</b>	<b>15,797</b>	<b>49,172</b>	<b>30,402</b>	<b>220,745</b>	<b>508,226</b>	<b>62,055</b>	<b>2,311,719</b>		
<b>EXPENDITURES</b>											
Current:											
Direct instruction	550,177	10,617	15,797	49,172	-	-	-	41,699	-	667,462	
Instructional support	831,552	-	-	-	19,128	83,907	5,557	1,075	-	941,219	
Food services	27,128	-	-	-	-	-	-	23,383	-	50,511	
Capital outlay	10,000	-	-	-	1,207,620	8,141	-	-	-	1,225,761	
Debt service:											
Bonds	-	-	-	-	-	-	295,000	-	-	295,000	
Interest	-	-	-	-	-	-	94,527	-	-	94,527	
<b>Total expenditures</b>	<b>1,418,857</b>	<b>10,617</b>	<b>15,797</b>	<b>49,172</b>	<b>1,226,748</b>	<b>92,048</b>	<b>395,084</b>	<b>66,157</b>	<b>3,274,480</b>		
<b>Net change in fund balance</b>	<b>(4,152)</b>				<b>1,703,654</b>	<b>128,697</b>	<b>113,142</b>	<b>(4,102)</b>	<b>1,937,239</b>		
<b>Fund balance beginning of year</b>	<b>120,265</b>				<b>278,687</b>	<b>300,672</b>	<b>226,774</b>	<b>11,801</b>	<b>938,199</b>		
<b>Fund balance end of year</b>	<b>\$ 116,113</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,982,341</b>	<b>\$ 429,369</b>	<b>\$ 339,916</b>	<b>\$ 7,699</b>	<b>\$ 2,875,438</b>		

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

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances - Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2014

Statement 6

Total net change in fund balances - governmental funds \$ 1,937,239

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

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

Capital outlays	1,225,761	
Depreciation expense	<u>(383,414)</u>	
Excess of capital outlay over depreciation expense		842,347

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

Accrued interest payable	(152,490)
Compensated absences	(478)

The issuance of long-term debt (e.g. bonds) provides  
current financial resources to governmental funds  
while the repayment of the principal of long-term debt  
consumes the current financial resources of governmental  
funds.

Proceeds of bond issue	(2,900,000)
Repayment of long-term debt	<u>295,000</u>

Change in net position of governmental activities \$ 21,618

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



STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 50,608	\$ 50,608	\$ 51,890	\$ 1,282
Charges for services	8,000	8,000	8,743	743
Local sources	50	50	4,617	4,567
State sources	1,335,068	1,344,856	1,349,207	4,351
Federal sources	-	-	-	-
Earnings from investments	120	120	103	(17)
<b>Total revenues</b>	<b><u>\$ 1,393,846</u></b>	<b><u>\$ 1,403,634</u></b>	<b><u>\$ 1,414,560</u></b>	<b><u>\$ 10,926</u></b>
<b>EXPENDITURES</b>				
Direct instruction	\$ 545,128	\$ 545,128	\$ 550,177	\$ (5,049)
Instructional support	816,008	825,796	831,552	(5,756)
Food services	31,280	31,280	27,128	4,152
Capital outlay	10,000	10,000	10,000	-
<b>Total expenditures</b>	<b><u>\$ 1,402,416</u></b>	<b><u>\$ 1,412,204</u></b>	<b><u>\$ 1,418,857</u></b>	<b><u>\$ (6,653)</u></b>
<b>BUDGETED CASH BALANCE</b>	<b><u>\$ 8,570</u></b>	<b><u>\$ 8,570</u></b>		

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

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
Title I  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Federal sources	\$ 8,634	\$ 10,618	\$ 15,233	\$ (4,615)
Total revenues	<u>\$ 8,634</u>	<u>\$ 10,618</u>	<u>\$ 15,233</u>	<u>\$ (4,615)</u>
<b>EXPENDITURES</b>				
Direct instruction	\$ 8,634	\$ 10,618	\$ 10,617	\$ 1
Total expenditures	<u>\$ 8,634</u>	<u>\$ 10,618</u>	<u>\$ 10,617</u>	<u>\$ 1</u>

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

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
IDEA-B Entitlement  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Federal sources	\$ 14,184	\$ 16,281	\$ 17,952	\$ (1,671)
Total revenues	<u>\$ 14,184</u>	<u>\$ 16,281</u>	<u>\$ 17,952</u>	<u>\$ (1,671)</u>
<b>EXPENDITURES</b>				
Direct instruction	\$ 14,184	\$ 16,281	\$ 15,797	\$ 484
Total expenditures	<u>\$ 14,184</u>	<u>\$ 16,281</u>	<u>\$ 15,797</u>	<u>\$ 484</u>

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

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
Read2Lead  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
State sources	\$ -	\$ 52,914	\$ 22,429	\$ (30,485)
Total revenues	<u>\$ -</u>	<u>\$ 52,914</u>	<u>\$ 22,429</u>	<u>\$ (30,485)</u>
<b>EXPENDITURES</b>				
Direct instruction	\$ -	\$ 52,914	\$ 49,172	\$ 3,742
Total expenditures	<u>\$ -</u>	<u>\$ 52,914</u>	<u>\$ 49,172</u>	<u>\$ 3,742</u>

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

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Statement of Fiduciary  
Assets and Liabilities - Agency Funds  
June 30, 2014

ASSETS	
Cash	\$ <u>20,941</u>
Total Assets	<u>\$ 20,941</u>
LIABILITIES	
Deposits held for others	\$ <u>20,941</u>
Total Liabilities	<u>\$ 20,941</u>

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

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Notes to Financial Statements  
Year Ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In June 1999, the GASB unanimously approved Statement #34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. In June 2001, the GASB approved Statement No. 37, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*. Statement 37 clarifies and modifies Statement No. 34 and should be implemented simultaneously with Statement No. 34. Statement No. 38 modifies, establishes and rescinds certain financial statement disclosure requirements.

The District implemented the provisions of GASB #'s 34, 37 and 38 effective July 1, 2000. As part of Statement No. 34, there is a new reporting requirement regarding the local government's infrastructure (roads, bridges, etc.). The District does not own any infrastructure assets and therefore is unaffected by this requirement.

A. Reporting Entity

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

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

Notes to Financial Statements (continued)

own taxes or set rates or charges, and issue bonded debt. The District also has no *component units* as defined by GASB Statement No. 14 as there are no other legally separate organizations for which the elected School Board members are financially accountable. There are no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the District has a significant relationship.

B. Basis of Presentation

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

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

Governmental Funds

Under the requirements of GASB 34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund):

General Fund - the primary operating fund of the District accounts for all financial resources, except those required to be accounted for in other funds.

Special Revenue Fund - Title I - Title ESEA Fund - The Title I project provides remedial instruction in the language arts for educationally deprived students in low income areas. The project is funded by the Federal Government through the New Mexico State Department of Education, under the chapter 1, Part A, 20 U.S.C. 2701 et seq.

Special Revenue Fund - IDEA-B Entitlement - To account for resources for the operation and maintenance of meeting special education needs of children with disabilities. Financing and authority is the Individual With Disabilities Act, Part B, Sec. 611, as amended; Public Law 105-17.

Special Revenue Fund - Read2Lead - To account for resources received to provide funds to support a reading K-3 Formative coaches, supports for intervention, and professional administrators. Financing and authority is a special legislative appropriation, Laws of 2014, Chapter 63, Section 4, Item 1 (other Education), Early Reading Initiative.

Notes to Financial Statements (continued)

Capital Projects Fund - Bond Building - To account for resources received from the sale of general obligation bonds for the purpose of constructing and renovating school buildings.

Capital Projects Fund - Capital Improvements SB-9 - To account for resources received through Senate Bill 9 and local tax levies obtained for the purpose of building, remodeling, and equipping classroom facilities. Also, for resources received from State of New Mexico Severance Tax Bonds.

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

Agency Funds - account for assets that the government holds for others in an agency capacity. These agency funds are as follows:

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

The District also reports additional Government funds as non-major. The include:

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

Debt Service Funds - To account for resources received for the purpose of paying general obligation bonds and interest coupons. Funds are received from property taxes levied against property located within the School District and levied specifically for this purpose.

All governmental funds for the School District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

C. Measurement Focus and Basis of Accounting

**Government-Wide Financial Statements (GWFS)**

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

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



## Notes to Financial Statements (continued)

resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

### **Program Revenues**

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

### **Allocation of Indirect Expenses**

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

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

#### **Governmental Funds**

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

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

## Notes to Financial Statements (continued)

### REVENUES

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

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

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

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

### EXPENDITURES

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

### OTHER FINANCING SOURCES (USES)

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

### **Fiduciary Funds**

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

#### D. Budgets and Budgetary Accounting

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

Notes to Financial Statements (continued)

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

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

1. Prior to April 15, (unless a later date is fixed by the Superintendent of Public Instruction) the local school board submits to the School Budget Planning Unit (SBPU) of the New Mexico Department of Education an estimated budget for the school district for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the State Department of Education (SDE) by the school district shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBPU.
5. No school board or officer or employee of a school district shall make any expenditures or incur any obligation for the expenditure of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division, but this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the SBPU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget.

Notes to Financial Statements (continued)

The budget of Mosquero Municipal Schools has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflects the approved budget and amendments thereto.

**E. Encumbrances**

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

**F. Assets, Liabilities and Fund Equity**

**1. Cash & Cash Equivalents**

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

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

**2. Investments**

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

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

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

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

Notes to Financial Statements (continued)

If the District is unable to receive payment on public money at the rate of interest set forth by the State Board of Finance (which is no less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of the deposit) from financial institutions within the geographic boundaries of the governmental unit, the District may invest its money with the New Mexico State Treasurer's short-term investment pool.

**3. Accounts Receivable**

Accounts receivable are recorded in the various governmental funds. They consist of amounts receivable from local governments relating to various grant agreements and property taxes receivable. The information required to report property taxes at full accrual was not available during the year.

Accounts receivable consist of the following:

	<u>General</u>	<u>Other Major</u>	<u>Other Governmental</u>	<u>Total</u>
Taxes	\$ 1,416	\$ 21,694	\$ -	\$ 23,110
Intergovernmental	-	42,363	3,782	46,145
	<u>\$ 1,416</u>	<u>\$ 64,057</u>	<u>\$ 3,782</u>	<u>\$ 69,255</u>

**4. Inventories**

Inventory in the Cafeteria Fund consists of purchased food and non-food items and United States Department of Agriculture (USDA) commodities. Commodities are shown at the USDA procurement cost. Costs are recorded as expenditures at the time individual inventory items are used (consumption method). Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

**5. Capital Assets**

Capital assets are recorded at historical cost and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. This is an increase from the \$1,000 threshold reported in prior years. This is a change in accounting estimate. All previously reported Capital Assets that do not meet the updated amount will be depreciated currently and in future periods until they are fully depreciated. Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The District does not capitalize interest in regards to its capital assets. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Notes to Financial Statements (continued)

Land improvements	50 years
Buildings & building improvements	20 to 50 years
Furniture & equipment	3 to 15 years
Auto/Vehicle	2 to 15 years

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

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

**6. Revenues not yet earned**

The District reports revenues not yet earned on its Statement of Net Assets and fund balance sheet. Revenues not yet earned arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

**7. Compensated Absences**

All 12-month or full time employees earn vacation and sick leave in amounts varying with tenure and classification. Employees cannot accumulate more than 20 days of vacation leave. Upon retirement, unused vacation leave up to 20 days is paid to employees. No reimbursement or accrual is made for unused sick leave.

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

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

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

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

## Notes to Financial Statements (continued)

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

### 8. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (School District ordinances).

Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party - such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purpose specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the School District Board. Those committed amounts cannot be used for any other purpose unless the School District's Board removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School District's Board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable.

## Notes to Financial Statements (continued)

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District Board or a School District official delegated that authority by the School District Board or ordinance.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

### 9. Restricted Net Assets

The governmental activities financial statements utilize a net assets presentation. Net assets are categorized as follows:

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

Restricted net position - This category reflects the portion of net assets that have third party limitations on their use.

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

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



Notes to Financial Statements (continued)

10. **Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

11. **Estimates**

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

2. DEPOSITORY COLLATERAL

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

Wells Fargo Bank Checking	\$ 701,221
Wells Fargo Bank Investments	<u>2,152,172</u>
Total	<u><b>\$ 2,853,393</b></u>
Total amount on deposit	\$ 2,853,393
Outstanding checks	(31,353)
Due from REC	2,353
Deposit in transit	<u>195</u>
Total per financial statements	<u><b>\$ 2,824,588</b></u>

At June 30, 2014, the carrying amount of the School Districts deposits was \$2,824,588 and the bank balance was \$2,853,393. Of this balance \$250,000 was covered by federal depository insurance and \$1,324,616 was covered by collateral. The remaining \$1,278,777 is comprised of amounts in excess of those required to be collateralized under State law.

Cash on deposit at June 30, 2014	\$ 2,853,393
Less F.D.I.C.	<u>(250,000)</u>
Uninsured Funds	2,603,393
50% Collateral Requirement	1,301,697
Pledged Collateral	<u>1,324,616</u>
Excess of Pledged Collateral	<u><b>\$ 22,919</b></u>

Notes to Financial Statements (continued)

*Custodial Credit Risk - Deposits* - Custodial Credit Risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). As of June 30, \$2,603,393 of the School's bank balance of \$2,853,393 was exposed to custodial credit risk as follows:

A. Uninsured and uncollateralized	\$1,278,777
B. Uninsured and collateralized with Securities held by the pledging banks trust department, not in the Schools name	<u>1,324,616</u>
Total	<u><b>\$2,603,393</b></u>

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the schools 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.

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the School District for at least one half of the amount on deposit with the institution.

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district, or political subdivision of the State of New Mexico. The collateral pledged is shown as follows:

<u>Wells Fargo Northwest, NA</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
FN #31417EKV2	1-1-43	\$ 4,544
FN #31417G4Y9	7-1-43	<u>1,320,072</u>
		<u><b>\$1,324,616</b></u>

As of June 30, the School District had the following cash and investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>
Checking accounts	<u><b>\$ 701,221</b></u>	Less than 6 months

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

Notes to Financial Statements (continued)

3. CAPITAL ASSETS

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

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014
Governmental activities:				
Land	\$ 7,700	\$ 39,654	\$ -	47,354
Total not being depreciated	<u>7,700</u>	<u>39,654</u>	<u>-</u>	<u>47,354</u>
Land improvements	461,048	343,054	-	804,102
Buildings & building improvements	8,137,992	828,761	(26,100)	8,940,653
Vehicles	336,720	-	-	336,720
Equipment	941,995	14,292	(348)	955,939
Furniture	6,785	-	-	6,785
Total	<u>9,884,540</u>	<u>1,186,107</u>	<u>(26,448)</u>	<u>11,044,199</u>
Less accumulated depreciation:				
Land improvements	(101,566)	(44,658)	-	(146,224)
Buildings & building improvements	(2,013,579)	(253,240)	26,100	(2,240,719)
Vehicles	(189,794)	(32,299)	-	(222,093)
Equipment	(673,142)	(53,217)	348	(726,011)
Furniture	(6,785)	-	-	(6,785)
Total	<u>(2,984,866)</u>	<u>(383,414)</u>	<u>26,448</u>	<u>(3,341,832)</u>
Governmental activities Capital assets, net	<u>\$ 6,907,374</u>	<u>\$ 842,347</u>	<u>\$ -</u>	<u>\$ 7,749,721</u>

4. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

During the year the following changes occurred in the liabilities reported in the District-Wide Statement of Net Assets:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
General Obligation Bonds	\$ 3,355,000	\$ 2,900,000	\$ 295,000	\$ 5,960,000	\$ 325,000
Compensated Absences	16,767	478	-	17,245	-
Total	<u>\$ 3,371,767</u>	<u>\$ 2,900,478</u>	<u>\$ 295,000</u>	<u>\$ 5,977,245</u>	<u>\$ 325,000</u>

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

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

The following is a summary of bond transactions of the district for the year ended June 30:

General obligation bonds payable, June 30, 2013	\$ 3,355,000
Bonds paid	(295,000)
Bonds issued	<u>2,900,000</u>
General obligation bonds payable, June 30, 2014	<u>\$ 5,960,000</u>

Notes to Financial Statements (continued)

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

<u>Series</u>	<u>Date of Issue</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance</u>
2003	07-01-03	\$ 300,000	2.90% - 4.00%	\$ 80,000
2004	08-27-04	\$ 260,000	1.05768%-1.25616%	105,000
2007	05-11-07	\$ 500,000	2.27% - 2.37%	250,000
2008	06-15-08	\$ 325,000	3.25% - 4.40%	250,000
2010	08-15-10	\$1,800,000	2.00% - 3.40%	1,425,000
2011	10-15-11	\$1,000,000	2.50% - 3.70%	950,000
2013	10-15-13	\$2,900,000	3.125% - 4.125%	2,900,000
				<b><u>\$5,960,000</u></b>

The annual requirements to amortize the general obligation bonds as of June 30, 2010, including interest payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 325,000	\$ 247,358	\$ 572,358
2016	420,000	185,028	605,028
2017	435,000	174,316	609,316
2018	405,000	162,727	567,727
2019	325,000	148,074	473,074
2020-2024	2,250,000	544,925	2,794,925
2025-2028	<u>1,800,000</u>	<u>125,775</u>	<u>1,925,775</u>
	<b><u>\$5,960,000</u></b>	<b><u>\$1,588,203</u></b>	<b><u>\$7,548,203</u></b>

B. Operating Leases

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

C. Short-Term Liabilities

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

5. REVENUES

A. Property Tax Levies

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

B. State Equalization Guarantee

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

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-multi cultural education; (5) size, etc. Payment is made from the public school fund under the authority of the chief (director of public school finance). The District received \$1,127,619 in state equalization guarantee distributions during the year ended June 30, 2013.

C. Transportation Distribution

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

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

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

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

Notes to Financial Statements (continued)

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

The District received \$219,181 in transportation distribution during the year ended June 30, 2014.

D. SB-9 State Match

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

The District received \$0 in state SB-9 matching during the year ended June 30, 2014.

E. Public School Capital Outlay

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

The council shall approve an application for grant assistance from the fund when the council determines that:

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

The council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district has complied with

Notes to Financial Statements (continued)

the provisions of this section. The council shall list all applications in order of priority and all allocations shall be made on a priority basis.

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved.

During the year ended June 30, 2014, the District received \$25,422 in special capital outlay funds.

F. Instructional Materials

The New Mexico State Department of Education (Department) received 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 State Board of Education "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. Beginning with the fiscal year ended June 30, 2011, Districts received their total allocation at the beginning of the fiscal year, instead of being reimbursed for purchases as was done in the prior year. During the year ended June 30, 2013, the District received \$3,065 in instructional materials allocation.

G. Federal Grants

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

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

6. CASH OVERDRAFTS

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

7. DUE FROM GRANTOR

The amount shown as due from grantor represents federal, state and local expenditures in excess of revenues. Most federal, state or local projects earn revenue as expenditures are incurred and are subsequently reimbursed by the grantor.

8. HIGH PLAINS REGIONAL EDUCATIONAL COOPERATIVE #3

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

9. INSURANCE COVERAGE

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

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

10. RELATED PARTY TRANSACTIONS

Board member, Cathy Wheeler and her husband, Dennis Wheeler are school bus contractors, dba Wheeler Fleet Bus Service. Total paid to Wheeler Fleet Bus Service for the year was \$139,286.

11. RISK MANAGEMENT

The school is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The school carries insurance for all risks listed above.

12. SURETY BOND

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



Notes to Financial Statements (continued)

13. BUDGETED ACTIVITY FUNDS

The Student Activity Funds, while budgeted under Non-Instructional Support in the financial statements, are considered for reporting purposes as agency funds. During the year ended June 30, 2013, the following changes occurred in the agency fund.

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<b>ASSETS</b>				
Cash	\$ 26,273	\$ 64,546	\$ (69,878)	\$ 20,941
Total assets	<u>\$ 26,273</u>	<u>\$ 64,546</u>	<u>\$ (69,878)</u>	<u>\$ 20,941</u>
<b>LIABILITIES</b>				
Deposits held for others:				
General activity	\$ 3,531	\$ 16,609	\$ (18,019)	\$ 2,121
Yearbook	2,749	99	(2,400)	448
FFA	2,639	18,138	(20,758)	19
Media	2,590	2,918	(2,866)	2,642
Harding County Round-Up	7,461	10,297	(8,452)	9,306
Senior Class	3	-	-	3
Familias	196	3,553	(1,619)	2,130
District 1-B	1,065	4,148	(5,213)	-
Paint the Town	5,161	5,300	(7,168)	3,293
5th & 6th Grade Class	382	760	(1,012)	130
3rd & 4th Grade Class	496	2,724	(2,371)	849
Total liabilities	<u>\$ 26,273</u>	<u>\$ 64,546</u>	<u>\$ (69,878)</u>	<u>\$ 20,941</u>

14. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

	General	Title I	IDEA-B Entitlement	Read 2Lead	
Revenues per modified accrual basis	\$ 1,414,705	\$ 10,617	\$ 15,797	\$ 49,172	
Receivables	(145)	-	-	-	
Deferred revenues/Due from grantor	-	4,616	2,155	(26,743)	
Revenues per budgetary basis	<u>\$ 1,414,560</u>	<u>\$ 15,233</u>	<u>\$ 17,952</u>	<u>\$ 22,429</u>	
Expenditures per modified accrual basis	\$ 1,418,857	\$ 10,617	\$ 15,797	\$ 49,172	
Accounts payable	-	-	-	-	
Expenditures per modified budgetary basis	<u>\$ 1,418,857</u>	<u>\$ 10,617</u>	<u>\$ 15,797</u>	<u>\$ 49,172</u>	
	Bond Building	Capital Improvements SB-9	Debt Service	Non-Major Special Revenue	Non-Major Debt Service
Revenues per modified accrual basis	\$ 30,402	\$ 220,745	\$ 508,226	\$ 62,055	\$ -
Receivables	-	(579)	(6,536)	-	-
Deferred revenues/Due from grantor	-	-	-	(926)	-
Revenues per budgetary basis	<u>\$ 30,402</u>	<u>\$ 220,166</u>	<u>\$ 501,690</u>	<u>\$ 61,129</u>	<u>\$ -</u>
Expenditures per modified accrual basis	\$ 1,226,748	\$ 92,048	\$ 395,084	\$ 66,157	\$ -
Inventory	-	-	-	(11)	-
Expenditures per modified budgetary basis	<u>\$ 1,226,748</u>	<u>\$ 92,048</u>	<u>\$ 395,084</u>	<u>\$ 66,146</u>	<u>\$ -</u>

15. RETIREMENT PLAN

*Plan Description.* Substantially all of the Mosquero Municipal Schools full-time employees participate in a educational employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11 NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, 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, PO Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

*Funding Policy*

Member Contributions

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

Employer Contributions

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

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

The contribution requirements of plan members and the Mosquero Municipal Schools are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Mosquero Municipal Schools contributions to ERB for the fiscal years ending June 30, 2014, 2013 and 2012, were \$82,121, \$66,663 and \$54,319, respectively, which equal the amount of the required contributions for each fiscal year.

16. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

*Plan Description.* Mosquero Municipal Schools 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 RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employers effective date and the date of retirement; (2) retirees defined by the Act who retired prior to July 1, 1990; (3) former legislators who served at least two years; and (4) former governing authority members who served at least four years.

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

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

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

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

The Mosquero Municipal Schools contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$12,715, \$12,132, and \$10,711, respectively, which equal the required contributions for each year.

Notes to Financial Statements (continued)

17. FUND BALANCES CLASSIFIED

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented here.

<u>Fund Balances</u>	<u>General Fund</u>	<u>Bond Building</u>	<u>Capital Improvements SB-9</u>	<u>Debt Service</u>	<u>Non-Major Governmental Fund</u>	<u>Total</u>
Nonspendable:						
Interfund loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	2,992	2,992
<b>Total nonspendable</b>	-	-	-	-	2,992	2,992
Restricted for:						
Teacherege units	7,284	-	-	-	-	7,284
Transportation services	107,053	-	-	-	-	107,053
Instructional materials	277	-	-	-	-	277
Capital improvements	-	1,982,341	429,369	-	-	2,411,710
Debt service payments	-	-	-	339,916	267	340,183
Athletic services	-	-	-	-	365	365
Cafeteria services	-	-	-	-	4,075	4,075
<b>Total restricted</b>	<u>114,614</u>	<u>1,982,341</u>	<u>429,369</u>	<u>339,916</u>	<u>4,707</u>	<u>2,870,947</u>
Committed to:						
Other purposes	-	-	-	-	-	-
<b>Total committed</b>	-	-	-	-	-	-
Unassigned:						
	1,499	-	-	-	-	1,499
<b>Total Fund Balances</b>	<u>\$ 116,113</u>	<u>\$ 1,982,341</u>	<u>\$ 429,369</u>	<u>\$ 339,916</u>	<u>\$ 7,699</u>	<u>\$ 2,875,438</u>

18. BUDGET VIOLATIONS

The Operational Fund had a budget overrun of \$7,405 overall. The Debt Service Fund had an overall budget overrun of \$4,557. The Capital Projects Bond Building Fund had an overall budget overrun of \$761,211.

19. PENSION LIABILITY

Agencies that contribute to pensions subject to GASB 68 must include a pension liability in the financial statements beginning in the fiscal year ending June 30, 2015 audit report. At this time the Educational Retirement Board is a Statewide pension for Education Employees that will fall under the requirements of GASB 68. This liability and the total amount needed to be reported are unknown at this time.

**OTHER MAJOR FUNDS BUDGETS**

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Statement of Revenues and Expenditures  
Budget and Actual (Non-GAAP Budgetary Basis)  
Bond Building Fund  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
State sources	\$ -	\$ -	\$ 25,422	\$ 25,422
Earnings on investments	-	-	4,980	4,980
<b>Total revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30,402</b>	<b>\$ 30,402</b>
<b>EXPENDITURES</b>				
Capital outlay	\$ 465,537	\$ 465,537	\$ 1,226,748	\$ (761,211)
<b>Total expenditures</b>	<b>\$ 465,537</b>	<b>\$ 465,537</b>	<b>\$ 1,226,748</b>	<b>\$ (761,211)</b>
<b>OTHER FINANCING SOURCES</b>				
Bond Proceeds	\$ -	\$ -	\$ 2,900,000	\$ 2,900,000
<b>Total other financing sources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,900,000</b>	<b>\$ 2,900,000</b>
<b>BUDGETED CASH BALANCE</b>	<b>\$ 465,537</b>	<b>\$ 465,537</b>		

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

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
Capital Improvements - SB-9 Fund  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 205,817	\$ 205,817	\$ 220,166	\$ 14,349
Local sources	-	-	-	-
State sources	-	-	-	-
Earnings on investments	-	-	-	-
Total revenues	<u>\$ 205,817</u>	<u>\$ 205,817</u>	<u>\$ 220,166</u>	<u>\$ 14,349</u>
EXPENDITURES				
Capital outlay	\$ 598,031	\$ 599,432	\$ 92,048	\$ 507,384
Total expenditures	<u>\$ 598,031</u>	<u>\$ 599,432</u>	<u>\$ 92,048</u>	<u>\$ 507,384</u>
BUDGETED CASH BALANCE	<u>\$ 392,214</u>	<u>\$ 393,615</u>		

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

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
Debt Service Fund  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 401,729	\$ 401,729	\$ 501,690	\$ 99,961
Total revenues	<u>\$ 401,729</u>	<u>\$ 401,729</u>	<u>\$ 501,690</u>	<u>\$ 99,961</u>
<b>EXPENDITURES</b>				
Instructional support	\$ 1,000	\$ 1,000	\$ 5,557	\$ (4,557)
Bonds paid	285,000	295,000	295,000	-
Coupons Paid	<u>94,527</u>	<u>94,527</u>	<u>94,527</u>	<u>-</u>
Total expenditures	<u>\$ 380,527</u>	<u>\$ 390,527</u>	<u>\$ 395,084</u>	<u>\$ (4,557)</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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



**NON-MAJOR GOVERNMENTAL FUNDS**

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Non-Major Governmental Funds  
Combining Balance Sheet - By Fund Type  
June 30, 2014

Statement A-1

	Special Revenue Funds	Debt Service Funds	Total
<b>ASSETS</b>			
Cash on deposit	\$ 4,696	\$ 267	\$ 4,963
Taxes receivable	-	-	-
Due from grantor	3,782	-	3,782
Inventory, at cost	2,992	-	2,992
Total assets	<b>\$ 11,470</b>	<b>\$ 267</b>	<b>\$ 11,737</b>
<b>LIABILITIES</b>			
Cash overdraft	\$ 3,782	-	\$ 3,782
Revenues not yet earned	256	-	256
Total liabilities	4,038	-	4,038
<b>FUND BALANCE</b>			
Nonspendable	2,992	-	2,992
Restricted	4,440	267	4,707
Total fund balance	7,432	267	7,699
Total liabilities and fund balance	<b>\$ 11,470</b>	<b>\$ 267</b>	<b>\$ 11,737</b>

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

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Non-Major Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances - By Fund Type  
Year Ended June 30, 2014

	Special Revenue Funds	Debt Service Funds	Total
REVENUES	<u>          </u>	<u>          </u>	<u>          </u>
Taxes	\$ -	\$ -	\$ -
Charges for services	11,850	-	11,850
Local sources	-	-	-
State sources	1,882	-	1,882
Federal sources	48,323	-	48,323
Earnings from investments	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>62,055</u>	<u>-</u>	<u>62,055</u>
EXPENDITURES			
Current:			
Direct instruction	41,699	-	41,699
Instructional support	1,075	-	1,075
Food services	<u>23,383</u>	<u>-</u>	<u>23,383</u>
Total expenditures	<u>66,157</u>	<u>-</u>	<u>66,157</u>
Net change in fund balances	(4,102)	-	(4,102)
Fund balance beginning of year	<u>11,534</u>	<u>267</u>	<u>11,801</u>
Fund balance end of year	<u><u>\$ 7,432</u></u>	<u><u>\$ 267</u></u>	<u><u>\$ 7,699</u></u>

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

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Combined Statement of Revenues and Expenditures  
Budget and Actual (Non-GAAP Budgetary Basis)  
Governmental Fund Types - Non-Major  
Special Revenue Funds  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Charges for services	\$ 8,700	\$ 8,700	\$ 11,850	\$ 3,150
Local sources	550	550	-	(550)
State sources	-	2,547	-	(2,547)
Federal sources	13,399	49,281	49,279	(2)
Earnings from investments	-	-	-	-
<b>Total revenues</b>	<b><u>\$ 22,649</u></b>	<b><u>\$ 61,078</u></b>	<b><u>\$ 61,129</u></b>	<b><u>\$ 51</u></b>
<b>EXPENDITURES</b>				
Direct instruction	\$ 5,119	\$ 42,088	\$ 41,699	\$ 389
Instructional support	-	1,740	1,075	665
Food services	22,841	27,791	23,372	4,419
<b>Total expenditures</b>	<b><u>\$ 27,960</u></b>	<b><u>\$ 71,619</u></b>	<b><u>\$ 66,146</u></b>	<b><u>\$ 5,473</u></b>
<b>BUDGETED CASH BALANCE</b>	<b><u>\$ 5,311</u></b>	<b><u>\$ 10,541</u></b>		

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

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Combined Statement of Revenue and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
Governmental Fund Types - Non-Major  
Debt Service Fund  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Earnings from investments	-	-	-	-
<b>Total revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>EXPENDITURES</b>				
Instructional support	\$ -	\$ -	\$ -	\$ -
Bonds	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

## NON-MAJOR SPECIAL REVENUE FUNDS

**ALL FUNDS** - All funds were created by management directive.

**REAP (RURAL EDUCATIONAL ACHIEVEMENT PROGRAM)** - To account for monies received to provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning. Financing and authority for this program is contained in Title VI, Part B of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by Public Law 107-110.

**IDEA-B - PRESCHOOL** - To account for monies received for the operation and maintenance of meeting the special education needs of children with disabilities. Financing and authority is the Individuals With Disabilities Act, Part B, Sec. 611, as amended; Public Law 105-17.

**BEGINNING TEACHER MENTORING PROGRAM** - To account for monies appropriated by the State Legislature to be used for stipends to mentors, for professional development opportunities, release time; including payment of substitutes, materials and supplies and for minor administrative costs. Financing and authority is provided by the State Legislature.

**NM GEAR UP** - To encourage eligible entities to provide supportive services to elementary and middle schools, and secondary school students who are at risk of dropping out of school; and information to students and their parents about the advantages of obtaining a postsecondary education and the college financing options for the students and their parents. Authorization granted through Higher Education Act, Title IV, Part A, Subpart 2, Chapter 2, 20 U.S.C. 1070a-21-1070a-28.

**SUN SAFETY** - To account for resources received to provide Sun Safety/Skin cancer prevention education to students in grades Kindergarten through Sixth grade using curricula that are evidence-based. Funding is provided by Comprehensive Cancer Program, Public Health Division, New Mexico Department of Health.

**FUEL UP TO PLAY 60** - To account for resources received to improve students awareness of the importance of healthy eating and increased physical activity.

**ATHLETICS FUND** - This fund provides financing for school athletic activities. Funding is provided by fees from patrons. Fund is authorized by 6-20-2 NMAC.

**SCHOOL LUNCH FUND** - This program provides financing for school hot lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-12, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 Stat. 889, as amended; 84 Stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 Stat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 Stat. 3341; Public Law 100-71, 101 Stat. 430. Also State Law NMSA 22-13-13.

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Non-Major Special Revenue Funds  
Combining Balance Sheet  
June 30, 2014

	REAP	IDEA-B Preschool	Beginning Teacher Mentoring Program	Gear Up Program
<b>ASSETS</b>				
Cash on deposit	\$ -	\$ -	\$ 117	\$ -
Due from grantor	-	1,900	-	807
Inventory, at cost	-	-	-	-
Total assets	\$ -	\$ 1,900	\$ 117	\$ 807
<b>LIABILITIES</b>				
Cash overdraft	\$ -	\$ 1,900	\$ -	\$ 807
Revenues not yet earned	-	-	117	-
Total liabilities	-	1,900	117	807
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities and fund balance	\$ -	\$ 1,900	\$ 117	\$ 807

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

STATE OF NEW MEXICO  
 MOSQUERO MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Funds  
 Combining Balance Sheet  
 June 30, 2014

Statement B-1  
 Page 2 of 2

	Sun Safety	Fuel Up to Play 60	Athletics	Cafeteria	Totals
<b>ASSETS</b>					
Cash on deposit	\$ -	\$ 139	\$ 365	\$ 4,075	\$ 4,696
Due from grantor	1,075	-	-	-	3,782
Inventory, at cost	-	-	-	2,992	2,992
<b>Total assets</b>	<b>\$ 1,075</b>	<b>\$ 139</b>	<b>\$ 365</b>	<b>\$ 7,067</b>	<b>\$ 11,470</b>
<b>LIABILITIES</b>					
Cash overdraft	\$ 1,075	\$ -	\$ -	\$ -	\$ 3,782
Revenues not yet earned	-	139	-	-	256
<b>Total liabilities</b>	<b>1,075</b>	<b>139</b>	<b>-</b>	<b>-</b>	<b>4,038</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	2,992	2,992
Restricted	-	-	365	4,075	4,440
<b>Total fund balance</b>	<b>-</b>	<b>-</b>	<b>365</b>	<b>7,067</b>	<b>7,432</b>
<b>Total liabilities and fund balance</b>	<b>\$ 1,075</b>	<b>\$ 139</b>	<b>\$ 365</b>	<b>\$ 7,067</b>	<b>\$ 11,470</b>

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



STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Non-Major Special Revenue Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended June 30, 2014

	REAP	IDEA-B Preschool	Beginning Teacher Mentoring Program	Gear Up Program
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-
State sources	-	2,481	-	807
Federal sources	35,166	-	-	-
<b>Total revenues</b>	<u>35,166</u>	<u>2,481</u>	<u>-</u>	<u>807</u>
<b>EXPENDITURES</b>				
Direct instruction	35,166	2,481	-	807
Instructional support	-	-	-	-
Food services	-	-	-	-
<b>Total expenditures</b>	<u>35,166</u>	<u>2,481</u>	<u>-</u>	<u>807</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Non-Major Special Revenue Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended June 30, 2014

	Sun		Fuel Up to		Athletics	Cafeteria	Totals
	Safety		Play 60				
<b>REVENUES</b>							
Charges for services	\$ -	\$ -	\$ -	\$ 2,766	\$ 9,084	\$ 11,850	
Local sources	-	-	-	-	-	-	
State sources	1,075	-	-	-	-	4,363	
Federal sources	-	-	-	-	10,676	45,842	
<b>Total revenues</b>	<u>1,075</u>	<u>-</u>	<u>-</u>	<u>2,766</u>	<u>19,760</u>	<u>62,055</u>	
<b>EXPENDITURES</b>							
Direct instruction	-	-	-	3,245	-	41,699	
Instructional support	1,075	-	-	-	-	1,075	
Food services	-	-	-	-	23,383	23,383	
<b>Total expenditures</b>	<u>1,075</u>	<u>-</u>	<u>-</u>	<u>3,245</u>	<u>23,383</u>	<u>66,157</u>	
<b>Net change in fund balance</b>	-	-	-	(479)	(3,623)	(4,102)	
<b>Fund balance at beginning of year</b>	-	-	-	844	10,690	11,534	
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 365</u>	<u>\$ 7,067</u>	<u>\$ 7,432</u>	

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

STATE OF NEW MEXICO  
 MOSQUERO MUNICIPAL SCHOOLS  
 Non-Major Special Revenue - REAP  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Federal sources	\$ -	\$ 35,166	\$ 36,540	\$ 1,374
Total revenues	<u>\$ -</u>	<u>\$ 35,166</u>	<u>\$ 36,540</u>	<u>\$ 1,374</u>
<b>EXPENDITURES</b>				
Direct instruction	\$ -	\$ 35,166	\$ 35,166	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ 35,166</u>	<u>\$ 35,166</u>	<u>\$ -</u>
<b>REVENUES</b>				
Budgetary basis			\$ 36,540	
Decrease in due from grantor			<u>(1,374)</u>	
Modified accrual basis			<u>\$ 35,166</u>	

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

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Non-Major Special Revenue - IDEA-B Preschool  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Federal sources	\$ 1,771	\$ 2,487	\$ 2,063	\$ (424)
Total revenues	<u>\$ 1,771</u>	<u>\$ 2,487</u>	<u>\$ 2,063</u>	<u>\$ (424)</u>
EXPENDITURES				
Direct instruction	\$ 1,771	\$ 2,487	\$ 2,481	\$ 6
Total expenditures	<u>\$ 1,771</u>	<u>\$ 2,487</u>	<u>\$ 2,481</u>	<u>\$ 6</u>
REVENUES				
Budgetary basis			\$ 2,063	
Increase in due from grantor			<u>418</u>	
Modified accrual basis			<u>\$ 2,481</u>	

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

STATE OF NEW MEXICO  
 MOSQUERO MUNICIPAL SCHOOLS  
 Non-Major Special Revenue - Beginning Teacher Mentoring Program  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

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

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

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Non-Major Special Revenue - Gear Up Program  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
State sources	\$ -	\$ 807	\$ -	\$ (807)
Total revenues	<u>\$ -</u>	<u>\$ 807</u>	<u>\$ -</u>	<u>\$ (807)</u>
<b>EXPENDITURES</b>				
Direct instruction	\$ -	\$ 807	\$ 807	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ 807</u>	<u>\$ 807</u>	<u>\$ -</u>
<b>REVENUES</b>				
Budgetary basis			\$ -	
Increase in due from grantor			<u>807</u>	
Modified accrual basis			<u>\$ 807</u>	

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

STATE OF NEW MEXICO  
 MOSQUERO MUNICIPAL SCHOOLS  
 Non-Major Special Revenue - Sun Safety  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
State sources	\$ -	\$ 1,740	\$ -	\$ (1,740)
Total revenues	<u>\$ -</u>	<u>\$ 1,740</u>	<u>\$ -</u>	<u>\$ (1,740)</u>
<b>EXPENDITURES</b>				
Direct instruction	\$ -	\$ 1,740	\$ 1,075	\$ 665
Total expenditures	<u>\$ -</u>	<u>\$ 1,740</u>	<u>\$ 1,075</u>	<u>\$ 665</u>
<b>REVENUES</b>				
Budgetary basis			\$ -	
Decrease in revenues not yet earned			<u>1,075</u>	
Modified accrual basis			<u>\$ 1,075</u>	

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

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Non-Major Special Revenue - Fuel Up to Play 60  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2014

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

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



STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Non-Major Special Revenue - Athletics  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 2,200	\$ 2,200	\$ 2,766	\$ 566
Local sources	<u>550</u>	<u>550</u>	<u>550</u>	<u>(550)</u>
Total revenues	<u>\$ 2,750</u>	<u>\$ 2,750</u>	<u>\$ 2,766</u>	<u>\$ 16</u>
EXPENDITURES				
Direct instruction	\$ 3,348	\$ 3,628	\$ 3,245	\$ 383
Total expenditures	<u>\$ 3,348</u>	<u>\$ 3,628</u>	<u>\$ 3,245</u>	<u>\$ 383</u>
BUDGETED CASH BALANCE	<u>\$ 598</u>	<u>\$ 878</u>		

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

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Non-Major Special Revenue - Cafeteria  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Charges for services	\$ 6,500	\$ 6,500	\$ 9,084	\$ 2,584
Federal sources	<u>11,628</u>	<u>11,628</u>	<u>10,676</u>	<u>(952)</u>
Total revenues	<u><b>\$ 18,128</b></u>	<u><b>\$ 18,128</b></u>	<u><b>\$ 19,760</b></u>	<u><b>\$ 1,632</b></u>
<b>EXPENDITURES</b>				
Food services	<u>\$ 22,841</u>	<u>\$ 27,791</u>	<u>\$ 23,372</u>	<u>\$ 4,419</u>
Total expenditures	<u><b>\$ 22,841</b></u>	<u><b>\$ 27,791</b></u>	<u><b>\$ 23,372</b></u>	<u><b>\$ 4,419</b></u>
<b>BUDGETED CASH BALANCE</b>	<u><b>\$ 4,713</b></u>	<u><b>\$ 9,663</b></u>		
<b>EXPENDITURES</b>				
Budgetary basis			\$ 23,372	
Decrease in inventory			<u>11</u>	
Modified accrual basis			<u><b>\$ 23,383</b></u>	

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

**NON-MAJOR DEBT SERVICE FUND**

**EDUCATIONAL TECHNOLOGY BONDS** - To account for resources received for the purpose of paying technology bonds and interest coupons. Funds are received from property taxes levied against property located within the school district and levied specifically for this purpose.

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Non-Major Debt Service Funds  
Combining Balance Sheet  
June 30, 2014

Statement C-1

	<u>Educational  Technology  Debt  Service</u>
<b>ASSETS</b>	
Cash on deposit	\$ 267
Taxes receivable	<u>-</u>
Total assets	<u><u>\$ 267</u></u>
<b>LIABILITIES</b>	
Accounts payable	<u>\$ -</u>
Total liabilities	<u>-</u>
<b>FUND BALANCE</b>	
Restricted	<u>267</u>
Total fund balance	<u>267</u>
Total liabilities and fund balance	<u><u>\$ 267</u></u>

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

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Non-Major Debt Service Funds  
Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances - All Governmental Funds  
Year Ended June 30, 2014

Statement C-2

		Educational Technology Debt Service
		<u>          </u>
REVENUES		
Taxes	\$	-
Charges for services		-
Local sources		-
State sources		-
Federal sources		-
Earnings from investments		-
		<u>          </u>
Total revenues		<u>          </u>
EXPENDITURES		
Current:		
Instructional support		-
Debt service:		
Bonds		-
Interest		-
		<u>          </u>
Total expenditures		<u>          </u>
Net change in fund balances		-
Fund balance beginning of year		<u>          267</u>
Fund balance end of year	\$	<u><u>          267</u></u>

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

STATE OF NEW MEXICO  
 MOSQUERO MUNICIPAL SCHOOLS  
 Statement of Revenue and Expenditures  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Debt Service Fund  
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Earnings from investments	-	-	-	-
<b>Total revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>EXPENDITURES</b>				
Instructional support	\$ -	\$ -	\$ -	\$ -
Bonds	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

### GENERAL FUND

**OPERATIONAL FUND** - This fund is the chief operating fund of the School District. It is used to account for all financial resources of the School District except for those required to be accounted for in another fund.

**TEACHERAGE FUND** - To account for resources received from the rental of School owned facilities.

**TRANSPORTATION FUND** - To account for resources received from the Public Education Department to be used only for eligible to and from school transportation costs.

**INSTRUCTIONAL MATERIALS FUND** - to account for resources received from the Public Education Department to be used to purchase materials used as the basis for instruction.

STATE OF NEW MEXICO  
 MOSQUERO MUNICIPAL SCHOOLS  
 Combining Balance Sheet  
 General Fund  
 June 30, 2014

Statement D-1

	Operational	Teachergage	Transporation	Instructional Materials	Total
<b>ASSETS</b>					
Cash on deposit	\$ 83	\$ 7,484	\$ 107,053	\$ 277	\$ 114,897
Accounts receivable, collectible	<u>1,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,416</u>
<b>Total assets</b>	<u><b>\$ 1,499</b></u>	<u><b>\$ 7,484</b></u>	<u><b>\$ 107,053</b></u>	<u><b>\$ 277</b></u>	<u><b>\$ 116,313</b></u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Rental deposits	<u>-</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>200</u>
<b>Total liabilities</b>	<u>-</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>200</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	7,284	107,053	277	114,614
Unassigned	<u>1,499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,499</u>
<b>Total fund balance</b>	<u>1,499</u>	<u>7,284</u>	<u>107,053</u>	<u>277</u>	<u>116,113</u>
<b>Total liabilities and fund balance</b>	<u><b>\$ 1,499</b></u>	<u><b>\$ 7,484</b></u>	<u><b>\$ 107,053</b></u>	<u><b>\$ 277</b></u>	<u><b>\$ 116,313</b></u>

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



STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances

General Fund  
Year Ended June 30, 2014

	Operational	Teachera- ge	Transportation	Instructional Materials	Total
<b>REVENUES</b>					
Property taxes	\$ 34,148	-	-	-	\$ 34,148
Copper production taxes	2,732	-	-	-	2,732
Oil and gas taxes	15,155	-	-	-	15,155
Charges for services	-	8,743	-	-	8,743
Local sources	17	4,600	-	-	4,617
State sources	1,127,619	-	219,181	2,407	1,349,207
Federal sources	-	-	-	-	-
Earnings from investments	103	-	-	-	103
<b>Total revenues</b>	<u>1,179,774</u>	<u>13,343</u>	<u>219,181</u>	<u>2,407</u>	<u>1,414,705</u>
<b>EXPENDITURES</b>					
Direct instruction	546,501	-	-	3,676	550,177
Instructional support	609,380	3,744	218,428	-	831,552
Food service	27,128	-	-	-	27,128
Capital outlay	-	10,000	-	-	10,000
<b>Total expenditures</b>	<u>1,183,009</u>	<u>13,744</u>	<u>218,428</u>	<u>3,676</u>	<u>1,418,857</u>
<b>Net change in fund balance</b>	<b>(3,235)</b>	<b>(401)</b>	<b>753</b>	<b>(1,269)</b>	<b>(4,152)</b>
<b>Fund balance at beginning of year</b>	<u>4,734</u>	<u>7,685</u>	<u>106,300</u>	<u>1,546</u>	<u>120,265</u>
<b>Fund balance at end of year</b>	<u>\$ 1,499</u>	<u>\$ 7,284</u>	<u>\$ 107,053</u>	<u>\$ 277</u>	<u>\$ 116,113</u>

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

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
General Fund - Operational Fund  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 50,608	\$ 50,608	\$ 51,890	\$ 1,282
Charges for services	-	-	-	-
Local sources	50	50	17	(33)
State sources	1,122,000	1,122,000	1,127,619	5,619
Federal sources	-	-	-	-
Earnings from investments	120	120	103	(17)
<b>Total revenues</b>	<b><u>\$ 1,172,778</u></b>	<b><u>\$ 1,172,778</u></b>	<b><u>\$ 1,179,629</u></b>	<b><u>\$ 6,851</u></b>
<b>EXPENDITURES</b>				
Direct instruction	\$ 541,452	\$ 541,452	\$ 546,501	\$ (5,049)
Instructional support	602,872	602,872	609,380	(6,508)
Food services	31,280	31,280	27,128	4,152
<b>Total expenditures</b>	<b><u>\$ 1,175,604</u></b>	<b><u>\$ 1,175,604</u></b>	<b><u>\$ 1,183,009</u></b>	<b><u>\$ (7,405)</u></b>
<b>BUDGETED CASH BALANCE</b>	<b><u>\$ 2,826</u></b>	<b><u>\$ 2,826</u></b>		
<b>REVENUES</b>			<b>\$ 1,179,629</b>	
Budgetary basis			<u>145</u>	
Increase in receivables				
			<b><u>\$ 1,179,774</u></b>	
Modified accrual basis				

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

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
General Fund - Teacherage Fund  
Statement of Revenues and Expenditures  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	8,000	8,000	8,743	743
Local sources	-	-	4,600	4,600
State sources	-	-	-	-
Federal sources	-	-	-	-
Earnings from investments	-	-	-	-
<b>Total revenues</b>	<b><u>\$ 8,000</u></b>	<b><u>\$ 8,000</u></b>	<b><u>\$ 13,343</u></b>	<b><u>\$ 5,343</u></b>
<b>EXPENDITURES</b>				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Instructional support	3,744	3,744	3,744	-
Food services	-	-	-	-
Capital outlay	10,000	10,000	10,000	-
<b>Total expenditures</b>	<b><u>\$ 13,744</u></b>	<b><u>\$ 13,744</u></b>	<b><u>\$ 13,744</u></b>	<b><u>\$ -</u></b>
<b>BUDGETED CASH BALANCE</b>	<b><u>\$ 5,744</u></b>	<b><u>\$ 5,744</u></b>		

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

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
General Fund - Transportation Fund  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Local sources	-	-	-	-
State sources	209,392	219,180	219,181	1
Federal sources	-	-	-	-
Earnings from investments	-	-	-	-
<b>Total revenues</b>	<b><u>\$ 209,392</u></b>	<b><u>\$ 219,180</u></b>	<b><u>\$ 219,181</u></b>	<b><u>\$ 1</u></b>
<b>EXPENDITURES</b>				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Instructional support	209,392	219,180	218,428	752
Food service	-	-	-	-
<b>Total expenditures</b>	<b><u>\$ 209,392</u></b>	<b><u>\$ 219,180</u></b>	<b><u>\$ 218,428</u></b>	<b><u>\$ 752</u></b>
<b>BUDGETED CASH BALANCE</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>		

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

STATE OF NEW MEXICO  
 MOSQUERO MUNICIPAL SCHOOLS  
 General Fund - Instructional Materials Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Local sources	-	-	-	-
State sources	3,676	3,676	2,407	(1,269)
Federal sources	-	-	-	-
Earnings from investments	-	-	-	-
<b>Total revenues</b>	<b><u>\$ 3,676</u></b>	<b><u>\$ 3,676</u></b>	<b><u>\$ 2,407</u></b>	<b><u>\$ (1,269)</u></b>
<b>EXPENDITURES</b>				
Direct instruction	\$ 3,676	\$ 3,676	\$ 3,676	\$ -
Instructional support	-	-	-	-
Food services	-	-	-	-
<b>Total expenditures</b>	<b><u>\$ 3,676</u></b>	<b><u>\$ 3,676</u></b>	<b><u>\$ 3,676</u></b>	<b><u>\$ -</u></b>
<b>BUDGETED CASH BALANCE</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>		

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

**SUPPLEMENTARY INFORMATION**

STATE OF NEW MEXICO  
 MOSQUERO MUNICIPAL SCHOOLS  
 Schedule of Cash Receipts and  
 Disbursements - All Funds by  
 School District Classification  
 Year Ended June 30, 2014

	Operational	Teacherege	Transportation	Instructional Materials	Food Services	Athletics	Non- Instructional
Cash balance, June 30, 2013	\$ 3,463	\$ 7,885	\$ 106,300	\$ 1,546	\$ 7,687	\$ 844	\$ 26,273
Cash Receipts, 2013-2014	1,179,629	13,343	219,181	2,407	19,760	2,766	64,546
Cash Disbursements, 2013-2014	<u>(1,183,009)</u>	<u>(13,744)</u>	<u>(218,428)</u>	<u>(3,676)</u>	<u>(23,372)</u>	<u>(3,245)</u>	<u>(69,877)</u>
Cash balance, June 30, 2014	\$ 83	\$ 7,484	\$ 107,053	\$ 277	\$ 4,075	\$ 365	\$ 20,942
	Local	State	Federal Projects	Bond Building	Capital Improvement SB-9	Debt Service	Educational Technology Bonds
Cash balance, June 30, 2013	\$ 139	\$ 117	\$ (25,247)	\$ 278,687	\$ 295,582	\$ 217,285	\$ 267
Cash Receipts, 2013-2014	-	-	71,788	2,930,402	220,166	501,690	-
Cash Disbursements, 2013-2014	-	<u>(1,882)</u>	<u>(64,061)</u>	<u>(1,226,748)</u>	<u>(92,048)</u>	<u>(395,084)</u>	-
Cash balance, June 30, 2014	\$ 139	\$ (1,765)	\$ (17,520)	\$ 1,982,341	\$ 423,700	\$ 323,891	\$ 267

# Rice and Associates, C.P.A.

AUDITING  
BOOKKEEPING  
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS  
11805 Menaul NE  
Albuquerque, NM 87112

TAX PLANNING  
TAX PREPARATION  
FAX (505) 294-8904

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

**INDEPENDENT AUDITOR'S REPORT**

Mr. Hector H. Balderas  
New Mexico State Auditor  
and  
Board of Education  
Mosquero Municipal Schools  
Mosquero, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the General, Title I, Bond Building, Capital Improvements SB-9 and Debt Service Funds of the Mosquero Municipal Schools, as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Mosquero Municipal Schools basic financial statements, and the combining and individual funds and the related budgetary comparison of the non-major funds, presented as supplemental information, and have issued our report thereon dated October 23, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Mosquero Municipal Schools internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mosquero Municipal Schools internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Mosquero Municipal Schools internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.



A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

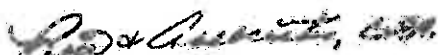
As part of obtaining reasonable assurance about whether the Mosquero Municipal Schools financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards which is described in the accompanying Status of Findings as Budget Overruns (2013-001).

#### Mosquero Municipal Schools Response to Findings

Mosquero Municipal Schools responses to the findings identified in our audit are described in the accompanying Status of Comments. Mosquero Municipal Schools responses were not subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we express no opinion on them.

#### Purpose of this Report

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



Albuquerque, New Mexico  
October 23, 2014

STATE OF NEW MEXICO  
MOSQUERO MUNICIPAL SCHOOLS  
Status of Findings  
June 30, 2014

**Prior Year Audit Findings:**

1. Budget Overruns (2013-001) - Repeated.
2. Construction Contract changed Without Board Approval (13-02) - Resolved.
3. Overpayment on Contract (13-03) - Resolved.

**Current Year Audit Findings:**

NONE

Budget Overruns - Other Matter  
(2013-001)

CONDITION                    The School District overspent the final approved budgets of the following funds. Operational Fund by \$7,405 overall, Bond Building Fund \$761,211 overall and the Debt Service Fund by \$4,557 overall.

CRITERIA                    NMSA 1978 Section 22-8-11 B requires all funds to be spent within established guidelines set for budgets.

CAUSE                        Management did not review the budgets quarterly and request the necessary budget adjustments before the required deadline set by the Public Education Department.

EFFECT                        The School District had the adequate cash to pay the additional expenditures but not the required budget authority from PED.

RECOMMENDATION            Management should review the budgets quarterly and make the necessary budget adjustment requests to ensure budgets by Fund are not overspent.

RESPONSE                    Budgets will be monitored quarterly and budget adjustment request will be submitted in a timely manner by management.

### FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2014 were prepared by Rice & Associates, CPA, based on managements chart of accounts and trial balances including any adjusting, correcting or closing entries approved by management. These services are allowable under SAS 115.

### EXIT CONFERENCE

An exit conference was held at the School District on October 23, 2014 to discuss the current audit report. In attendance were Ms. Darla King, Business Manager, Mr. Billy Ward, Superintendent and Ms. Pamela A. Rice, CPA, Contract Auditor.