

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS
 JUNE 30, 2012

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STATE OF NEW MEXICO
PORTALES MUNICIPAL SCHOOLS

OFFICIAL ROSTER

June 30, 2012

BOARD OF EDUCATION

Dr. Alan Garrett	President
Antonio R. Sanchez, Jr.	Vice President
Mary Lou Rowley	Secretary
Rod Savage	Member
Inez Rodriguez	Member

SCHOOL OFFICIALS

Randy Fowler	Superintendent
Sarah Marquez	Fiscal Officer

Woodard, Cowen & Co.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Mr. Hector Balderas
New Mexico State Auditor
The School Board
Portales Municipal Schools

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Portales Municipal Schools' (District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental, nonmajor and the budgetary comparisons for the major capital project funds, debt service funds and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, as listed in the table of contents.

These financial statements are the responsibility of the District's management. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2012, and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of each nonmajor governmental, of the District as of June 30, 2012, and the respective budgetary comparisons for the major capital project funds, debt service funds, and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

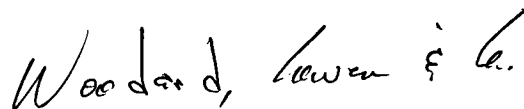
In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2012 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages vii through xxvi be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the

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Clovis: PO Box 1874, 116 E. Grand Avenue Clovis NM, 88101 Phone: 575-762-3811 Fax: 575-762-3866

Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Woodard, Cowen & Co." The signature is written in dark ink and is positioned to the right of the typed company name.

Woodard, Cowen, & Company
November 5, 2012



Portales Municipal School's Vision

"All students will be productive and successful citizens"

Portales Municipal School's Mission

"All students will be provided a Quality Education"

Introduction

The Management's Discussion and Analysis provides an overview of the Portales Municipal School's (District) financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and footnotes to enhance their understanding of the District's financial performance. Whenever possible, this discussion and analysis will provide the reader multi-year pictures of financial performance and other pertinent information through the use of tables and other graphic information. This is the first year of implantation of the Government Accounting Standards Board Statement No. 34 (GASB 34).

Financial Highlights

Key financial highlights for the fiscal year 2012 are as follows:

- ❖ The District completed the 2010-11 audit on time with no findings.
- ❖ The District has successfully implemented and maintained the financial reporting processes as required by the Governmental Accounting Standards Board Statement No. 34.
- ❖ The District's net assets increased marginally by \$11,908 or .03% primarily due to a decrease in cash and an increase in capital assets.
- ❖ Revenues decreased by \$1,608,724 or 6.8% due to a significant decrease in capital outlay related to a bond sale from the prior year.
- ❖ Expenditures increased slightly by \$152,141 or .64%.
- ❖ The Finance Office Manual of Procedures was updated and emailed to all staff on August 11, 2011. This living document is updated every year and sent to all District staff.



About the Portales Community

Portales Municipal Schools is located on the eastern part of New Mexico approximately 20 miles from Clovis, New Mexico in Roosevelt County. As stated on the Portales sign welcoming everyone into town, we have a population of “17,000 friendly people and two or three old grouches”.

We are located about 17 miles south of Cannon Air Force Base (CAFB) which is home to the Special Operations Squadron. Located on the western side of Portales is Eastern New Mexico University (ENMU) which recorded a record enrollment of 5,574 students in the fall of 2011. Portales Municipal Schools is the second largest employer in Portales, just behind ENMU.

We have several successful businesses located in Roosevelt County. Southwest Cheese is one of the largest block cheese and whey protein producers in the world. We are a county with 40 large dairy farms and a major wind farm.

Unemployment is below 6% in Portales, lower than the national average of 8.1% for 2012. Unlike most of the cities in New Mexico and nationwide, Roosevelt County has experienced increased tax receipts over the last few years. Part of the increase is due to the increased enrollment at ENMU, but part is also attributed to a newer, younger mission for CAFB.

About the Portales Municipal School District

To better understand the District’s financial performance, it is important to understand more about the District. The District’s student enrollment for 2011-12 from preschool to 12th grade was 2,985. The District has 6 grade level schools with the following breakdown:

Brown Early Childhood Center	Preschool through Kindergarten
RM James Elementary	1 st through 2 nd grade
Valencia Elementary	3 rd through 4 th grade
Lindsey-Steiner Elementary	5 th through 6 th grade
Portales Junior High School	7 th through 8 th grade
Portales High School	9 th through 12 th grade

The District also owns administrative facilities including the L.C. Cozzens Administrative Building; the Central Office Annex which houses Federal Programs, Special Student Services, and Technology; and the maintenance/warehouse building. The District contracts their buses through Dickie Shearer School Buses.

The District’s instructional focus is on literacy and mathematics. The District invests in quality and sustained professional development opportunities for teachers. Leadership training is provided to school and District administrators for the purpose of developing instructional leadership skills.



PORTALES MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ending June 30, 2012



Portales School District went through District accreditation in 2012 through AdvancED. The entire District participated in the process and a team of evaluators reviewed the documentation and evidence that the District had assembled on April 22 – 25, 2012. It was the recommendation of the team that Portales School District be accredited as a District nationally and internationally.

Roosevelt County's assessed valuation for the 2011 tax year was \$218,514,515. Voter-approved property tax assessments are used to generate revenue, which in turn, is used as the basis to sell general obligation bonds that are authorized to total up to 6% of the assessed valuation. In the past three years, the voters have approved the following general obligation (GO) bonds:

Year	\$ in millions
2009	\$1.7
2010	1.9
2010	2.275
2011	1.4

The GO Bond proceeds are used to expand and improve District infrastructure through the remodeling and upkeep of existing school facilities to meet the needs of the student population. GO Bond decisions are based off of the Districts 5 year Facilities Master Plan. The GO bond election for 2011 was used for the replacement of the roof at Portales High School.

In August 2010, Portales Municipal Schools opened a new elementary school (Lindsey-Steiner Elementary) on the north side of the city. We had two elementary schools, Lindsey Elementary and Steiner Elementary that had been placed on the remodel/replacement list from the New Mexico Public School Facilities Authority (PSFA). In order to save tax dollars of the voters, the District decided to tear down the obsolete schools and erect a larger combined school. Even though classes have been going on in the school since August 2010, the project is not complete and is reflected in the Construction in Progress status located in the Notes to Financial Statements under Capital Assets. It is also worthy to note, Lindsey-Steiner has solar power arrays installed on the roof of the building as part of a "green initiative" for new schools. The electricity produced from the solar panels is enough that Xcel Energy is buying back electricity from the school and applying the credit to the bills. In 2011, the total electricity for the 60,000 square foot building was \$19,799.25. In 2012, the total was \$4,911.49 a savings of 75.2%.

The SB9 mill levy was approved by the voters in the February 2011 election for six more years. These funds are used for remodeling, furnishings, equipment, maintenance, and technology around the District. Along with several NM Department of Transportation (NMDOT) awards, the District was able to use SB9 funding for parking lot improvements at several campuses. SB9 funds were also used to replace drinking fountains in one school, repaired intercom and fire alarm systems in several schools, replaced carpet in several classrooms, and updated the network infrastructure at several schools. Additional preventive maintenance preserves the high quality of District grounds and facilities.



PORTALES MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ending June 30, 2012



Student Nutrition continues to serve quality meals meeting state guidelines for improved nutrition, and maintains a financially stable budget. The Portales High School and Portales Junior High cafeterias were able to renovate in June 2012. This included new paint, booths, tables, and lighting for PHS and new paint and tables for PJHS.

About the Portales Municipal Schools Accounting and Finance Office

We believe this overview and the accompanying financial report from our auditors will indicate to the reader and the community that we have managed the District's financial affairs to the highest professional standards. We have developed a budget focused on our instructional mission with flexibility to address an uncertain economy. The District continues to monitor the state and national economy when planning future year budgets and programs. To enable high levels of financial performance, the District maintains a financial and accounting staff with strong levels of education, technical experience, and school business licensure.

In order to define and support internal controls, the School Business Office maintains separation of duties through a Comptroller position. The District has utilized the Tyler Technologies System (Visions) since July 2001 for Business Services, Fixed Assets, and Human Resources.

As an integral part of the District's accountability and transparency process, the Board of Education monitors District expenditures through a formal monthly reporting process and the budgets are carefully reviewed on an as needed basis. The reports are provided at a public meeting and become a part of the Board of Education's permanent public record. These reports are public documents and open to public inspection.

In September 2010, the Board of Education appointed an Audit Committee to provide greater public transparency in the accounting operations. The committee consists of two parent representatives, a community member with an accounting background, two Board members, and two ex-officio members: the Superintendent and the Business Manager. In response to Legislative Law CS/HB 227 & 251, the district created a Finance sub-committee that we call the Budget Committee comprised of teacher/staff representatives of each school in the district, two building principals, four parent/community members, two board members, all of the Directors in the District, and two ex-officio members: the Superintendent and the Business manager.

The District has consistently reported its financial standing on a monthly basis to the Board of Education. The District has consistently met the New Mexico Public Education Department's guidelines on reporting and approval of financial activity to the Board.



Using the Basic Financial Statements

The annual report consists of a series of financial statements and the notes to those statements. These statements are organized so the reader can understand the Portales Municipal School District as a financial whole, or as an entire operating entity.

The Statement of Net Assets and the Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund Financial Statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The Fund Financial Statements also look at the District's most significant funds with all other non-major funds presented in a total column. For Portales Municipal Schools, the General Fund is the most significant fund.

Reporting the School District as a Whole

Information about the Statement of Net Assets and Statement of Activities

While this report contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2012?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the District's net assets and changes in those net assets. This change in net assets is important because it identifies whether the financial position of the District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the District's property tax base, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, the District reports one distinct activity:

Governmental Activities – Most of the District's programs and services are reported here including Instruction, Support Services, Central Services, Operational and Maintenance of Plant, Student Transportation, Food Services-Operation, Bond Interest Paid, and unallocated Depreciation and Amortization.

The District does not have any component units to report.



PORTALES MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
 For the Fiscal Year Ending June 30, 2012



The Statement of Net Assets

The Statement of Net Assets (see Table 1) shows the current and non-current assets, current and non-current liabilities, and net assets comparison from 2011 and 2012.

Portales Municipal Schools			
Statement of Net Assets Comparison			
2012 to 2011			
	June 30, 2012	June 30, 2011	Variance
Assets:			
Current Assets			
Cash	\$ 4,736,610	\$ 8,318,657	\$ (3,582,047)
Due from other governments	620,226	227,984	392,242
Property Taxes Receivable	148,266	209,232	(60,966)
Inventory	34,533	21,938	12,595
Capital Assets, net accumulated depreciation	44,432,778	43,297,197	1,135,581
Bond Issuance Costs, net amortization	194,069	245,600	(51,531)
Total Assets	\$50,166,482	\$ 52,320,608	\$ (2,154,126)
Liabilities:			
Current Liabilities			
Accounts Payables	\$ 167,979	\$ 993,946	\$ (825,967)
Deferred Revenue	8,058	9,260	(1,202)
Debt due within one year	1,275,000	1,325,000	(50,000)
Non-current Liabilities			
Compensated Absences	93,395	107,260	(13,865)
Debt due in more than one year	9,140,000	10,415,000	(1,275,000)
Total Liabilities	\$10,684,432	\$ 12,850,466	\$ (2,166,034)
Net Assets:			
Invested in capital assets, net of related debt	\$34,017,778	\$ 31,557,197	\$ 2,460,581
Restricted for:			
Debt Service	752,552	667,993	84,559
Bond Building	446,539	1,998,585	(1,552,046)
Senate Bill Nine	907,169	1,569,270	(662,101)
Athletics	163,981	144,132	19,849
Cafeteria	854,198	806,087	48,111
Instructional Materials	3,947	7,402	(3,455)
Unrestricted	2,335,886	2,719,476	(383,590)
Total Net Assets	\$39,482,050	\$ 39,470,142	\$ 11,908

Table 1-Statement of Net Assets Comparison 2012 to 2011

Notice that our Cash, Bond Building, and Senate Bill Nine has decreased but our Capital assets and Investment in Capital Assets have increased.



PORTALES MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
 For the Fiscal Year Ending June 30, 2012



GASB 34 rules require public entities to depreciate capital assets. The District utilizes a “straight line” depreciation method in all cases and standardized lifetime tables in calculating depreciation.

The Statement of Activities

The Statement of Activities (see Table 2) reports the expenses, charges for services, and the operating grants and contributions for governmental activities.

Portales Municipal Schools				
Statement of Activities Comparison				
2012 to 2011				
	June 30, 2012	June 30, 2011	Variance	
Program Revenues:				
Charges for Services	\$ 229,512	\$ 218,898	\$ 10,614	
Operating Grants and Contributions	4,817,857	6,344,703	(1,526,846)	
Capital Grants and Contributions	-	-	-	
General Revenues:				
Property Taxes	2,172,048	2,010,972	161,076	
State Equalization Guarantee	20,688,357	20,602,047	86,310	
State Capital Outlay Grants	391,349	2,378,037	(1,986,688)	
Bond Premium	-	18,857	(18,857)	
Insurance Recoveries	87,434	-	87,434	
Interest Earnings	18,758	23,162	(4,404)	
Unrestricted Federal Grant	6,026	-	6,026	
Gain (Loss) on Sale of Equipment	(164,693)	5,720	(170,413)	
Miscellaneous	471,273	240,071	231,202	
Total Revenues	\$ 28,717,921	\$ 31,842,467	\$ (3,124,546)	
Program Expenses:				
Instruction	\$ 14,994,885	\$ 15,365,607	\$ (370,722)	
Support Services	5,389,633	5,824,631	\$ (434,998)	
Central Services	859,079	1,010,813	\$ (151,734)	
Operation and Maintenance of Plant	3,199,322	2,974,385	\$ 224,937	
Student Transportation	1,119,626	1,442,745	\$ (323,119)	
Food Services	1,391,113	1,098,311	\$ 292,802	
Bond Interest Paid	319,998	435,487	\$ (115,489)	
Depreciation-unallocated	1,367,446	1,859,726	\$ (492,280)	
Amortization-unallocated	51,535	45,023	\$ 6,512	
Total Expenses	\$ 28,692,637	\$ 30,056,728	\$ (1,364,091)	
Changes in Net Assets	\$ 25,284	\$ 1,785,739	\$ (1,760,455)	
Restatement for Beginning Balance	(13,376)			
Net Assets - Beginning	39,470,142	37,684,403	\$ 1,785,739	
Net Assets - Ending	\$ 39,482,050	\$ 39,470,142	\$ 11,908	

Table 2-Statement of Activities Comparison 2012 to 2011



The Statement of Activities indicates the total cost of services and the total general revenues received to offset those costs. This report compliments the State of Net Assets by showing the overall change in the District's net assets for the fiscal year ending June 30, 2012. Notice there has been a large decrease of \$1,526,846 in Operating Grants and Contributions. There has also been a large decrease of \$1,986,688 in State Capital Outlay Grants. This is due to a statewide decrease in all federal and state grants which is the reason why there have been decreases in all Program Expenses across the board.

Reporting the School District's Most Significant Funds

Information about the Fund Financial Statements

Fund Financial Statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, the Fund Financial Statements focus on the District's most significant funds. The District's major governmental funds are: the General Fund, Senate Bill Nine Fund, Bond Building Fund, Cafeteria Funds, and Debt Services Fund.

Information about Governmental Funds

The District's budget is prepared according to New Mexico laws and the New Mexico Public Education Department regulations and is based on accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. During the course of fiscal year 2012, the District amends its budget as needed through Board approval.

Most of the District's activities are reported in governmental funds which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using the accounting method called modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund Financial Statements provide a detailed point-in-time view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship of governmental activities reported on the Statement of Net Assets and the Governmental Fund Financial Statement are reconciled on page 5 of the financial statements.

About the General Fund

The General Fund is the main operating fund of the District. As of June 30, 2012, the spendable fund balance of the general fund was \$2,114,927 representing the total fund balance of the general fund. The



fund balance of the District's general fund balance decreased by \$281,381 during the current fiscal year due to an increase in the end-of-year loans loaned to Federal and State Funds.

The General Fund began the year with an initial budget of \$24,055,228 and ended with a final budget of \$23,809,671. The General Fund is predominately funded by revenues from the New Mexico State Equalization Guarantee Formula (SEG). This fund pays for teaching staff, teaching support staff, special education support staff, maintenance staff, substitutes, and administrative staff. The General Fund also provides the dominant funding for athletics. The General Fund is the main fund whose expenditures are significantly related to the educational process. \$22,625,805 was expended in the year ending June 30, 2012.

General Fund Breakdown

The most significant inter-fund (function) expense in the General Fund was for the function noted as "Instruction" under current expenditures on page 9 of the financial statements (see Figure 1). This expenditure totaled \$13,471,549 and represented 59% of all General Fund expenditures. Expenditures included in this function are regular and special education teachers and assistants, employee benefits, payroll taxes, school supplies, professional development, miscellaneous instructional related contract services, and athletics. Approximately 88.4% of all General Fund expenditures are from employee salaries, payroll taxes, retirement, and benefits.

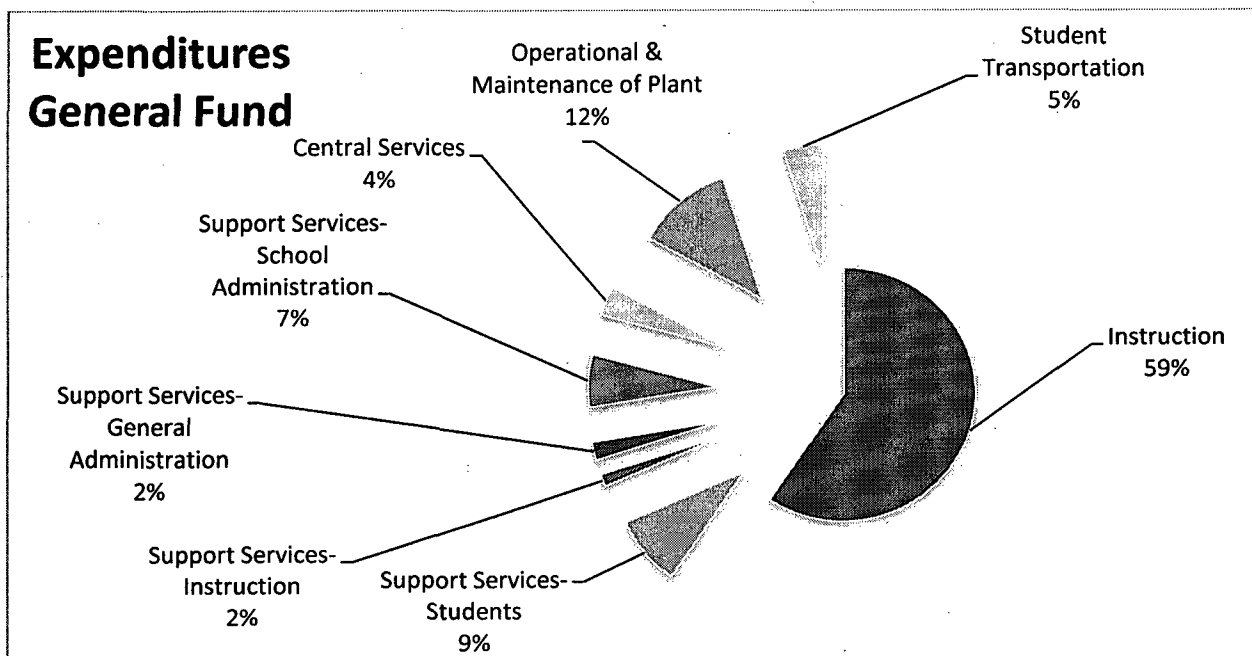


Figure 1-Actual Expenditure Percentages for General Fund



PORTALES MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ending June 30, 2012



Student Support represents 20% of General Fund expenditures. Expenditures included in this function are school principals, instructional assistants, program coordinators, counselors, school nurses, librarians, special education ancillary staff, and contract special education ancillary staff.

Central Services represents 4% of General Fund expenditures. Expenditures included in this function are the Superintendent’s Office, Human Resources, and the Accounting and Finance Office and are overhead for the District.

Operational and Maintenance of Plant account for 12% of the General Fund expenditures. Expenditures included in this function are salaries and benefits for maintenance and custodial staff, utilities, property and liability insurance, maintenance and repairs, maintenance supplies, and custodial supplies. This fund also receives additional support from Senate Bill Nine funds that receives a state match.

2011-12 District Operating Budget compared to Actual Expenditures

The following table (see Table 3) examines the summary budget performance for five Major Governmental Funds for the fiscal year ending June 30, 2012: General Fund, Student Transportation (listed as part of the General Fund), Senate Bill Nine Fund, Cafeteria Fund, and Title I. Detailed budget information is contained on the Combined Statement of Revenue and Expenditures-Budget (Non-GAAP) and Actual for each fund located on page 9-11 in the financial statements. Non-major funds such as the Instructional Materials Fund, Bond Building Fund, and Special Capital Outlay-State Fund are located in the financial statement footnotes, but are an integral part of budget performance.

Major and Non-Major Funds Expenditure Budget Performance			
June 30 2012			
Fund Type	Final Budget	Actual Expenditures	Variance
General Fund	\$ 22,702,045	\$ 21,518,179	\$ 1,183,866
Student Transportation	\$ 1,107,626	\$ 1,107,626	\$ -
Senate Bill Nine Fund	\$ 2,505,280	\$ 1,123,814	\$ 1,381,466
Cafeteria Fund	\$ 2,131,760	\$ 1,344,022	\$ 787,738
Title I	\$ 1,330,055	\$ 1,187,417	\$ 142,638

Table 3-Major and Non-Major Funds Expenditure Budget Performance

All funds fell within the regulatory criteria set by the New Mexico Department of Education and New Mexico State Statute. Both the Manual of Procedures for Public School Accounting and Budgeting and NMSA 8-22-5 require that budget expenditures be within the authorization of the approved budget.



About Agency Funds

The District, as a custodian, maintains and monitors special funds on the behalf of the schools and school activity groups called agency funds. Agency funds maintained by the District are to benefit a specific activity or interest and are generally raised by students for student use. While each school site is responsible for the administration of the agency funds, the custody and use of these funds are in accordance with New Mexico Department of Education regulations and School District policy. The Schedule of Fiduciary Assets and Liabilities – Agency Funds is located on page 12 of the financial statements and additional information is located in the financial statement footnotes. For the year ending June 30, 2012, agency funds show assets of \$519,899.

About Capital Assets

Due to aging facilities, the District has taken an aggressive approach toward investing in equipment, building a new facility, and maintaining existing facilities. Since 2007, the District has followed a Facilities Master Plan, which is a plan that includes substantial investment in District construction, remodeling, and updating of buildings and systems. The District is currently revising the 5 year Facilities Master Plan to reflect the current needs. The following table (see Table 4) recounts a two-year history of the year-end balances for the District’s investment in capital assets:

Capital Asset Comparison

Asset Type	Balance June 30, 2012	Balance June 30, 2011
Land	\$ 677,173	\$ 677,173
Building and Improvements	38,031,053	35,450,499
Equipment and Vehicles	6,808,316	6,501,995
Construction in Progress	16,528,355	17,016,215
Total Assets	\$ 62,044,897	\$ 59,645,882
Less: Accumulated Depreciation	(17,612,120)	(16,348,686)
Capital Assets, net	\$ 44,432,777	\$ 43,297,196
Net Change in Assets	\$ 1,135,581	

Table 4-Capital Asset Comparison June 30, 2012 to June 30, 2011

As of June 30, 2012, Construction in Progress is showing a balance of \$16,528,355 because Lindsey-Steiner Elementary school still has not been completed and released to the District. Classes have been taking place in the building since August 2010, but the District is not able to close the project and start depreciating the building.



About Long-Term Debt

Article IX, Section 11 of the Constitution of the State of New Mexico limits the amount that a school district can incur of general obligation debt beyond a school year. The approval of the debt is subject to the vote of the local public in Roosevelt County and may not exceed 6% of the assessed valuation of the taxable property within the county. Generally speaking, the District can incur such debt for the purpose of erecting, remodeling, making additions to, furnishing buildings, purchasing or improving school grounds, purchasing computer software or hardware for student use in public classrooms, or any combination of these purposes. Usually, when the District goes out for a General Obligation Bond, the public is informed of exactly how the funds will be used. For example, the \$1.4 million, 2011 Bond was issued for the purpose of replacing the roof at Portales High School.

The District has never defaulted on any of its debt or other obligations. Listed below is the District's total general obligation bond long-term debt as of June 30, 2012 (see Table 5).

Long-term Debt

Date of Issue	Amount of Issue	Balance as of June 30, 2012	Interest Outstanding
2002	\$ 1,400,000	\$ 420,000	\$ 29,061
2003	600,000	210,000	15,970
2008	4,500,000	3,325,000	343,000
2009	1,700,000	1,700,000	212,250
2010	1,900,000	1,900,000	318,250
2010R	2,275,000	1,500,000	23,894
2011	1,400,000	1,400,000	256,250
Total Long-term Debt	\$ 13,775,000	\$ 10,455,000	\$ 1,198,675

Table 5-Long-term Debt as of June 30, 2012

2011-2012 District Operating Budget

Information about Fund Accounting and District Operating Funds

The District uses funds and a standardized chart of accounts to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and support financial management by segregating transactions related to certain functions or activities. A fund is a separate account entity with a self-balancing set of accounts. Funds are grouped according to the Uniform Chart of Accounts (UCOA) as produced by our federal government and adopted by each state.



PORTALES MUNICIPAL SCHOOLS
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For the Fiscal Year Ending June 30, 2012



The District maintains over 25 funds that comprise our New Mexico Public Education (NMPED) approved District Operating Budget as defined by the NMPED's *Uniform Chart of Accounts: Manual of Operating Procedures*. This process is used to account for all federal, state, local, and privately funded activities. The following fund classifications are used to group District activities: General Funds, Special Revenue Funds, Capital Projects Funds, and Debt Services Fund.

General Funds – The funds included in general funds include Operational, Transportation, and Instructional Materials budgets.

The Operational fund is the major fund used to account for financial transactions and expenditures associated with the administration and daily operations of the District's schools. The State Equalization Guarantee (SEG) is the major revenue component of this fund. The NMPED created a document called *How New Mexico Public Schools are Funded* that is located on the website for the School Budget and Finance Analysis Bureau at <http://www.ped.state.nm.us/div/fin/school.budget/index.html>. According to the document:

The intent of the 1974 Public School Finance Act [22-8-17 through 25 NMSA 1978] is to equalize financial opportunity at the highest possible revenue level and to guarantee each New Mexico public school student equal access to programs and services appropriate to his or her educational needs regardless of geographic location or local economic conditions. (April 2012)

This formula uses cost differentials to create the program cost for each school district. A school districts' program costs are determined through the use of various formulas using "program units" which take into consideration early childhood education and basic education on the 80th and 120th day average student membership. These program units are then multiplied by the District's training and experience index to produce the adjusted program units. Those adjusted program units are then added to any special education, bilingual-multicultural education, size, elementary fine arts programs, elementary physical education programs, and at-risk units (if the District qualifies) creating the grand total program units. The grand total units are then multiplied by the unit value for the school year established by the NMPED, creating the total program cost. Total program cost is then reduced by a series of non-categorical revenue credits to determine SEG. Payment is made from the public school fund under the authority of the Director of the School Budget and Finance Analysis Bureau. SEG is set in April for school districts to create the budget of the following year and finalized the following January based on available state revenue.

The Transportation Fund distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of School Budget and Finance Analysis Bureau. As a categorical fund, the allocation is to be used only for the purpose of making payments for the "to-and-from" school transportation cost of students in grades Kindergarten through twelfth attending public school within the District.

The Instructional Materials Fund distribution is allocated to school districts based on NMPED federal mineral leasing funds. Of each allocation, 50% is restricted to the requisition of materials listed in the



PORTALES MUNICIPAL SCHOOLS
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State Board of Education “State Adopted Instructional Material” list, and 50% is available for purchases to vendors chosen by the district.

Special Revenue Funds – The funds included in special revenue funds include Food Services, Athletics, Federal Flow-through and Direct grants, State Flow-through and Direct grants, and Private Direct grants.

The District Food Services fund receives reimbursement under the National School Lunch and Breakfast Programs for food services operations, and the distributions of commodities through the New Mexico Human Services Department. The District manages a Food Services budget of \$2,131,760 to provide students lunch and breakfast. As of October 2011, 66% of the District students are qualified to receive meals at free or reduced prices under the Federal Free and Reduced Lunch Program.

The Athletics fund is budgeted in the District in the special revenues category, accounting for all game receipts and game-related expenditures.

The District receives federal Title program grants to support additional instruction for schools with high poverty, professional development for teachers, and bilingual programs. The District receives IDEA B special education grants to fund new and growing requirements for students. The District receives dual credit instructional materials funds for students taking college classes at Eastern New Mexico University and Clovis Community College. The Gear-up fund was for students who are low-income to increase their chances of graduating from high school and preparing for entrance into college. This grant concluded in fiscal year 2012.

The District also can receive Private Direct grants from outside private and corporate sources. Funding provided by grant contract will vary from year to year. Expenditures in this fund are stipulated by individual grant contracts and are subject to the Portales School District Board approval.

Capital Projects Funds – The District maintains capital projects funds to account for all resources used for improving schools, constructing and equipping new school facilities, and renovations. These funds include proceeds from general obligation bond sales (GO Bond) to the private bond market, Senate Bill Nine mill levy elections, and small allocations from legislative and state direct appropriations. The District receives mill levy and ad-valorem tax revenues primarily for debt services and capital outlay purposes. Tax revenues are recognized when they are in the hands of the collecting agency. The District records only the portion of the taxes considered ‘measurable’ and ‘available’ when the cash is received.

Descriptions of the individual debt service and capital outlay are contained in the financial statements footnotes under the Summary of Significant Accounting Policies: Assets, liabilities, and net assets or equity/receivables and payables and include information regarding the collection of these taxes. Property taxes attach an enforceable lien on the property as of January 1. Tax notices are sent to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. Roosevelt County collects County, City, and School District taxes and



distributes them to each fund once per month except in December and June when the taxes are distributed twice to close out the calendar year and the fiscal year.

Debt Service Fund – The District operates one debt service fund that is used to account for the accumulation of resources for, and payment of, general long-term debt principal and interest payments.

Information about the 2011-12 Operating Budget

PMSD provided a balanced Operational budget to the School Board and NMPED. This budget had to absorb the loss of federal American Recovery and Reinvestment Act (ARRA) and Education Jobs funding from the 2010-11 school year that was no longer being funded. Along with the absorption of ARRA salaries and benefits, the budget was able to increase special education needs through staff and materials, increase student health care needs by hiring a nurse at every school, maintain resources to operate effectively, and honor our valued employees to the best of our abilities mostly because of prudent budgeting techniques and cash balance carryover.

According to the 2011-12 Budget Analysis done by the NMPED for the budget review between the District and NMPED, our Operational program cost (SEG) increased \$419,923 or 1.99% to \$21,087,160; however, the total program cost actually decreased \$389,043 or -1.84% due to expiration of the ARRA and Education Jobs funding.

Here is a breakdown of the percentages of the budget for 2011-12 by object (see Figure 3).

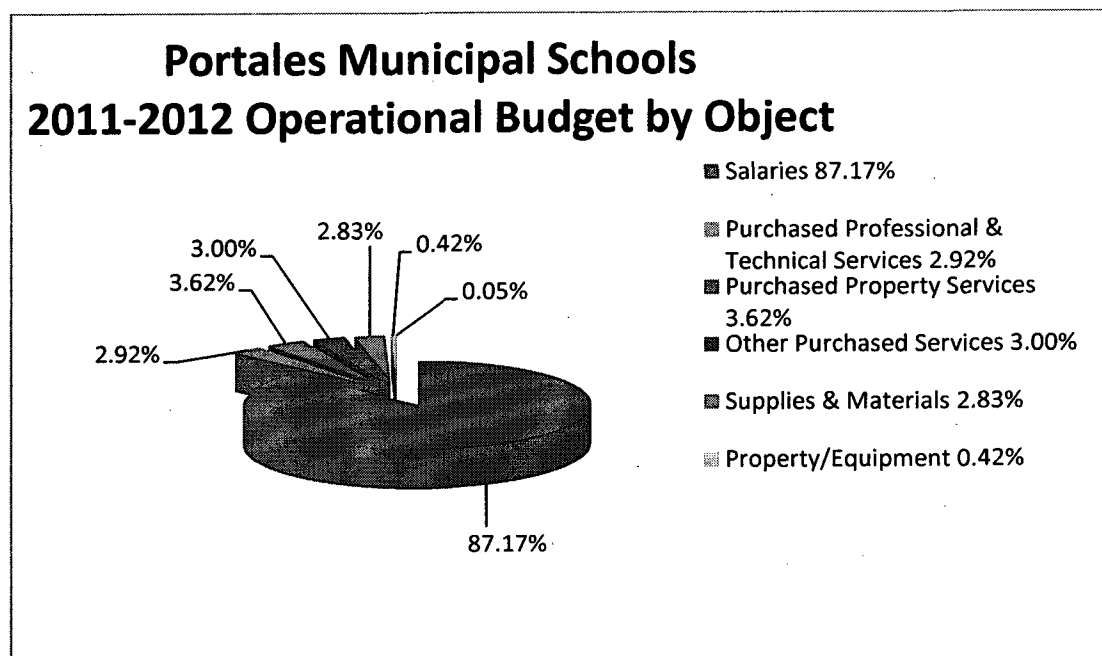


Figure 3-PMSD Operational Budget by Object



History of Funding in PMSD

Over the past five years, New Mexico public schools have experienced declining Operational fund revenues due to drops in the SEG unit value (see Table 6).

History of the Unit Value in New Mexico

<u>School Year</u>		<u>Initial Unit Value</u>	<u>Final Unit Value</u>
1998-1999	¹	\$2,322.00	\$2,344.09
1999-2000	²	\$2,460.00	\$2,460.00
2000-2001	²	\$2,632.32	\$2,647.56
2001-2002	²	\$2,868.72	\$2,871.01
2002-2003	³	\$2,896.01	\$2,889.89
2003-2004	⁴	\$2,977.23	\$2,976.20
2004-2005		\$3,035.15	\$3,068.70
2005-2006		\$3,165.02	\$3,198.01
2006-2007		\$3,444.35	\$3,446.44
2007-2008		\$3,645.77	\$3,674.26
2008-2009		\$3,892.47	\$3,871.79
2009-2010	^{5,6}	\$3,862.79	\$3,792.65
2010-2011	^{7,8}	\$3,814.04	\$3,712.17
2011-2012		\$3,585.97	\$3,598.87

- 1 The "floating" unit value was in effect.
- 2 The "floating" unit value was in effect; the basis of funding changed to prior year membership
- 3 The final unit value included a decrease of \$6.12 under the initial unit value due to statewide units included in operating budgets which were greater than the number of units used to establish initial unit value.
- 4 The final unit value included a decrease of \$1.03 under the initial unit value due to 90% At Risk Save harmless funding and additional Growth Units included in operating budgets which were greater than the amounts used to establish initial unit value.
- 5 The initial unit value includes \$256.39 in federal funds from the Federal American Recovery and Reinvestment Act of 2009 (ARRA).
- 6 The final unit value includes \$334.59 in Federal ARRA funds.
- 7 The initial unit value includes \$37.70 in Federal ARRA funds.
- 8 The final unit value includes \$37.85 in Federal ARRA funds.

Table 6-History of the Unit Value in New Mexico

The 2011-12 budget was built on the \$3,585.97 initial unit value which had decreased from \$3,814.04 (including ARRA funds) the prior year. This was a 5.98% decrease.



What has offset the decrease in unit value funding has been enrollment growth in the District. We had a decrease on the 40th day for 2011-12. In the time since 2008-2009, we have had huge leaps in enrollment numbers (see Figure 2).

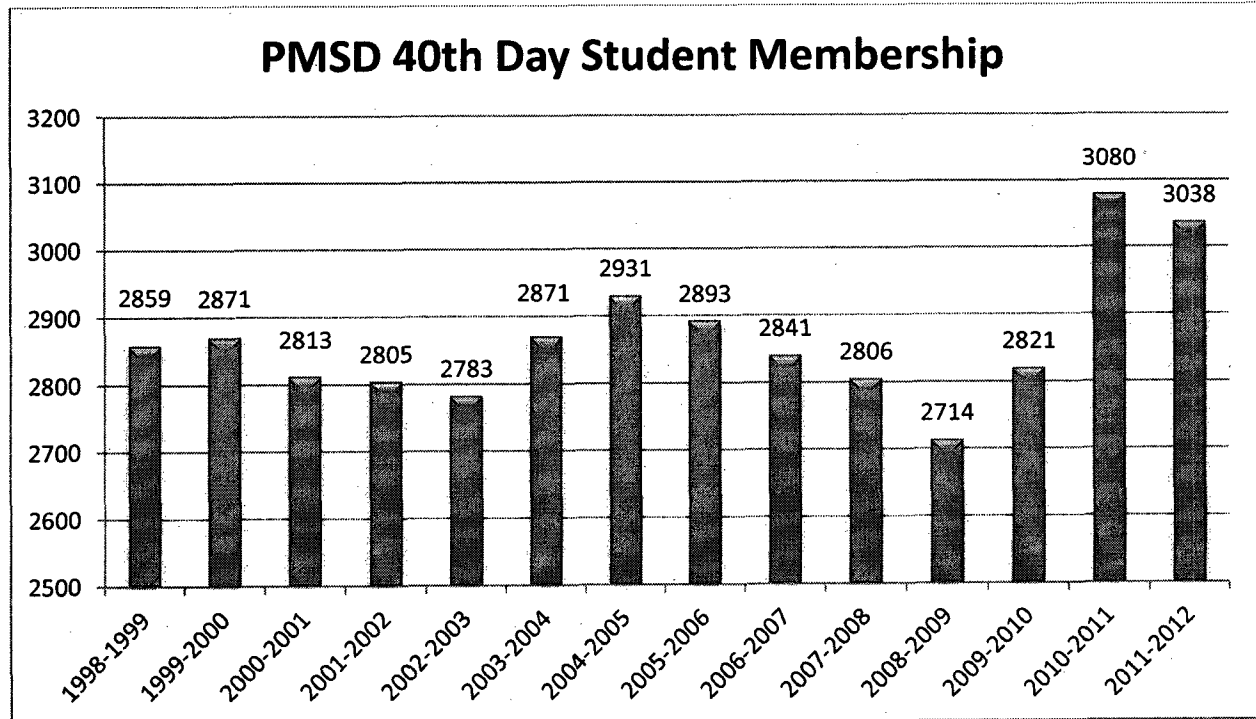


Figure 2-40th Day Student Enrollment for Portales Municipal Schools

These economic times along with declining unit value, decreasing student numbers, and greater push for dollars in the classroom, is making it increasingly difficult to sustain an Operational budget that meets student needs.

Our main goal in our budget committee meetings has been to maintain staff throughout the District even though we are seeing a drop in funding. We have been able to meet this goal in the past, but if the funding continues to fall, it will make this increasingly difficult. At the same time, utilities have been placing pressure on the budget by increasing 5-10% each year. Across the economic landscape, many cities, counties, and school districts are struggling with the same increased cost, decreased revenue scenario. All of this being said, PMSD administration, faculty, staff, Board, and constituents are committed to keeping the investment focus in the classroom.



The District Audit and Bond Rating Information

Over the past seven years, PMSD has made progress toward limiting the number of findings for each audit, as well as, timely submission of the audit report to the New Mexico State Auditor's Office (see Table 6). The 2005 audit was submitted on time, but due to a change in staff, PMSD requested a new audit from a new auditor. This is the reason that the 2005 audit was 465 days late. The 2006 audit could not be filled until after the 2005 audit was accepted by the State Auditor's office which is why it was 229 days late. Since that time, the audit submission time has improved until last year when it was early. The total number of findings has decreased significantly from 2005 until last year's zero findings. This is due to the efforts of the financial management team that was created in 2006 and has since changed to the current staff in 2011. Due to cross training efforts, putting policies in place, and professional development opportunities, the financial management team is a stellar group of individuals who strive to do their jobs efficiently and effectively.

Year Audited	Type of Opinion	Number of Findings	Due Date	Date Submitted to SAO	Days Tardy
2002	Unqualified	3	11/15/2002	10/10/2002	-36
2003	Unqualified	14	11/15/2003	11/15/2003	0
2004	Unqualified	4	11/15/2004	11/15/2004	0
2005	Unqualified	22	11/15/2005	2/23/2007	465
2006	Unqualified	11	11/15/2006	7/2/2007	229
2007	Unqualified	1	11/15/2007	11/26/2007	11
2008	Unqualified	1	11/15/2008	11/17/2008	2
2009	Unqualified	1	11/15/2009	11/15/2009	0
2010	Unqualified	1	11/15/2010	11/15/2010	0
2011	Unqualified	0	11/15/2011	11/10/2011	-5

Table 6-Audit Information for the last ten years for PMSD

When PMSD sold the \$1.4 million GO Bond in 2011, Moody's Investor Service stated that the PMSD bond rating is Aa1 in a letter dated November 8, 2010. As evidence of credit worthiness, PMSD as an obligor has VERY STRONG capacity to meet its financial commitments. This is evidence that PMSD makes their debt payments on time which is evidence of fiscal accountability.



Board Elections and Capital Program Sales and Elections

As shown in Table 7, PMSD is planning a GO Bond sale in the 2013-14 fiscal year. We are in the process of completing the new Five Year Facilities Master Plan, and once it is completed, we will let the community know what needs the District has for the GO Bond sale. GO bond funds are for major construction and major renovation projects in the district.

PMSD Public Elections

<u>Year</u>	<u>Board Member</u>	<u>GO Bond</u>	<u>Senate Bill Nine</u>
2008		X	
2009	X	X	
2010		X	
2011	X	X	X
2012			
2013	X		
2014		X	
2015	X		
2016			
2017	X		X

Table 7-PMSD public elections

Conclusion

The challenge for the District finance team goes beyond meeting the professional standards for fiscal operations represented in this annual audit for 2011-12. We celebrate the improvements in our financial audit performance over the last six years and are committed to continuous improvement every year. However, there is much more involved in being an effective department for the District. Included in the broader challenge is a holistic, forward looking, creative, and mission-focused approach to the annual budget process. This includes ensuring that all activities, agreements, plans, and budgets tie to the best possible instructional and literacy advancements in our students; ensuring all budgets are student centric and reflect NMPED guidance and PMSD Board goals; and ensuring the accountability of all stakeholders to our common purpose through the effective use of resources. Further, the District finance team can continue to be a positive force for fostering collaborative movement to modern best practices. Having a solid foundation of fiscal operations reflected to the public through this 2011-12 audit enables us to reach for our potential in supporting the PMSD Board and administrative staff in their efforts to make PMSD the best District in the state.

The PMSD community is experiencing the paradox between shrinking state and federal revenues and increasing expenditures to support student membership and expanding numbers of special education



students and English Language Learners. The paradox is complicated further by burgeoning poverty rates resulting in expanding costs to support student health and wellness needs. In this socio-economic confusion we are challenged to increase student literacy and graduation rates. It is accurate to state that the PMSD administration and Board found a way to sustain our commitment to the classroom in the 2012-13 Operational budget in spite of reductions in state and federal funding. We also conclude that expanding our investment in the classroom to improve literacy is not sustainable without increases in state and federal funding. Our students deserve nothing less than our very best.

Contacting the Portales Municipal School District

This financial report is designed to provide our community, taxpayers, investors, and creditors with an overview of the Portales Municipal School District's financial condition and to provide accountability for the funds the District receives. Questions about this report or additional financial needs should be directed to:

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Portales Municipal School's Vision

"All students will be productive and successful citizens"

Portales Municipal School's Mission

"All students will be provided a Quality Education"

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF NET ASSETS

June 30, 2012

<u>ASSETS</u>	<u>Governmental Activities Primary Government</u>
Current:	
Cash	\$ 4,736,610
Due from other governments	620,226
Property Taxes Receivable	148,266
Inventory	34,533
Non-current:	
Capital assets, Net	44,432,778
Bond Issuance Costs-Net	194,069
Total assets	<u>\$ 50,166,482</u>
 <u>LIABILITIES</u>	
Current:	
Accounts Payable	167,979
Deferred Revenue	8,058
Debt due within one year	1,275,000
Non-current:	
Compensated Absences	93,395
Debt due in more than one year	9,140,000
Total liabilities	<u>10,684,432</u>
 <u>NET ASSETS</u>	
Invested in capital assets, net of related debt	34,017,778
Restricted for:	
Debt Service	752,552
Bond Building	446,539
Senate Bill Nine	907,169
Athletics	163,981
Cafeteria	854,198
Instructional Materials	3,947
Unrestricted	2,335,886
Total net assets	<u>\$ 39,482,050</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue & Changes in Net Assets
Primary government:	\$	\$	\$	\$	\$
Governmental Activities:					
Instruction	14,994,885	68,726	1,480,249	-	(13,445,910)
Support Services	922		922		-
Support Services-Students	2,536,296		481,202	-	(2,055,094)
Support Services-Instruction	396,043		42,796	-	(353,247)
Support Services-General Administration	618,626		85,206	-	(533,420)
Support Services-School Administration	1,837,746		316,390	-	(1,521,356)
Central Services	859,079		-	-	(859,079)
Operation & Maintenance of Plant	3,199,322		-	-	(3,199,322)
Student Transportation	1,119,626		1,119,626	-	-
Food Services-Operations	1,391,113	160,786	1,291,466	-	61,139
Bond Interest Paid	319,998		-	-	(319,998)
Depreciation-Unallocated	1,367,446		-	-	(1,367,446)
Amortization-Unallocated	51,535		-	-	(51,535)
Total governmental activities	\$ 28,692,637	\$ 229,512	\$ 4,817,857	\$ -	\$ (23,645,268)

General Revenues:

Property Taxes:

Levied for General Purposes	91,844
Levied for Debt Service	1,708,515
Levied for Capital Projects	371,689
State Equalization Guarantee	20,688,357
State & Federal Capital Outlay Grants	391,349
Insurance Recoveries	87,434
Interest Earnings	18,758
Fees	212,765
Unrestricted Federal Grant	6,026
Loss on Sale of Equipment	(164,693)
Miscellaneous	258,508
Total general revenues	23,670,552

Change in net assets	25,284
Net assets - beginning	39,470,142
Restatement	(13,376)
Restated Beginning Balance	39,456,766
Net assets - ending	\$ 39,482,050

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

BALANCE SHEET-- GOVERNMENTAL FUNDS

June 30, 2012

	<u>GENERAL</u>	<u>SENATE BILL 9</u>	<u>TITLE I</u>
ASSETS			
Cash on Deposit	\$ 1,493,702	\$ 924,186	\$ -
Due from Other Funds	620,226	-	-
Due from Other Agencies	-	-	378,524
Property Tax Receivable	6,168	25,097	-
Inventory	-	-	-
TOTAL ASSETS	<u>\$ 2,120,096</u>	<u>\$ 949,283</u>	<u>\$ 378,524</u>
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$ -	\$ 21,086	\$ -
Deferred Revenue	5,169	21,028	-
Due to Other Funds	-	-	378,524
TOTAL LIABILITIES	<u>5,169</u>	<u>42,114</u>	<u>378,524</u>
FUND BALANCE			
Nonspendable	-	-	-
Restricted	3,947	907,169	-
Unassigned	2,110,980	-	-
Subsequent Years Expenditures	-	-	-
Capital projects Funds	-	-	-
Special Revenue Funds	-	-	-
TOTAL FUND BALANCE	<u>2,114,927</u>	<u>907,169</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,120,096</u>	<u>\$ 949,283</u>	<u>\$ 378,524</u>

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

<u>CAFETERIA</u>	<u>DEBT SERVICE</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$ 819,665	\$ 880,469	\$ 618,588	\$ 4,736,610
-	-	-	620,226
-	-	241,702	620,226
-	115,903	1,098	148,266
34,533	-	-	34,533
<u>\$ 854,198</u>	<u>\$ 996,372</u>	<u>\$ 861,388</u>	<u>\$ 6,159,861</u>
\$ -	\$ 146,893	\$ -	\$ 167,979
-	96,937	9,146	132,280
-	-	241,702	620,226
<u>-</u>	<u>243,830</u>	<u>250,848</u>	<u>920,485</u>
34,533	-	-	34,533
819,665	752,542	10	2,483,333
-	-	-	2,110,980
-	-	-	-
-	-	446,539	446,539
-	-	163,991	163,991
<u>854,198</u>	<u>752,542</u>	<u>610,540</u>	<u>5,239,376</u>
<u>\$ 854,198</u>	<u>\$ 996,372</u>	<u>\$ 861,388</u>	<u>\$ 6,159,861</u>

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

STATE OF NEW MEXICO
PORTALES MUNICIPAL SCHOOLS

RECONCILIATION OF THE BALANCE SHEET
ALL GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS

June 30, 2012

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

Fund balances - total governmental funds	\$ 5,239,376
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	44,432,778
Compensated absences	(93,395)
Property taxes receivable not available for current year expenditures and therefore are deferred in the funds	124,222
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(10,415,000)
Bond Issuance Costs	<u>194,069</u>
Net assets of governmental activities	<u>\$ 39,482,050</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE, EXPENDITURES AND
 CHANGES IN FUND BALANCE-- GOVERNMENTAL FUNDS

Year Ended June 30, 2012

	<u>General</u>	<u>Senate Bill 9</u>	<u>TITLE I</u>
REVENUE			
Federal Programs	\$ 6,026	\$ -	\$ 1,187,417
State Programs	1,239,915	-	-
State Equalization	20,688,357	-	-
Interest Earnings	10,759	2,675	-
Charges for Services	202,874	-	-
Fees	9,891	-	-
Insurance Recoveries	87,434	-	-
Sale of Property	2,180	-	-
Miscellaneous	65,068	-	-
Local Property Taxes	91,844	371,689	-
TOTAL REVENUES	<u>22,404,348</u>	<u>374,364</u>	<u>1,187,417</u>
EXPENDITURES			
Current			
Instruction	13,463,937	-	843,903
Support Services			922
Support Services-Students	2,055,094	-	88,555
Support Services-Instruction	353,247	-	23,147
Support Services-General Administration	512,018	3,756	46,281
Support Services-School Administration	1,521,356	-	168,801
Central Services	859,079	-	-
Operation & Maintenance of Plant	2,732,361	466,961	-
Student Transportation	1,107,626	-	9,000
Food Services-Operations	-	-	-
Acquisition & Construction	102,597	565,748	6,808
Principal			
Interest			
TOTAL EXPENDITURES	<u>22,707,315</u>	<u>1,036,465</u>	<u>1,187,417</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(302,967)	(662,101)	-
Other Financing Sources (uses)			
Transfers In/Out	(1,031)	-	-
Total Other Financial Sources	(1,031)	-	-
Net Change In Fund Balance	(303,998)	(662,101)	-
FUND BALANCE			
June 30, 2011	2,426,297	1,569,270	-
Restatement	(7,372)		
Restated Fund Balance	<u>2,418,925</u>	<u>1,569,270</u>	
FUND BALANCE June 30, 2012	<u>\$ 2,114,927</u>	<u>\$ 907,169</u>	<u>\$ -</u>

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

	Cafeteria	Debt Service	Other Governmental Funds	Total Governmental
\$	1,286,744	\$ -	\$ 1,089,018	\$ 3,569,205
	4,722	-	401,390	1,646,027
	-	-	-	20,688,357
	1,742	673	2,909	18,758
	-	-	-	202,874
	160,786	-	68,726	239,403
	-	-	-	87,434
	-	-	-	2,180
	-	-	193,440	258,508
	-	1,743,793	2,737	2,210,063
	<u>1,453,994</u>	<u>1,744,466</u>	<u>1,758,220</u>	<u>28,922,809</u>
	-	-	700,910	15,008,750
	-	-	-	922
	-	-	392,647	2,536,296
	-	-	19,649	396,043
	-	17,616	38,955	618,626
	-	-	147,589	1,837,746
	-	-	-	859,079
	-	-	-	3,199,322
	-	-	3,000	1,119,626
	1,391,113	-	-	1,391,113
	14,769	-	1,979,978	2,669,900
	-	1,325,000	-	1,325,000
	-	319,998	-	319,998
	<u>1,405,882</u>	<u>1,662,614</u>	<u>3,282,728</u>	<u>31,282,421</u>
	48,112	81,852	(1,524,508)	(2,359,612)
	-	3,003	(1,972)	-
	<u>-</u>	<u>3,003</u>	<u>(1,972)</u>	<u>-</u>
	48,112	84,855	(1,526,480)	(2,359,612)
	806,086	667,687	2,143,024	7,612,364
	-	-	(6,004)	(13,376)
	<u>806,086</u>	<u>667,687</u>	<u>2,137,020</u>	<u>7,598,988</u>
\$	<u><u>854,198</u></u>	<u><u>752,542</u></u>	<u><u>610,540</u></u>	<u><u>5,239,376</u></u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCE OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2012

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

Net change in fund balance - total governmental funds	\$ (2,359,612)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.	1,302,454
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead reported as deferred revenues. They are however, recorded as revenues in the Statement of Activities.	(38,016)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds	
Basis in disposed capital assets	(166,873)
Expenses in the statement of activities which do not require use of current financial resources	
Decrease in compensated absences	13,865
Bond Principal	1,325,000
Issuance cost Amortization	<u>(51,534)</u>
Change in Net Assets	<u>\$ 25,284</u>

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

PORTALES MUNICIPAL SCHOOLS
 COMBINED STATEMENT OF REVENUE AND EXPENDITURES--BUDGET
 (NON-GAAP) AND ACTUAL-GENERAL FUND
 Year Ended June 30 2012

	General Fund			VARIANCE
	ORIGINAL BUDGET	BUDGET	ACTUAL	Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 104,210	\$ 104,210	\$ 92,807	\$ (11,403)
Fees-Users	-	-	9,891	9,891
Interest Income	5,000	5,000	10,759	5,759
State Equalization	21,005,145	20,679,805	20,688,357	8,552
State Flow Through Grants	1,204,524	1,235,968	1,235,968	-
Impact Aid	5,145	5,848	6,026	178
Rent	-	-	100	100
Sale of Property/Equipment	-	-	2,180	2,180
Access Board	-	41,438	48,314	6,876
Refunds	-	-	5,788	5,788
Indirect Cost - (Flow Through Grants)	30,000	30,000	137,268	107,268
Insurance Recoveries	-	-	87,434	87,434
TOTAL REVENUE	<u>22,354,024</u>	<u>22,102,269</u>	<u>\$ 22,324,892</u>	<u>\$ 222,623</u>
Cash Balance Budgeted	<u>1,701,204</u>	<u>1,707,402</u>		
TOTAL REVENUE & CASH	<u>\$ 24,055,228</u>	<u>\$ 23,809,671</u>		
EXPENDITURES				
Current				
Instruction	\$ 14,155,720	\$ 13,909,559	\$ 13,472,640	\$ 436,919
Support Services				
Support Services-Students	2,283,670	2,130,790	2,055,094	75,696
Support Services-Instruction	424,904	483,478	356,502	126,976
Support Services-General Administration	656,700	635,386	512,018	123,368
Support Services-School Administration	1,566,800	1,557,660	1,525,556	32,104
Central Services	1,017,802	1,056,521	859,080	197,441
Operation & Maintenance of Plant	2,841,444	2,917,583	2,738,380	179,203
Student Transportation	1,097,120	1,107,626	1,107,626	-
Other Support Services	11,068	11,068	-	11,068
TOTAL EXPENDITURES	<u>\$ 24,055,228</u>	<u>\$ 23,809,671</u>	<u>\$ 22,626,896</u>	<u>\$ 1,182,775</u>
Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures				
Sources/inflows of resources				
Actual amounts (budgetary basis)			\$ 22,324,892	
Differences-Budget to GAAP				
Prior Year Taxes Receivable			(1,962)	
Current Year Taxes Receivable			999	
Non-Cash Donations & Fees			80,419	
Total Revenues (GAAP Basis)			<u>\$ 22,404,348</u>	
Uses/outflows of resources				
Actual amounts (budgetary basis)			\$ 22,626,896	
Differences-budget to GAAP				
Capital Asset Donations			80,419	
Total Expenditures (GAAP Basis)			<u>\$ 22,707,315</u>	

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--SENATE BILL 9

Year Ended June 30, 2012

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 421,230	\$ 421,230	\$ 375,574	\$ (45,656)
Interest Income	-	3,278	2,675	(603)
State Flow Through Grants	-	411,022	-	(411,022)
TOTAL REVENUE	<u>421,230</u>	<u>835,530</u>	<u>\$ 378,249</u>	<u>\$ (457,281)</u>
Cash Balance Budgeted	<u>1,373,792</u>	<u>1,669,750</u>		
TOTAL REVENUE & CASH	<u>\$ 1,795,022</u>	<u>\$ 2,505,280</u>		
EXPENDITURES				
Current				
Support Services-General Administration	\$ 7,000	\$ 7,000	\$ 3,756	\$ 3,244
Acquisition & Construction	<u>1,788,022</u>	<u>2,498,280</u>	<u>1,120,058</u>	<u>1,378,222</u>
TOTAL EXPENDITURES	<u>\$ 1,795,022</u>	<u>\$ 2,505,280</u>	<u>\$ 1,123,814</u>	<u>\$ 1,381,466</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 378,249
Differences-Budget to GAAP	
Property tax Receivable	4,069
Prior Year Tax Receivables	(7,954)
Total Revenues (GAAP Basis)	<u>\$ 374,364</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 1,123,814
Differences-budget to GAAP	
Current Accounts Payable	21,086
Prior Year Payable	(108,435)
Total Expenditures (GAAP Basis)	<u>\$ 1,036,465</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--TITLE I

Year Ended June 30, 2012

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 1,111,860	\$ 1,330,055	\$ 845,797	\$ (484,258)
TOTAL REVENUE	<u>1,111,860</u>	<u>1,330,055</u>	<u>\$ 845,797</u>	<u>\$ (484,258)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 1,111,860</u>	<u>\$ 1,330,055</u>		
EXPENDITURES				
Current				
Instruction	\$ 828,732	967,020	847,307	119,713
Support Services				
Support Services-Students	76,347	93,242	88,555	4,687
Support Services-Instruction	-	25,760	23,147	2,613
Support Services-General Administration	43,586	51,463	46,281	5,182
Support Services-School Administration	163,195	179,515	172,205	7,310
Operation & Maintenance of Plant		1,055	922	133
Student Transportation	-	12,000	9,000	3,000
TOTAL EXPENDITURES	<u>\$ 1,111,860</u>	<u>\$ 1,330,055</u>	<u>\$ 1,187,417</u>	<u>\$ 142,638</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources	
Actual amounts (budgetary basis)	\$ 845,797
Differences-Budget to GAAP	
Current Year Taxes Receivable	378,524
Prior Year Receivable	(36,904)
Total Revenues (GAAP Basis)	<u>\$ 1,187,417</u>

Uses/outflows of resources	
Actual amounts (budgetary basis)	\$ 1,187,417
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 1,187,417</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--CAFETERIA

Year Ended June 30, 2012

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Fees	\$ 155,960	\$ 155,960	\$ 160,786	\$ 4,826
Interest Income	1,752	1,752	1,742	(10)
State Flow Through Grants	7,000	7,000	4,723	(2,277)
Federal Revenue	1,182,900	1,182,900	1,212,287	29,387
TOTAL REVENUE	<u>1,347,612</u>	<u>1,347,612</u>	<u>\$ 1,379,538</u>	<u>\$ 31,926</u>
Cash Balance Budgeted	<u>747,733</u>	<u>784,148</u>		
TOTAL REVENUE & CASH	<u>\$ 2,095,345</u>	<u>\$ 2,131,760</u>		
EXPENDITURES				
Current				
Food Services-Operations	\$ 2,095,345	\$ 2,131,760	\$ 1,344,021	\$ 787,739
TOTAL EXPENDITURES	<u>\$ 2,095,345</u>	<u>\$ 2,131,760</u>	<u>\$ 1,344,021</u>	<u>\$ 787,739</u>
Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures				
Sources/inflows of resources				
Actual amounts (budgetary basis)			\$ 1,379,538	
Differences-Budget to GAAP				
Commodities Received			74,456	
Total Revenues (GAAP Basis)			<u>\$ 1,453,994</u>	
Uses/outflows of resources				
Actual amounts (budgetary basis)			\$ 1,344,021	
Differences-budget to GAAP				
Cost of Commodities Used			74,456	
Inventory Adjustment			(12,595)	
Total Expenditures (GAAP Basis)			<u>\$ 1,405,882</u>	

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

STATE OF NEW MEXICO
PORTALES MUNICIPAL SCHOOLS

SCHEDULE OF FIDUCIARY ASSETS & LIABILITIES--AGENCY FUND

June 30, 2012

ASSETS	
Cash on Deposit	\$ 519,899
TOTAL ASSETS	<u>\$ 519,899</u>
LIABILITIES	
Due to Student Groups	\$ 519,899
TOTAL LIABILITIES	<u>\$ 519,899</u>

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

STATE OF NEW MEXICO
PORTALES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Portales Municipal School District's management who is responsible for their integrity and objectivity. The financial statements of the District conform to generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

There were no component units.

I. Summary of Significant Accounting Policies

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the school district. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues, net of estimated refunds and estimated uncollectible amounts, in the year for which they are levied, even if not available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

STATE OF NEW MEXICO
PORTALES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

I. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Property taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

General Funds – The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

SB 9 (Special Revenue Fund) – To account for 2 mill levy restricted by board resolution for erecting, remodeling, making additions to, providing equipment for, furnishing school buildings, and improving school grounds and maintenance of school buildings and grounds exclusive of salary expense of employees. Authority for the creation of this fund is NMSA 1978, 22-25-1 to 22-25-10.

TITLE I (Special Revenue Fund) – The Title I project provides remedial instruction in 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 Elementary and Secondary Education Act of 1965, Title I, Chapter I, part A, 20 U.S.C. 2701 et seq.

CAFETERIA (Special Revenue Fund) – The purpose of this account is to receive income from lunch sales or state and federal school lunch grants, and to make disbursements for those activities, which have as their purpose the preparation and serving of meals, lunches or snacks in connection with bona-fide food service operations in agreement with the School Lunch Division of the State Department of Education. Authority for the creation of this fund is NMSA 1978, 22-13-13.

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The government also reports the following fund types:

Governmental Funds:

Nonmajor Special Revenue Funds – The District accounts for resources restricted to, or designated for, a specific purpose by the District or a grantor in a special revenue fund.

Nonmajor Debt Service Funds – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Nonmajor Capital Project Funds – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Fiduciary Funds:

Agency Funds – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is the Student Activity Fund.

Similar to private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

STATE OF NEW MEXICO
PORTALES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

I. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments.

State statutes authorize the investment of the District's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The District is also allowed to invest in United States Government obligations. All funds of the District must follow the investment policies listed below.

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

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

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

Investments for the District are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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. The assessed valuation for the 2011 fiscal year was \$216,621,083. Mill levy rates are set by the State of New Mexico each year for the General Fund, SB - 9 Capital Improvements Fund, and Debt Service Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days.

STATE OF NEW MEXICO
PORTALES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

I. Summary of Significant Accounting Policies (continued)

D. Assets, liabilities, and net assets or equity (continued)

3. Inventories

The food inventories are valued at cost using the first-in/first-out (FIFO) method. USDA Commodities are recorded at estimated costs. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life that extends beyond a single reporting period. The District is capitalizing qualifying software and library books as required. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	50
Land Improvements	50
Equipment	10

5. Compensated absences

It is the School District's policy to allow its 12-month employees to accrue up to 20 vacation days. Upon retirement or resignation the District will pay the employee for up to 20 days of unused vacation. Vacation is only accrued by 12-month employees, as they are not off work during the traditional summer break.

6. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discounts. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as capital projects expenditures.

STATE OF NEW MEXICO
PORTALES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

I. Summary of Significant Accounting Policies (continued)

D. Assets, liabilities, and net assets or equity (continued)

7. Fund equity

For the government-wide financial statements, net assets are reported as restricted when constraints are placed on net asset use are either 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments; 2) imposed by law through constitutional provisions or enabling legislation.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

8. Comparative data/reclassifications

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

9. Indirect Costs

The School District's General Fund receives indirect cost reimbursements from the various federal programs it administers. These reimbursements are for expenses incurred in performing administrative functions on behalf of the Special Revenue Funds. They are shown as expenditures in the Special Revenue Funds, and as other special federal revenue in the General Fund.

10. Salaries and Wages

The School District pays all salaries and wages due teachers on or before June 30th of each year.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

12. Revenues

State Equalization Guarantee: School districts in the State of New Mexico receive a "state equalization guarantee distribution" which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the school district's program 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-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$20,688,357 in state equalization guarantee distributions during the year ended June 30, 2012.

Transportation Distribution: School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$1,107,626 in transportation distributions during the year ended June 30, 2012.

STATE OF NEW MEXICO
PORTALES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between fund *balance total governmental funds and net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, long-term liabilities, including bonds payable, is not due and payable in the current period and therefore is not reported in the funds." The details of the \$10,415,000 difference are as follows:

Bonds Payable	\$ 10,415,000
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 10,415,000</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances - total governmental funds and changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$2,978,670 difference are as follows:

Capital Outlay	\$ 2,669,900
Depreciation expense	<u>(1,367,446)</u>
Net adjustment to increase net changes in fund balances – total government funds to arrive at changes in net assets of governmental activities	<u>\$ 1,302,454</u>

Another element of that reconciliation states "the issuance of long-term debt (e.g., bonds, leases) 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. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$1,325,000 difference are as follows:

Principal repayments:	
General obligation debt	\$ 1,325,000
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,325,000</u>

STATE OF NEW MEXICO
PORTALES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

III. Stewardship, compliance, and accountability

A. Budgetary Information

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

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be reappropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year. Such appropriated balance is legally restricted and is therefore presented as a reserved portion of fund balance. The legal level of budgetary control is at the function level.

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

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

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

- In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
- In May or June, the budget is approved by the Board of Education
- The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called for.
- The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
- Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.
- The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2012 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

III. Stewardship, compliance, and accountability (continued)

A. Budgetary Information (continued)

	<u>Original Budget</u>	<u>Final Budget</u>
General Fund	\$ 24,055,228	\$ 23,809,671
Special Revenue Fund	6,333,646	7,884,469
Debt Service	2,541,812	2,498,610
Capital Projects Fund	2,654,736	333,417
	<u>\$ 35,585,422</u>	<u>\$ 34,526,167</u>

B. Deficit fund equity

There were not any deficit fund balances at June 30, 2012.

IV. Detailed notes on all funds

A. Cash and temporary investments

At June 30, 2012, the carrying amount of the District's deposits was \$5,256,408 and the bank balance was \$6,140,233. Of this balance \$524,552 was covered by federal depository insurance and \$5,509,571 was covered by collateral held in the District's name in joint safekeeping by a third party. The remaining \$86,935 is comprised of amounts in excess of those required to be collateralized under state law.

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

The collateral pledged is identified in the Supplementary Information of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance 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 and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Investments held by the New Mexico State Treasurer are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool is not SEC registered. The State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 6-10-10 P and Sections 6-10-10.1 A and E, NMSA 1978. The pool does not have unit shares. Per Sections 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the local government investment pool is voluntary.

For the year ended June 30, 2012, the investments held in the LGIP had an interest risk (WAM) of 83 days and a Standard and Poor's Rating of AAAM.

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

IV. Detailed notes on all funds (continued)

Custodial Credit Risk – Deposits

Custodial Credit Risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial risk. As of June 30, 2012, \$86,935 of the government's bank balance of \$6,140,233 was exposed to custodial risk as follows:

Uninsured and Uncollateralized \$86,935

B. Receivables

Receivables as of year end for the government's individual major funds and non-major funds in the aggregate, including the following:

	Due From Other Agencies	Property Taxes Receivable
General Funds	\$ -	\$ 6,168
Senate Bill Nine	-	25,097
Debt Service	-	115,903
Ed Tech Debt Service		1,098
Title I	378,524	
Title I Migrant	50,793	-
Entitlement	27,700	-
Preschool	12,880	-
English Language Acquisition	18,580	-
Teacher/Principal Training	66,208	-
Rural and Low Income Schools	10,537	-
Carl Perkins – Current	13,083	
2009 Dual Credit Instruction Materials	5,339	
2010 G.O. Bond Student Library SB-1	514	-
Gear Up CHE	32,568	
GRADS Childcare	3,500	
Totals	\$ <u>620,226</u>	\$ <u>148,266</u>

Governmental funds reported *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Amounts due to the District from delinquent property tax due to the County Treasurer were not available. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>
Grant draw downs prior to meeting all eligibility requirements	\$ 9,146
Property Taxes – Delinquent	<u>123,134</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 132,280</u>

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

IV. Detailed notes on all funds (continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance 06/30/11	Adjustments	Increases	Decreases	Balance 06/30/12
Governmental Activities					
Capital Assets not being depreciated					
Land	\$ 677,173	\$ -	\$ -	\$ -	\$ 677,173
Construction in Progress	17,016,215	(946,536)	458,676	-	16,528,355
Total Capital Assets not being depreciated	17,693,388	(946,536)	458,676	-	17,205,528
Capital Assets being depreciated					
Buildings & Improvements	35,450,499	946,536	1,634,018	-	38,031,053
Equipment & Vehicles	6,501,995	-	577,206	270,885	6,808,316
Total Capital Assets being depreciated	41,952,494	946,536	2,211,224	270,885	44,839,369
Less: Accumulated Depreciation					
Buildings & Improvements	12,096,559	-	950,332	-	13,046,891
Equipment & Vehicles	4,252,127	-	417,114	104,012	4,565,229
Total Accumulated Depreciation	16,348,686	-	1,367,446	104,012	17,612,120
Net Capital Assets being depreciated	25,603,808	946,536	843,778	166,873	27,227,249
Total Net Capital Assets	\$ 43,297,196	\$ -	\$ 1,302,454	\$ 166,873	\$ 44,432,777

The Schedule of General Capital Assets by Function and Activity, and the Schedule of Changes in General Capital Assets by Function and Activity have not been prepared because the detailed information is unavailable.

Depreciation expense was not charged to function/programs of the School District because the detail information was not available due to historical date not being available. Depreciation was calculated using the estimated useful lives of 50 years for buildings and improvements and land improvements and using 10 years for equipment.

The amount reported in the Adjustments column represents capital assets reported in Construction in Progress in the prior fiscal year reclassified to Buildings & Improvements during the current fiscal year.

The increases in capital assets in the above schedule include \$215,285 of Public School Finance Authority funding for capital assets. This amount is reported in the Public School Capital Outlay fund.

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

IV. Detailed notes on all funds (continued)

D. Long-term debt – General Obligation Bonds

Series	Original Amount	Interest Rate	Balance 6/30/2011	Additions	Retirements	Balance 6/30/2012	Amount Due in One Year
2002	1,400,000	3.5%-4.75%	545,000		125,000	420,000	135,000
2003	600,000	2.3%-3.8%	260,000		50,000	210,000	40,000
2008	4,500,000	3.25%-4.0%	3,700,000		375,000	3,325,000	375,000
2009	1,700,000	3.0%	1,700,000		-	1,700,000	-
		3.00%-					
2010	1,900,000	3.125%	1,900,000		-	1,900,000	-
2010R	2,275,000	1.0%-1.65%	2,275,000		775,000	1,500,000	725,000
2011	1,400,000	2.0%-3.0%	1,400,000		-	1,400,000	-
Total	\$ 13,775,000		\$ 11,780,000	\$ -	1,325,000	\$ 10,455,000	\$ 1,275,000

Fiscal Year	Principal	Interest	Total
2013	\$ 1,275,000	\$ 323,476	\$ 1,598,476
2014	2,135,000	289,614	2,424,614
2015	1,770,000	227,085	1,997,085
2016	1,550,000	162,250	1,712,250
2017	1,625,000	112,250	1,737,250
2018-2019	2,100,000	84,000	2,184,000
	\$ 10,455,000	\$ 1,198,675	\$ 11,653,675

Legal Debt Margin

The legal debt margin is specified by Article IX Section 11 of the Constitution of the State of New Mexico as not greater than 6% of the assessed value of the taxable property within the School District. Based on these criteria, the maximum general obligation debt permissible is \$13,110,871 including \$10,455,000 debt outstanding based on the 2012 valuation.

Bond series 2010R was used to advance refund the 2001 series bonds. The advance refunding took place during the fiscal year ended June 30, 2010.

Liability for Compensated Absences

Balance June 30, 2011	Vacation Used	Vacation Accrued	Balance June 30, 2012	Amount Due in One Year
\$107,260	\$102,193	\$80,474	\$93,395	\$93,395

The operational fund, which is a part of the general fund, has typically been used in the past to liquidate other long term liabilities such as compensated absences.

STATE OF NEW MEXICO
PORTALES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

IV. Detailed notes on all funds (continued)

V. Other information

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMSIA) was formed on April 5, 1985, under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2011.

B. Contingent liabilities

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

C. Employee retirement plan

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

Funding Policy. Plan members earning \$20,000 or less annually are required by statute to contribute 7.9% of their gross salary. Plan members earning over \$20,000 annually were required to contribute 11.15% of their gross salary in fiscal year 2012 and will be required to contribute 9.40% of their gross salary in fiscal year 2013. The District has been and is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, in fiscal years 2012 and 2013. In fiscal year 2012 the District contributed 9.15% of the gross covered salary of employees earning more than \$20,000 annually. In fiscal year 2013 the District will contribute 10.9% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2012, 2011, and 2010, were \$1,465,570, \$1,798,688, and \$1,727,960, respectively, which equal the amount of the required contributions for each fiscal year.

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

V. Other information (continued)

D. Post-retirement health care benefits

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

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

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

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

The 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. During the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending June 30, 2013 the contribution rates for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contribution rates will be:

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
FY13	2.000%	1.000%

Also, employers joining the program after January 1, 1998, are required to make a surplus amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The District's contributions to the RHCA for the years ended June 30, 2012, 2011 and 2010 were \$291,871, \$268,791 and \$200,747, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

V. Other information (continued)

F. Interfund Balances

Due from	Due to Operational
Title I	\$ 378,524
Title I Migrant	50,793
Entitlement	27,700
Preschool	12,880
English Language Acquisition	18,580
Teacher/Principal Training	66,208
Rural and Low Income Schools	10,537
Carl Perkins Current	13,083
2009 Dual Credit Instructional Materials	5,339
2010 G.O. Bond Student Library SB-1	514
Gear UP CHE	32,568
GRADS Childcare	3,500
	<u>\$ 620,226</u>

G. 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.

Fund Balances	General Fund	Senate Bill 9	Title I	Cafeteria	Debt Service	Non-Major Governmental Funds	Total
Non-Spendable:							
Inventory	\$ -	\$ -	\$ -	\$ 34,533	\$ -	\$ -	\$ 34,533
Total Nonspendable				<u>34,533</u>			<u>34,533</u>
Restricted for:							
Debt Service	-	-	-	-	752,542	10	752,552
Capital Improvements	-	907,169	-	-	-	446,539	1,353,708
Athletics	-	-	-	-	-	163,981	163,981
Cafeteria	-	-	-	819,665	-	-	819,665
Instructional Materials	3,947	-	-	-	-	-	3,947
Special Revenue Fund	-	-	-	-	-	10	10
Total restricted	<u>3,947</u>	<u>907,169</u>	<u>1,998,585</u>	<u>819,665</u>	<u>752,542</u>	<u>610,540</u>	<u>3,093,863</u>
Unassigned	<u>2,110,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,110,980</u>
Total Fund Balances	<u>\$ 2,114,927</u>	<u>\$ 907,169</u>	<u>\$ 1,998,585</u>	<u>\$ 854,198</u>	<u>\$ 752,542</u>	<u>\$ 610,550</u>	<u>\$ 5,239,376</u>

H. Restatement of Fund Balance and Net Assets

Balance July 1, 2011	\$39,470,142
Restatement for LGIF investment loss	(14,886)
Restatement for improper classification of deferred revenue	1,510
Restated balance July 1, 2011	<u>\$39,456,766</u>

The following funds were restated to reflect the loss in investments with New Mexico State Treasurer Local Government Investment Pool: Operational – (\$7,372), Bond Building – (\$7,401), and Athletics – (\$113).

Private Grants (Special Revenue) was restated for the amount of \$1,510 to correct the incorrect classification of non-reimbursement grants as deferred revenue instead of revenue.

NON-MAJOR GOVERNMENTAL FUNDS

ALL FUNDS – All funds were created by management directive.

Capital Projects

BOND BUILDING– To account for the costs of capital improvements, such as erecting, remodeling, making additions to, providing equipment for and furnishing school buildings, purchasing and improving school grounds funded from the sale of General Obligation Bonds.

PUBLIC SCHOOL CAPITAL OUTLAY – To account for financing and construction of school improvements fund from appropriations.

SPECIAL CAPITAL OUTLAY STATE – To account for financing and construction of school improvements funded from a special legislative appropriation from the State of New Mexico.

Debt Service

ED TECH DEBT SERVICE - This fund is established to receive revenue for the payment of interest and principal on outstanding general obligation school bond issues.

Special Revenue

ATHLETICS – This is an auxiliary fund to account for budgeted athletics of the school for activities that are considered to be non-instructional. Authority for the creation of this fund is NMAC 6.20.2.

TITLE I MIGRANT – To account for a Federal program to implement school-wide bilingual education programs of special alternative instruction programs to improve, reform, and upgrade relevant programs and operations within an entire local educational agency, that serve a significant number of children and youth of limited English proficiency. The fund was created under the authority of Title VII, Section 7115 of the ESEA (20USC 7425).

IDEA B ENTITLEMENT – P.L. 94-142, Individuals with Disabilities Education Act—to account for a federal grant restricted to the operation and maintenance of meeting the special education need of children with disabilities. Authority for the creation of this fund is Individuals with Disabilities Act, Part B, Sec. 611, as amended; Public Laws 91-230,93-380,94-142,98-199,99-457,100-630 and 101-476; 20 U.S.C. 1401-1419, Public Law 105-17

IDEA B – PRESCHOOL – To account for revenue received under the Preschool Public Act P.L. 99-457 for the purpose of providing special educational services to the developmentally delayed preschool children. This fund is federally funded and is restricted to expenditure by grant application. Required by the New Mexico State Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund.

ENGLISH LANGUAGE ACQUISITION – To ensure that limited English proficient children and youth, including immigrant children and youth, attain English proficiency and meet the same challenging State academic content and student academic achievement standards as all children and youth are expected to meet. The authority for the creation of this fund is the Elementary and Secondary Education Act, as amended, Title III, Part A, Sections 3101, 3129.

TEACHER/PRINCIPAL TRAINING – To provide grants to State Education Agencies on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965 as amended, Title II, Part A, Public Law 107-110.

RURAL AND LOW INCOME SCHOOLS – To account for federal grant assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools, and specifically to provide funds for teacher recruitment, retention, and teacher professional development, educational technology, and parental involvement activities. Authority for this fund comes from the Elementary and Secondary Education Act of 1965, as amended, Title VI, Part B, as amended.

NON-MAJOR GOVERNMENTAL FUNDS

ALL FUNDS – All funds were created by management directive.

Special Revenue (continued)

CARL D. PERKINS CURRENT – To develop more fully the academic, vocational and technical skills of secondary and postsecondary students who elect to enroll in vocational and technical programs. The authority for the creation of this fund is Carl D. Perkins Vocational and Technical Education Act of 1998, Title I; Workforce Investment Act, Section 503.

CARL D. PERKINS REDISTRIBUTION – To develop more fully the academic, vocational and technical skills of secondary and postsecondary students who elect to enroll in vocational and technical programs. The authority for the creation of this fund is Carl D. Perkins Vocational and Technical Education Act of 1998, Title I; Workforce Investment Act, Section 503.

IMPACT AID – To account for funding of a Federal program to provide financial assistance to school districts where enrollments or availability of revenue are adversely affected by Federal activities, i.e. where the tax base of a district is reduced through the Federal acquisition of real property (Section 2), or where there are a significant number of children who reside on Federal (including Indian) lands and/or children whose parents are employed on Federal property or in the Uniformed Services (Section 3(a) and 3(b) where there is a significant decrease (section 3(c)) or a sudden and substantial increase (Sections 4) in school enrollment as the result of Federal activities; to provide disaster assistance for reduced or increased operating costs (Sections 7 (a)), for replacing or repairing damaged or destroyed supplies, equipment, and books, and for repairing minor damage to facilities. Authorized by Public Law 81-874.

EDUCATION JOB FUND – This fund was created to account for the District's allocation of funds intended to give the District a boost to save teacher jobs. Funding and authority for this fund comes from the American Recovery and Reinvestment Act.

2009 DUAL CREDIT INSTRUCTIONAL MATERIALS – This fund was created to account for funds provided to the District to pay for required textbooks and materials needed for dual credit activities. The authority and funding for this fund is provided under HB214 which amended Section 21-1-1.2 and Section 21-13-19 related to dual credit.

LIBRARY SB333 GO BONDS – This fund is used to account for the revenue and expenditures to acquire supplementary library books, equipment, and library resources for public schools and juvenile detention libraries statewide.

2010G.O. BOND STUDENT LIBRARY – This fund is used to account for the revenue and expenditures to acquire supplementary library books, equipment, and library resources for public schools and juvenile detention libraries statewide.

GEAR UP CHE – To increase the number of low-income students who graduate from high school who are prepared to succeed in college. Funding and authorization is provided through the US Department of Education and the New Mexico Higher Education Department.

GRADS CHILDCARE – This fund is used to account for program revenues used to support community based programs design to develop, operate, expand, and enhance initiatives aimed at the prevention of child abuse and neglect. Funding authorized by the Child Abuse and Treatment Act, 42 USC 5116 et seq., as amended, Public Law 108-36.

GRADS INSTRUCTION – To provide assistance to needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families. Authorized by the Social Security Act Title IV, Part A, as amended; Personal Responsibility Act and Work Opportunity Reconciliation Act of 1996, Public Law 104-193 Balance Budget Act of 1997, Public Law 105-33.

PRIVATE DIRECT GRANTS – To account for grants received from outside private and corporate sources. Funding provided by grant contract in which sources will vary from year to year. Expenditures in this fund are stipulated by individual grant contract. All private grants are subject to board approval.

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS AND OTHER
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2012

	BOND BUILDING	PUBLIC SCHOOL CAPITAL OUTLAY	SPECIAL CAPITAL OUTLAY STATE	TOTAL NONMAJOR CAPITAL PROJECTS
ASSETS				
Cash on Deposit	\$ 446,539	\$ -	\$ -	\$ 446,539
Property Taxes Receivable	-	-	-	-
Due From Other Agencies	-	-	-	-
Inventory	-	-	-	-
TOTAL ASSETS	<u>\$ 446,539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 446,539</u>
LIABILITIES AND FUND BALANCE				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-
Due to Other Funds	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Restricted	446,539	-	-	446,539
TOTAL FUND BALANCE	<u>446,539</u>	<u>-</u>	<u>-</u>	<u>446,539</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 446,539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 446,539</u>

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

TOTAL NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR DEBT SERVICE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 172,049	\$ -	\$ 618,588
-	1,098	1,098
241,702		241,702
-		-
<u>\$ 413,751</u>	<u>\$ 1,098</u>	<u>\$ 861,388</u>
\$ -	\$ -	\$ -
8,058	1,088	9,146
241,702	-	241,702
<u>249,760</u>	<u>1,088</u>	<u>250,848</u>
163,991	10	610,540
<u>163,991</u>	<u>10</u>	<u>610,540</u>
<u>\$ 413,751</u>	<u>\$ 1,098</u>	<u>\$ 861,388</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
 IN FUND BALANCE-- OTHER NONMAJOR FUNDS

Year Ended June 30, 2012

	BOND BUILDING	PUBLIC SCHOOL CAPITAL OUTLAY	SPECIAL CAPITAL OUTLAY STATE	TOTAL NONMAJOR CAPITAL PROJECTS
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	215,285	-	215,285
Fees	-	-	-	-
Interest Income	2,518	-	-	2,518
Miscellaneous	193,440	-	-	193,440
Local Property Taxes	-	-	-	-
TOTAL REVENUES	<u>195,958</u>	<u>215,285</u>	<u>-</u>	<u>411,243</u>
EXPENDITURES				
Current				
Instruction	-	-	-	-
Support Services	-	-	-	-
Support Services-Students	-	-	-	-
Support Services-Instruction	-	-	-	-
Support Services-General Administration	-	-	-	-
Support Services-School Administration	-	-	-	-
Student Transportation	-	-	-	-
Acquisition & Construction	1,740,604	215,285	-	1,955,889
TOTAL EXPENDITURES	<u>1,740,604</u>	<u>215,285</u>	<u>-</u>	<u>1,955,889</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(1,544,646)	-	-	(1,544,646)
Other Financing Sources (uses)				
Transfer In/Out	-	-	-	-
Total Other Financial Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change In Fund Balance	(1,544,646)	-	-	(1,544,646)
FUND BALANCE				
June 30, 2011	1,998,586	-	-	1,998,586
Restatement	(7,401)	-	-	(7,401)
Restated Balance	<u>1,991,185</u>	<u>-</u>	<u>-</u>	<u>1,991,185</u>
FUND BALANCE June 30, 2012	\$ <u>446,539</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>446,539</u>

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

TOTAL NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR DEBT SERVICE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 1,089,018	\$ -	\$ 1,089,018
186,105	-	401,390
68,726	-	68,726
391	-	2,909
-	-	193,440
-	2,737	2,737
<u>1,344,240</u>	<u>2,737</u>	<u>1,758,220</u>
700,910	-	700,910
392,647	-	392,647
19,649	-	19,649
38,925	30	38,955
147,589	-	147,589
3,000	-	3,000
24,089	-	1,979,978
<u>1,326,809</u>	<u>30</u>	<u>3,282,728</u>
17,431	2,707	(1,524,508)
1,031	(3,003)	(1,972)
<u>1,031</u>	<u>(3,003)</u>	<u>(1,972)</u>
18,462	(296)	(1,526,480)
144,132	306	2,143,024
1,397	-	(6,004)
<u>145,529</u>	<u>306</u>	<u>2,137,020</u>
<u>\$ 163,991</u>	<u>\$ 10</u>	<u>\$ 610,540</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET--SPECIAL REVENUE FUNDS
 NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2012

	<u>ATHLETICS</u>	<u>TITLE I MIGRANT</u>	<u>ENTITLEMENT</u>	<u>PRESCHOOL</u>
ASSETS				
Cash on Deposit	\$ 163,981	\$ -	\$ -	\$ -
Due From Other Agencies	-	50,793	27,700	12,880
TOTAL ASSETS	<u>\$ 163,981</u>	<u>\$ 50,793</u>	<u>\$ 27,700</u>	<u>\$ 12,880</u>
LIABILITIES AND FUND BALANCE				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-
Due to Other Funds	-	50,793	27,700	12,880
TOTAL LIABILITIES	<u>-</u>	<u>50,793</u>	<u>27,700</u>	<u>12,880</u>
FUND BALANCE				
Restricted	<u>163,981</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>163,981</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 163,981</u>	<u>\$ 50,793</u>	<u>\$ 27,700</u>	<u>\$ 12,880</u>

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

<u>ENGLISH LANGUAGE ACQUISITION</u>	<u>TEACHER PRINCIPAL TRAINING</u>	<u>RURAL AND LOW INCOME SCHOOLS</u>	<u>CARL PERKINS CURRENT</u>	<u>CARL PERKINS REDISTRIBUTION</u>
\$ -	\$ -	\$ -	\$ -	\$ -
18,580	66,208	10,537	13,083	-
<u>\$ 18,580</u>	<u>\$ 66,208</u>	<u>\$ 10,537</u>	<u>\$ 13,083</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
18,580	66,208	10,537	13,083	-
<u>18,580</u>	<u>66,208</u>	<u>10,537</u>	<u>13,083</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 18,580</u>	<u>\$ 66,208</u>	<u>\$ 10,537</u>	<u>\$ 13,083</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET--SPECIAL REVENUE FUNDS
 NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2012

	IMPACT AID SPECIAL EDUCATION	EDUCATION JOB FUND	2009 DUAL CREDIT INSTRUCTIONAL MATERIALS	2008 GO BOND STUDENT LIBRARY SB333
ASSETS				
Cash on Deposit	\$ 4,069	\$ -	\$ -	\$ -
Due From Other Agencies	-	-	5,339	-
TOTAL ASSETS	<u>\$ 4,069</u>	<u>\$ -</u>	<u>\$ 5,339</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	4,069	-	-	-
Due to Other Funds	-	-	5,339	-
TOTAL LIABILITIES	<u>4,069</u>	<u>-</u>	<u>5,339</u>	<u>-</u>
FUND BALANCE				
Restricted	-	-	-	-
TOTAL FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,069</u>	<u>\$ -</u>	<u>\$ 5,339</u>	<u>\$ -</u>

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

2010 GO BOND STUDENT LIBRARY SB-1	GEAR UP CHE	GRADS CHILD CARE	GRADS INSTRUCTION	PRIVATE DIRECT GRANTS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ -	\$ 3,989	\$ 10	\$ 172,049
514	32,568	3,500	-	-	241,702
<u>514</u>	<u>32,568</u>	<u>3,500</u>	<u>3,989</u>	<u>10</u>	<u>413,751</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	3,989	-	8,058
514	32,568	3,500	-	-	241,702
<u>514</u>	<u>32,568</u>	<u>3,500</u>	<u>3,989</u>	<u>-</u>	<u>249,760</u>
-	-	-	-	10	163,991
-	-	-	-	10	163,991
<u>514</u>	<u>32,568</u>	<u>3,500</u>	<u>3,989</u>	<u>10</u>	<u>413,751</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - SPECIAL REVENUE FUNDS
 NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2012

	ATHLETICS	TITLE I MIGRANT	ENTITLEMENT	PRESCHOOL
REVENUE				
Federal Programs	\$ -	\$ 87,046	\$ 625,871	\$ 26,701
State Programs	-	-	-	-
Interest Earnings	391	-	-	-
Fees	68,726	-	-	-
TOTAL REVENUES	<u>69,117</u>	<u>87,046</u>	<u>625,871</u>	<u>26,701</u>
EXPENDITURES				
Current				
Instruction	49,155	17,924	147,299	26,701
Support Services				
Support Services-Students	-	64,075	307,196	-
Support Services-Instruction	-	-	8,218	-
Support Services-General Administration	-	3,345	24,581	-
Support Services-School Administration	-	-	135,577	-
Student Transportation	-	-	3,000	-
Acquisition & Construction	-	1,702	-	-
TOTAL EXPENDITURES	<u>49,155</u>	<u>87,046</u>	<u>625,871</u>	<u>26,701</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	19,962	-	-	-
Other Financing Sources (uses)				
Transfer/Refunds				
Total Other Financial Sources	-	-	-	-
Net Change In Fund Balance	19,962	-	-	-
FUND BALANCE				
June 30, 2011	144,132	-	-	-
Restatement	(113)			
Restated Fund Balance	<u>144,019</u>			
FUND BALANCE June 30, 2012	<u>\$ 163,981</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

<u>ENGLISH LANGUAGE ACQUISITION</u>	<u>TEACHER PRINCIPAL TRAINING</u>	<u>RURAL AND LOW INCOME SCHOOLS</u>	<u>CARL PERKINS CURRENT</u>	<u>CARL PERKINS REDISTRIBUTION</u>
\$ 29,568	\$ 200,309	\$ 69,046	\$ 30,936	\$ 101
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>29,568</u>	<u>200,309</u>	<u>69,046</u>	<u>30,936</u>	<u>101</u>
25,057	178,665	45,449	15,922	101
-	-	-	-	-
-	3,250	18,126	-	-
-	1,139	-	-	-
553	7,852	2,594	-	-
2,609	9,403	-	-	-
-	-	-	-	-
1,349	-	2,877	15,014	-
<u>29,568</u>	<u>200,309</u>	<u>69,046</u>	<u>30,936</u>	<u>101</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - SPECIAL REVENUE FUNDS
 NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2012

	IMPACT AID SPECIAL EDUCATION	EDUCATION JOB FUND	2009 DUAL CREDIT INSTRUCTIONAL MATERIALS	2008 GO BOND STUDENT LIBRARY SB333
REVENUE				
Federal Programs	\$ 10,704	\$ 8,736	\$ -	\$ -
State Programs	-	-	23,560	4,370
Interest Earnings	-	-	-	-
Fees	-	-	-	-
TOTAL REVENUES	<u>10,704</u>	<u>8,736</u>	<u>23,560</u>	<u>4,370</u>
EXPENDITURES				
Current				
Instruction	10,704	8,736	23,560	-
Support Services				
Support Services-Students	-	-	-	-
Support Services-Instruction	-	-	-	3,355
Support Services-General Administration	-	-	-	-
Support Services-School Administration	-	-	-	-
Student Transportation	-	-	-	-
Acquisition & Construction	-	-	-	1,015
TOTAL EXPENDITURES	<u>10,704</u>	<u>8,736</u>	<u>23,560</u>	<u>4,370</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	-	-	-	-
Other Financing Sources (uses)				
Transfer/Refunds				
Total Other Financial Sources	-	-	-	-
Net Change In Fund Balance	-	-	-	-
FUND BALANCE				
June 30, 2011	-	-	-	-
Restatement				
Restated Fund Balance				
FUND BALANCE				
June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

2010 GO BOND STUDENT LIBRARY SB-1	GEAR UP CHE	GRADS CHILD CARE	GRADS INSTRUCTION	PRIVATE DIRECT GRANTS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ -	\$ -	\$ -	1,089,018
6,937	105,477	7,000	38,761	-	186,105
-	-	-	-	-	391
-	-	-	-	-	68,726
<u>6,937</u>	<u>105,477</u>	<u>7,000</u>	<u>38,761</u>	<u>-</u>	<u>1,344,240</u>
-	104,376	7,000	38,761	1,500	700,910
-	-	-	-	-	392,647
6,937	-	-	-	-	19,649
-	-	-	-	-	38,925
-	-	-	-	-	147,589
-	-	-	-	-	3,000
-	2,132	-	-	-	24,089
<u>6,937</u>	<u>106,508</u>	<u>7,000</u>	<u>38,761</u>	<u>1,500</u>	<u>1,326,809</u>
-	(1,031)	-	-	(1,500)	17,431
-	1,031	-	-	-	1,031
-	<u>1,031</u>	-	-	-	<u>1,031</u>
-	-	-	-	(1,500)	18,462
-	-	-	-	-	144,132
-	-	-	-	1,510	1,397
-	-	-	-	<u>1,510</u>	<u>145,529</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 163,991</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--ATHLETICS

Year Ended June 30, 2012

	<u>ORIGINAL BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
REVENUE				
Fees Activities	54,000	54,000	68,726	14,726
Interest Income	100	100	391	291
TOTAL REVENUE	<u>54,100</u>	<u>54,100</u>	<u>\$ 69,117</u>	<u>\$ 15,017</u>
Cash Balance Budgeted	<u>144,754</u>	<u>144,754</u>		
TOTAL REVENUE & CASH	<u>\$ 198,854</u>	<u>\$ 198,854</u>		
EXPENDITURES				
Current				
Instruction	\$ 198,854	198,854	49,155	149,699
TOTAL EXPENDITURES	<u>\$ 198,854</u>	<u>\$ 198,854</u>	<u>\$ 49,155</u>	<u>\$ 149,699</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 69,117
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 69,117</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 49,155
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 49,155</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--MIGRANT CHILDREN EDUCATION

Year Ended June 30, 2012

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 70,000	\$ 101,559	40,171	(61,388)
TOTAL REVENUE	<u>70,000</u>	<u>101,559</u>	<u>\$ 40,171</u>	<u>\$ (61,388)</u>
 Cash Balance Budgeted	 -	 -		
TOTAL REVENUE & CASH	<u>\$ 70,000</u>	<u>\$ 101,559</u>		
EXPENDITURES				
Current				
Instruction	\$ 2,000	25,679	17,924	7,755
Support Services				-
Support Services-Students	65,256	69,899	65,777	4,122
Support Services-General Administration	2,744	3,981	3,345	636
Student Transportation	-	2,000	-	2,000
TOTAL EXPENDITURES	<u>\$ 70,000</u>	<u>\$ 101,559</u>	<u>\$ 87,046</u>	<u>\$ 14,513</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 40,171
Differences-Budget to GAAP	
Current Year Receivable	50,793
Prior Year Receivable	(3,918)
Total Revenues (GAAP Basis)	<u>\$ 87,046</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 87,046
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 87,046</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--ENTITLEMENT

Year Ended June 30, 2012

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 665,969	\$ 885,998	674,862	(211,136)
TOTAL REVENUE	<u>665,969</u>	<u>885,998</u>	<u>\$ 674,862</u>	<u>\$ (211,136)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 665,969</u>	<u>\$ 885,998</u>		
EXPENDITURES				
Current				
Instruction	\$ 153,472	263,083	147,299	115,784
Support Services				
Support Services-Students	333,750	435,900	307,196	128,704
Support Services-Instruction	8,100	8,710	8,218	492
Support Services-General Administration	27,422	27,422	24,581	2,841
Support Services-School Administration	143,225	147,883	135,577	12,306
Student Transportation	-	3,000	3,000	-
TOTAL EXPENDITURES	<u>\$ 665,969</u>	<u>\$ 885,998</u>	<u>\$ 625,871</u>	<u>\$ 260,127</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 674,862
Differences-Budget to GAAP	
Property tax Receivable	
Prior Year Tax Receivables	
Current Year Receivable	27,700
Prior Year Receivable	(76,691)
Total Revenues (GAAP Basis)	<u>\$ 625,871</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 625,871
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 625,871</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--IDEA B PRESCHOOL

Year Ended June 30, 2012

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 25,632	36,080	13,821	(22,259)
TOTAL REVENUE	<u>\$ 25,632</u>	<u>36,080</u>	<u>\$ 13,821</u>	<u>\$ (22,259)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 25,632</u>	<u>\$ 36,080</u>		
EXPENDITURES				
Current				
Instruction	\$ 25,632	36,080	26,701	9,379
TOTAL EXPENDITURES	<u>\$ 25,632</u>	<u>\$ 36,080</u>	<u>\$ 26,701</u>	<u>\$ 9,379</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 13,821
Differences-Budget to GAAP	
Prior Year Receivable	12,880
Total Revenues (GAAP Basis)	<u>\$ 26,701</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 26,701
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 26,701</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--ENGLISH LANGUAGE ACQUISITION

Year Ended June 30, 2012

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
REVENUE				
Federal Revenue	\$ 15,184	\$ 30,196	\$ 18,712	\$ (11,484)
TOTAL REVENUE	<u>15,184</u>	<u>30,196</u>	<u>18,712</u>	<u>(11,484)</u>
 Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 15,184</u>	<u>\$ 30,196</u>		
EXPENDITURES				
Current				
Instruction	\$ 11,579	26,983	26,406	577
Support Services				-
Support Services-Students	507	-	-	-
Support Services-General Administration	298	593	553	40
Support Services-School Administration	2,800	2,620	2,609	11
TOTAL EXPENDITURES	<u>\$ 15,184</u>	<u>\$ 30,196</u>	<u>\$ 29,568</u>	<u>\$ 628</u>
Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures				
Sources/inflows of resources				
Actual amounts (budgetary basis)			\$ 18,712	
Differences-Budget to GAAP				
Property tax Receivable				
Prior Year Tax Receivables				
Current Year Receivable			18,580	
Prior Year Receivable			(7,724)	
Current Year Deferral				
Prior Year Deferral				
Total Revenues (GAAP Basis)			<u>\$ 29,568</u>	
Uses/outflows of resources				
Actual amounts (budgetary basis)			\$ 29,568	
Differences-budget to GAAP				
Total Expenditures (GAAP Basis)			<u>\$ 29,568</u>	

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--TEACHER/PRINCIPAL TRAINING & RECRUITING

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 198,182	227,652	152,820	\$ (74,832)
TOTAL REVENUE	<u>198,182</u>	<u>227,652</u>	<u>\$ 152,820</u>	<u>\$ (74,832)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 198,182</u>	<u>\$ 227,652</u>		
EXPENDITURES				
Current				
Instruction	\$ 187,913	200,227	178,665	\$ 21,562
Support Services				-
Support Services-Students	-	5,000	3,250	1,750
Support Services-Instruction	-	2,000	1,139	861
Support Services-General Administration	7,769	8,925	7,852	1,073
Support Services-School Administration	2,500	11,500	9,403	2,097
TOTAL EXPENDITURES	<u>\$ 198,182</u>	<u>\$ 227,652</u>	<u>\$ 200,309</u>	<u>\$ 27,343</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 152,820
Differences-Budget to GAAP	
Current Year Receivable	66,208
Prior Year Receivable	(18,719)
Total Revenues (GAAP Basis)	<u>\$ 200,309</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 200,309
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 200,309</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--RURAL & LOW INCOME SCHOOLS

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 61,899	\$ 83,843	\$ 73,797	\$ (10,046)
TOTAL REVENUE	<u>61,899</u>	<u>83,843</u>	<u>73,797</u>	<u>(10,046)</u>
 Cash Balance Budgeted	 -	 -		
TOTAL REVENUE & CASH	<u>\$ 61,899</u>	<u>\$ 83,843</u>		
 EXPENDITURES				
Current				
Instruction	\$ 21,196	\$ 59,325	\$ 48,326	\$ 10,999
Support Services				-
Support Services-Students	34,777	21,232	18,126	3,106
Support Services-General Administration	2,426	3,286	2,594	692
Support Services-School Administration	3,500	-	-	-
TOTAL EXPENDITURES	<u>\$ 61,899</u>	<u>\$ 83,843</u>	<u>\$ 69,046</u>	<u>\$ 14,797</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 73,797
Differences-Budget to GAAP	
Current Year Receivable	10,537
Prior Year Receivable	(15,288)
Total Revenues (GAAP Basis)	<u>\$ 69,046</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 69,046
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 69,046</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--CARL PERKINS SECONDARY -CURRENT

Year Ended June 30, 2012

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
REVENUE				
Federal Revenue	\$ 26,202	\$ 31,700	17,853	\$ (13,847)
TOTAL REVENUE	<u>26,202</u>	<u>31,700</u>	<u>\$ 17,853</u>	<u>\$ (13,847)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 26,202</u>	<u>\$ 31,700</u>		
EXPENDITURES				
Current				
Instruction	\$ 26,202	\$ 31,700	\$ 30,936	\$ 764
TOTAL EXPENDITURES	<u>\$ 26,202</u>	<u>\$ 31,700</u>	<u>\$ 30,936</u>	<u>\$ 764</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 17,853
Differences-Budget to GAAP	
Current Year Receivable	13,083
Total Revenues (GAAP Basis)	<u>\$ 30,936</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 30,936
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 30,936</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--CARL PERKINS SECONDARY-CARRYOVER

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 110	\$ 206	\$ 96
TOTAL REVENUE	<u>-</u>	<u>110</u>	<u>206</u>	<u>96</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 110</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 110	\$ 101	\$ 9
TOTAL EXPENDITURES	<u>-</u>	<u>110</u>	<u>101</u>	<u>9</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 206
Differences-Budget to GAAP	
Prior Year Receivable	(105)
Total Revenues (GAAP Basis)	<u>\$ 101</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 101
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 101</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--IMPACT AID SPECIAL ED

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 6,450	7,024	\$ 574
TOTAL REVENUE	<u>-</u>	<u>6,450</u>	<u>\$ 7,024</u>	<u>\$ 574</u>
Cash Balance Budgeted	<u>7,748</u>	<u>7,748</u>		
TOTAL REVENUE & CASH	<u>\$ 7,748</u>	<u>\$ 14,198</u>		
EXPENDITURES				
Current				
Instruction	\$ 6,075	\$ 12,525	\$ 10,704	\$ 1,821
Support Services				-
Support Services-Students	1,673	1,673	-	1,673
TOTAL EXPENDITURES	<u>\$ 7,748</u>	<u>\$ 14,198</u>	<u>\$ 10,704</u>	<u>\$ 3,494</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 7,024
Differences-Budget to GAAP	
Current Year Deferral	(4,069)
Prior Year Deferral	7,749
Total Revenues (GAAP Basis)	<u>\$ 10,704</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 10,704
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 10,704</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--EDUCATION JOB FUND

Year Ended June 30, 2012

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 8,736	\$ 8,736	\$ -
TOTAL REVENUE	<u>-</u>	<u>8,736</u>	<u>8,736</u>	<u>-</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 8,736</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 8,736	\$ 8,736	\$ -
TOTAL EXPENDITURES	<u>-</u>	<u>8,736</u>	<u>8,736</u>	<u>-</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 8,736
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 8,736</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 8,736
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 8,736</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--2009 DUAL CREDIT INSTRUCTIONAL MATERIALS

Year Ended June 30, 2012

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ 23,561	\$ 18,221	\$ (5,340)
TOTAL REVENUE	<u>-</u>	<u>23,561</u>	<u>18,221</u>	<u>(5,340)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 23,561</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 23,561	\$ 23,560	\$ 1
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 23,561</u>	<u>\$ 23,560</u>	<u>\$ 1</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 18,221
Differences-Budget to GAAP	
Current Year Receivable	5,339
Total Revenues (GAAP Basis)	<u>\$ 23,560</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 23,560
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 23,560</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--LIBRARY SB333 GO BONDS

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 4,370	\$ 4,370	\$ 5,995	\$ 1,625
TOTAL REVENUE	<u>4,370</u>	<u>4,370</u>	<u>5,995</u>	<u>1,625</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 4,370</u>	<u>\$ 4,370</u>		
EXPENDITURES				
Current				
Support Services-Instruction	\$ 4,370	\$ 4,370	\$ 4,370	\$ -
TOTAL EXPENDITURES	<u>4,370</u>	<u>4,370</u>	<u>4,370</u>	<u>-</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 5,995
Differences-Budget to GAAP	
Prior Year Receivable	(1,625)
Total Revenues (GAAP Basis)	<u>\$ 4,370</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 4,370
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 4,370</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--2010 LIBRARY SB-1 GO BONDS

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 16,640	\$ 16,640	\$ 6,423	\$ (10,217)
TOTAL REVENUE	<u>16,640</u>	<u>16,640</u>	<u>6,423</u>	<u>(10,217)</u>
 Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 16,640</u>	<u>\$ 16,640</u>		
 EXPENDITURES				
Current				
Support Services-Instruction	\$ 16,640	\$ 16,640	\$ 6,937	\$ 9,703
TOTAL EXPENDITURES	<u>\$ 16,640</u>	<u>\$ 16,640</u>	<u>6,937</u>	<u>9,703</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 6,423
Differences-Budget to GAAP	
Current Year Receivable	514
Total Revenues (GAAP Basis)	<u>\$ 6,937</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 6,937
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 6,937</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--GEAR UP CHE

Year Ended June 30, 2012

	<u>ORIGINAL BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
REVENUE				
State Flow Through Grants	\$ -	\$ 120,732	\$ 92,227	\$ (28,505)
TOTAL REVENUE	<u>-</u>	<u>120,732</u>	<u>92,227</u>	<u>(28,505)</u>
Cash Balance Budgeted	<u> </u>	<u> </u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 120,732</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 120,732	\$ 106,508	\$ 14,224
TOTAL EXPENDITURES	<u>-</u>	<u>120,732</u>	<u>106,508</u>	<u>14,224</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 92,227
Differences-Budget to GAAP	
Current Year Receivable	32,568
Prior Year Receivable	(19,318)
Total Revenues (GAAP Basis)	<u>\$ 105,477</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 106,508
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 106,508</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND - GRADS CHILDCARE

Year Ended June 30, 2012

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ 7,000	\$ 3,500	\$ (3,500)
TOTAL REVENUE	<u>-</u>	<u>7,000</u>	<u>3,500</u>	<u>(3,500)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 7,000</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 7,000	\$ 7,000	\$ -
TOTAL EXPENDITURES	<u>-</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 3,500
Differences-Budget to GAAP	
Current Year Receivable	3,500
Total Revenues (GAAP Basis)	<u>\$ 7,000</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 7,000
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 7,000</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND-GRADS INSTRUCTION

Year Ended June 30, 2012

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ 44,250	\$ 42,750	\$ (1,500)
TOTAL REVENUE	-	44,250	<u>42,750</u>	<u>(1,500)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 44,250</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 44,250	\$ 38,761	\$ 5,489
TOTAL EXPENDITURES	<u>-</u>	<u>44,250</u>	<u>38,761</u>	<u>5,489</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 42,750
Differences-Budget to GAAP	
Current Year Deferral	(3,989)
Total Revenues (GAAP Basis)	<u>\$ 38,761</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 38,761
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 38,761</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--PRIVATE GRANTS

Year Ended June 30, 2012

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Private Grants	\$ <u> </u>	\$ <u> 500</u>	\$ <u> -</u>	\$ <u> (500)</u>
TOTAL REVENUE	\$ <u> -</u>	\$ <u> 500</u>	<u> -</u>	<u> (500)</u>

TOTAL REVENUE & CASH

EXPENDITURES

Current

Instruction	\$ <u> 1,000</u>	\$ <u> 1,500</u>	\$ <u> 1,500</u>	\$ <u> -</u>
TOTAL EXPENDITURES	<u> 1,000</u>	<u> 1,500</u>	<u> 1,500</u>	<u> -</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ <u> -</u>	-
Differences-Budget to GAAP	<u> -</u>	
Total Revenues (GAAP Basis)	<u> -</u>	

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ <u> 1,500</u>	1,500
Differences-budget to GAAP	<u> -</u>	
Total Expenditures (GAAP Basis)	<u> 1,500</u>	

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS
 COMBINING BALANCE SHEET -- GENERAL FUND

June 30, 2012

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>TOTALS</u>
ASSETS				
Cash on Deposit	\$ 1,489,755	\$ -	\$ 3,947	\$ 1,493,702
Due from Other Funds	620,226	-	-	620,226
Property Tax Receivable	6,168	-	-	6,168
Due from other Agencies	-	-	-	-
TOTAL ASSETS	<u>\$ 2,116,149</u>	<u>\$ -</u>	<u>\$ 3,947</u>	<u>\$ 2,120,096</u>
LIABILITIES AND FUND BALANCE				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	5,169	-	-	5,169
Due to Other Funds	-	-	-	-
TOTAL LIABILITIES AND OTHER CREDITS	5,169	-	-	5,169
FUND BALANCE				
Restricted			3,947	3,947
Unassigned	2,110,980	-	-	2,110,980
TOTAL FUND BALANCE	<u>2,110,980</u>	<u>-</u>	<u>3,947</u>	<u>2,114,927</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,116,149</u>	<u>\$ -</u>	<u>\$ 3,947</u>	<u>\$ 2,120,096</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
 IN FUND BALANCE -- GENERAL FUND

Year Ended June 30, 2012

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>TOTALS</u>
REVENUE				
Federal Programs	\$ 6,026	\$ -	\$ -	\$ 6,026
State Programs	-	1,107,626	132,289	1,239,915
State Equalization	20,688,357	-	-	20,688,357
Interest Earnings	10,759	-	-	10,759
Charges For Services	202,874	-	-	202,874
Fees	9,891	-	-	9,891
Insurance Recoveries	87,434	-	-	87,434
Sale of Property	2,180	-	-	2,180
Miscellaneous	65,068	-	-	65,068
Local Property Taxes	91,844	-	-	91,844
TOTAL REVENUES	<u>21,164,433</u>	<u>1,107,626</u>	<u>132,289</u>	<u>22,404,348</u>
EXPENDITURES				
Current				
Instruction	13,329,397	-	134,540	13,463,937
Support Services	-	-	-	-
Support Services-Students	2,055,094	-	-	2,055,094
Support Services-Instruction	352,043	-	1,204	353,247
Support Services-General Administration	512,018	-	-	512,018
Support Services-School Administration	1,521,356	-	-	1,521,356
Central Services	859,079	-	-	859,079
Operation & Maintenance of Plant	2,732,361	-	-	2,732,361
Student Transportation	-	1,107,626	-	1,107,626
Acquisition & Construction	102,597	-	-	102,597
TOTAL EXPENDITURES	<u>21,463,945</u>	<u>1,107,626</u>	<u>135,744</u>	<u>22,707,315</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(299,512)	-	(3,455)	(302,967)
Other Financing Sources (uses)				
Transfer IN (OUT)	(1,031)	-	-	(1,031)
Total Other Financial Sources	<u>(1,031)</u>	<u>-</u>	<u>-</u>	<u>(1,031)</u>
Net Change In Fund Balances	(300,543)	-	(3,455)	(303,998)
FUND BALANCE				
June 30, 2011	2,418,895	-	7,402	2,426,297
Restatement	(7,372)	-	-	(7,372)
Restated Fund Balance	<u>2,411,523</u>	<u>-</u>	<u>7,402</u>	<u>2,418,925</u>
FUND BALANCE June 30, 2012	<u>\$ 2,110,980</u>	<u>\$ -</u>	<u>\$ 3,947</u>	<u>\$ 2,114,927</u>

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

STATE OF NEW MEXICO
PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--GENERAL FUND--OPERATIONAL

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 104,210	\$ 104,210	\$ 92,807	\$ (11,403)
Fees-Users	-	-	9,891	9,891
Interest Income	5,000	5,000	10,759	5,759
State Equalization	21,005,145	20,679,805	20,688,357	8,552
Impact Aid	5,145	5,848	6,026	178
Rent	-	-	100	100
Sale of Property/Equipment	-	-	2,180	2,180
Access Board	-	41,438	48,314	6,876
Refunds	-	-	1,841	1,841
Indirect Cost - (Flow Through Grants)	30,000	30,000	137,268	107,268
Insurance Recoveries	-	-	87,434	87,434
TOTAL REVENUE	<u>21,149,500</u>	<u>20,866,301</u>	<u>\$ 21,084,977</u>	<u>\$ 218,676</u>

Cash Balance Budgeted	<u>1,700,000</u>	<u>1,700,000</u>
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TOTAL REVENUE & CASH	<u>\$ 22,849,500</u>	<u>\$ 22,566,301</u>
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EXPENDITURES

Current

Instruction	\$ 14,048,316	\$ 13,775,019	\$ 13,338,100	\$ 436,919
Support Services				-
Support Services-Students	2,283,670	2,130,790	2,055,094	75,696
Support Services-Instruction	423,700	482,274	355,298	126,976
Support Services-General Administration	656,700	635,386	512,018	123,368
Support Services-School Administration	1,566,800	1,557,660	1,525,556	32,104
Central services	1,017,802	1,056,521	859,080	197,441
Operation & Maintenance of Plant	2,841,444	2,917,583	2,738,380	179,203
Other Support Services	11,068	11,068	-	11,068
TOTAL EXPENDITURES	<u>\$ 22,849,500</u>	<u>\$ 22,566,301</u>	<u>\$ 21,383,526</u>	<u>\$ 1,182,775</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 21,084,977
Differences-Budget to GAAP	
Prior Year Taxes Receivable	(1,962)
Current Year Taxes Receivable	999
Non-cash donations of capital assets	80,419
Total Revenues (GAAP Basis)	<u>\$ 21,164,433</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 21,383,526
Differences-budget to GAAP	
Capital Asset Acquired through Donation	80,419
Total Expenditures (GAAP Basis)	<u>\$ 21,463,945</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--GENERAL FUND--TRANSPORTATION FUND

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 1,097,120	\$ 1,107,626	\$ 1,107,626	\$ -
TOTAL REVENUE	<u>1,097,120</u>	<u>1,107,626</u>	<u>\$ 1,107,626</u>	<u>\$ -</u>
 Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 1,097,120</u>	<u>\$ 1,107,626</u>		
EXPENDITURES				
Current				
Student Transportation	\$ 1,097,120	\$ 1,107,626	\$ 1,107,626	\$ -
TOTAL EXPENDITURES	<u>\$ 1,097,120</u>	<u>\$ 1,107,626</u>	<u>\$ 1,107,626</u>	<u>\$ -</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 1,107,626
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 1,107,626</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 1,107,626
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 1,107,626</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--GENERAL FUND--INSTRUCTIONAL MATERIALS FUND

Year Ended June 30, 2012

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
REVENUE				
State Flow Through Grants	\$ 107,404	\$ 128,342	\$ 128,342	\$ -
Refunds	-	-	3,947	3,947
TOTAL REVENUE	<u>107,404</u>	<u>128,342</u>	<u>132,289</u>	<u>3,947</u>
Cash Balance Budgeted	<u>1,204</u>	<u>7,402</u>		
TOTAL REVENUE & CASH	<u>\$ 108,608</u>	<u>\$ 135,744</u>		
EXPENDITURES				
Current				
Instruction	\$ 107,404	\$ 134,540	\$ 134,540	\$ -
Support Services				-
Support Services-Instruction	1,204	1,204	1,204	-
TOTAL EXPENDITURES	<u>\$ 108,608</u>	<u>\$ 135,744</u>	<u>\$ 135,744</u>	<u>\$ -</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 132,289
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 132,289</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 135,744
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 135,744</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--CAPITAL PROJECTS FUND--BOND BUILDING

Year Ended June 30, 2012

	<u>ORIGINAL BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE Favorable (Unfavorable)
REVENUE				
Interest Income	\$ 1,000	\$ 5,290	\$ 2,518	\$ (2,772)
Refunds		193,441	193,440	(1)
Bond Proceeds	-	-	-	-
TOTAL REVENUE	1,000	198,731	<u>\$ 195,958</u>	<u>\$ (2,773)</u>
Cash Balance Budgeted	<u>2,255,000</u>	<u>22,660,986</u>		
TOTAL REVENUE & CASH	<u>\$ 2,256,000</u>	<u>\$ 22,859,717</u>		
EXPENDITURES				
Current				
Acquisition & Construction	\$ 2,256,000	\$ 2,859,717	\$ 2,403,006	\$ 456,711
TOTAL EXPENDITURES	<u>\$ 2,256,000</u>	<u>\$ 2,859,717</u>	<u>\$ 2,403,006</u>	<u>\$ 456,711</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 195,958
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 195,958</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 2,403,006
Differences-budget to GAAP	
Prior Year Payable	(662,402)
Total Expenditures (GAAP Basis)	<u>\$ 1,740,604</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--CAPITAL PROJECTS FUND--PUBLIC SCHOOL CAPITAL OUTLAY

Year Ended June 30, 2012

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 356,889	\$ 400,654	\$ -	\$ (400,654)
TOTAL REVENUE	356,889	400,654	\$ -	\$ (400,654)
Cash Balance Budgeted	_____	_____		
TOTAL REVENUE & CASH	\$ 356,889	\$ 400,654		
EXPENDITURES				
Acquisition & Construction	\$ 356,889	\$ 400,654	\$ 215,285	\$ 185,369
TOTAL EXPENDITURES	\$ 356,889	\$ 400,654	\$ 215,285	\$ 185,369

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ -
Differences-Budget to GAAP	
Paid Directly By State Agency	215,285
Total Revenues (GAAP Basis)	\$ 215,285

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 215,285
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 215,285

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

BALANCE SHEET -- NONMAJOR DEBT SERVICE FUND

June 30, 2012

	<u>EDUCATIONAL TECHNOLOGY</u>	<u>TOTAL</u>
ASSETS		
Cash on Deposit	\$ -	\$ -
Due From Other Funds	-	-
Property Tax Receivable	1,098	1,098
TOTAL ASSETS	\$ <u>1,098</u>	\$ <u>1,098</u>
LIABILITIES AND FUND BALANCE		
Accounts Payable	\$ -	\$ -
Deferred Revenue	1,088	1,088
Due to Other Funds	-	-
TOTAL LIABILITIES	<u>1,088</u>	<u>1,088</u>
FUND BALANCE		
Restricted	<u>10</u>	<u>10</u>
TOTAL FUND BALANCE	<u>10</u>	<u>10</u>
TOTAL LIABILITIES AND FUND Balance	\$ <u>1,098</u>	\$ <u>1,098</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
 IN FUND BALANCE-- NONMAJOR DEBT SERVICE FUND

Year Ended June 30, 2012

	<u>EDUCATIONAL TECHNOLOGY</u>	<u>TOTAL</u>
REVENUE		
Local Property Taxes	\$ 2,737	\$ 2,737
Interest Earnings	-	-
TOTAL REVENUES	<u>2,737</u>	<u>2,737</u>
EXPENDITURES		
Current		
Support Services-General Administration	30	30
TOTAL EXPENDITURES	<u>30</u>	<u>30</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	2,707	2,707
Other Financing Sources (uses)		
Transfer In/Out	<u>(3,003)</u>	<u>(3,003)</u>
Total Other Financial Sources	(3,003)	(3,003)
Net Change In Fund Balance	(296)	(296)
FUND BALANCE		
June 30, 2011	<u>306</u>	<u>306</u>
FUND BALANCE		
June 30, 2012	<u>\$ 10</u>	<u>10</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 ACTUAL (NON GAAP BUDGETARY BASIS)--DEBT SERVICE FUND

Year Ended June 30, 2012

	<u>ORIGINAL BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 1,679,364	\$ 1,679,364	\$ 1,761,594	\$ 82,230
Interest Income	-	926	673	(253)
Bond Proceeds Premium	-	-	-	-
TOTAL REVENUE	<u>1,679,364</u>	<u>1,680,290</u>	<u>\$ 1,762,267</u>	<u>\$ 81,977</u>
Cash Balance Budgeted	<u>856,305</u>	<u>812,177</u>		
TOTAL REVENUE & CASH	<u>\$ 2,535,669</u>	<u>\$ 2,492,467</u>		
EXPENDITURES				
Current				
Support Services-General Administration	\$ 23,500	\$ 23,500	\$ 17,616	\$ 5,884
Principal	2,512,169	2,468,967	1,679,364	789,603
Interest and Finance Charges	-	-	-	-
Debt Service Reserve	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 2,535,669</u>	<u>\$ 2,492,467</u>	<u>\$ 1,696,980</u>	<u>\$ 795,487</u>
Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures				
Sources/inflows of resources				
Actual amounts (budgetary basis)			\$ 1,762,267	
Differences-Budget to GAAP				
Property tax Receivable			18,966	
Prior Year Tax Receivables			(36,767)	
Total Revenues (GAAP Basis)			<u>\$ 1,744,466</u>	
Uses/outflows of resources				
Actual amounts (budgetary basis)			\$ 1,696,980	
Differences-budget to GAAP				
Prior Year Interest Payable			(181,259)	
Current Year Interest Payable			146,893	
Total Expenditures (GAAP Basis)			<u>\$ 1,662,614</u>	

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 ACTUAL (NON GAAP BUDGETARY BASIS)--DEBT SERVICE FUND--ED TECH DEBT SERVICE

Year Ended June 30, 2012

	<u>ORIGINAL BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
REVENUE				
Residential/Non-Residential Taxes	\$ 2,000	\$ 2,000	\$ 3,034	\$ 1,034
Bond premium				
TOTAL REVENUE	<u>2,000</u>	<u>2,000</u>	<u>\$ 3,034</u>	<u>\$ 1,034</u>
Cash Balance Budgeted	<u>4,143</u>	<u>4,143</u>		
TOTAL REVENUE & CASH	<u>\$ 6,143</u>	<u>\$ 6,143</u>		
EXPENDITURES				
Current				
Support Services-General Administration	\$ 200	\$ 200	\$ 30	\$ 170
Debt Service Reserve	5,943	5,943	-	5,943
TOTAL EXPENDITURES	<u>\$ 6,143</u>	<u>\$ 6,143</u>	<u>\$ 30</u>	<u>\$ 6,113</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 3,034
Differences-Budget to GAAP	
Property tax Receivable	9
Prior Year Tax Receivables	(306)
Total Revenues (GAAP Basis)	<u>\$ 2,737</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 30
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 30</u>

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

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -- AGENCY FUND

Year Ended June 30, 2012

	BALANCE 7/01/11	ADDITIONS	TRANSFERS	DEDUCTIONS	BALANCE 6/30/12
Administration	\$ 225,956	\$ 33,393	\$ (740)	\$ 156,595	\$ 102,014
High School	124,754	178,790	-	182,964	120,580
Junior High School	37,214	36,282	-	35,186	38,310
Brown Elementary	36,151	29,814	-	28,034	37,931
James Elementary	23,768	17,534	-	20,076	21,226
Lindsey Elementary	9,059	37,911	-	35,376	11,594
Steiner Elementary	-	-	-	-	-
Valencia Elementary	37,998	53,216	-	47,039	44,175
Portales High School Daycare	119,331	184,279	-	159,540	144,070
Total	<u>\$ 614,231</u>	<u>\$ 571,219</u>	<u>\$ (740)</u>	<u>\$ 664,810</u>	<u>\$ 519,900</u>

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2012

<u>US DEPARTMENT OF EDUCATION</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH GRANTOR NUMBER</u>	<u>PROGRAM EXPENDITURES</u>
Passed through New Mexico Public Education Department			
Title I	84.010	24101	\$ 1,187,417
Migrant Children Education	84.011	24103	87,046
Idea B Entitlement	84.027	24106	625,871
Idea B Preschool	84.027	24109	26,701
English Language Acquisition	84.365A	24153	29,568
Teacher/Principal Training	84.367	24154	200,309
Safe & Drug Free Schools	84.186	24157	-
Rural & Low Income Schools	84.358	24160	69,046
Carl Perkins Secondary - Current	84.048	24174	30,936
Carl Perkins Secondary - Carryover	84.048	24175	101
Title I Federal Stimulus	84.389	24201	-
Impact Aid	84.041	11000	-
Entitlement-Federal Stimulus	84.0270	24206	-
Pre School-Federal Stimulus	84.1730	24209	-
Impact Aid Special Ed	84.041	25145	10,704
Title XIX Medicaid	93.778	25153	-
SEG Federal Stimulus	84.394	25250	-
Education Job Fund	<1> 84.410	25255	8,736
Impact Aid	84.041	44103	6,026
Total Department of Education			<u>2,282,461</u>
US DEPARTMENT OF AGRICULTURE			
Passed Through New Mexico Public Education Department			
National School Lunch	<1> 10.555	21000	1,212,288
School Food Commodity Distribution Program	<1> 10.559	21000	74,456
Total Department of Agriculture			<u>1,286,744</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$ 3,569,205</u>
<1> Major Program			
Reconciliation to Federal Revenues in Financial Statements:			
Federal Revenues Per Financial Statements			<u>\$ 3,569,205</u>

Note 1 This schedule is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

Note 2 Non-Monetary assistance of \$74,456 is included in the schedule at fair market value of the commodities received from the Department of Agriculture.

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

SCHEDULE OF PLEDGED COLLATERAL

June 30, 2012

	TOTAL DEPOSITS	FDIC INSURANCE	UNINSURED BANK BALANCE	COLLATERAL REQUIRED	COLLATERAL PLEGDED	SECURITY DEFICIT	UNINSURED & UNCOLLATERALIZED DEPOSITS
PORTALES NATIONAL BANK	\$ 6,096,506	\$ 500,000	\$ 5,596,506	\$ 2,798,253	\$ 5,509,571	\$ -	\$ 86,935
<u>COLLATERAL</u>	<u>CUSIP #</u>	<u>MATURITY</u>	<u>MARKET VALUE</u>				
FHLB AGENCY NOTE	313371SA5	05/29/14	1,002,481 X	Agency Note			
FHLB AGENCY NOTE	3133XGWH3	09/29/16	1,013,374 X	Agency Note			
FHLB AGENCY NOTE	3136FPEZ6	02/28/14	505,027 X	Agency Note			
FHLB AGENCY NOTE	3136FPS57	06/27/13	1,004,035 X	Agency Note			
FHLB AGENCY NOTE	3133XJUT3	03/09/12	516,995 X	Agency Note			
ALAMOGORDO NM SCHOOL DIST	011464FH2	08/01/12	205,016 X	GO Bonds			
CLOUDCROFT NM SCHOOL DIST	264430JWO	09/01/13	163,303 X	GO Bonds			
DULCE NM SCHOOL DIST	264430KE8	09/01/13	161,318 X	GO Bonds			
PORTALES NM SCHOOL DIST	555483AZ9	10/01/17	404,812 X	GO Bonds			
ELIDA NM SCHOOL DIST	776465BE5	07/01/12	82,139	GO Bonds			
ROSWELL NM SCHOOL DIST	778550FW8	08/01/11	451,071	GO Bonds			
			\$ 5,509,571				
NEW MEXICO STATE TREASURER	\$ 19,175	\$ -	\$ 19,175	\$ 19,175	\$ 19,175	\$ -	\$ -
FIRST COMMUNITY BANK	\$ 24,552	\$ 24,552	\$ -	\$ -	\$ -	\$ -	\$ -
Total all Institutions	\$ 6,140,233	\$ 524,552	\$ 5,615,681	\$ 2,817,428	\$ 5,528,746	\$ -	\$ 86,935
	Portales National Bank	New Mexico State Treasurer	First Community Bank				
50% pledged collateral requirement per statute	\$ 2,798,253	\$ 19,175	\$ -				
Total pledged collateral	(5,509,571)	(19,175)					
Pledged collateral (over) under requirement	\$ (2,711,318)	\$ -	\$ -				

All pledged securities are held by the financial institutions trust Department or it's agent.

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

BANK SUMMARY

June 30, 2012

BANK	ACCT TYPE	FUND	BANK BALANCE	DEPOSITS IN TRANSIT	OUTSTANDING CHECKS	NET CASH BALANCE
JAMES POLK STONE NATIONAL BANK	CHK	PAYROLL	\$ 854,227	\$ -	\$ 849,542	\$ 4,685
	* CHK	OPERATING	* 1,494,108	1,390	-	1,495,498
	* CHK	CAP OUTLAY/DEBT SERVICE	* 2,249,602	-	-	2,249,602
	* CHK	CAFETERIA	* 819,665	-	-	819,665
	CHK	ACTIVITY	494,999	-	-	494,999
	* CHK	ATHLETICS	* 163,858	-	-	163,858
	CHK	A/P CLEARING	20,047		20,047	-
TOTAL JAMES POLK STONE NATIONAL BANK			\$ 6,096,506	\$ 1,390	\$ 869,589	\$ 5,228,307
NEW MEXICO STATE TREASURER	* SAVINGS	Operational	\$ 1,586	\$ -	\$ -	\$ 1,586
		Athletic	123			123
		Activity	249			249
		Capital Outlay	1,591			1,591
TOTAL NEW MEXICO STATE TREASURER			\$ 3,549			\$ 3,549
FIRST COMMUNITY BANK	* CD	Activity	* \$ 24,552	\$ -	\$ -	\$ 24,552
TOTAL DEPOSITS		TOTAL DEPOSITED CASH	\$ 6,124,607	\$ 1,390	\$ 869,589	\$ 5,256,408
	* interest bearing	ACTIVITY CASH ON HAND				100
		TOTAL CASH				\$ 5,256,508

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

BANK RECONCILIATION

JUNE 30, 2012

	<u>Operational</u>	<u>Transportation</u>	<u>Food Services</u>	<u>Athletics</u>	<u>Federal Projects</u>	<u>Local & State</u>	<u>SB-9</u>
Audited Net Cash							
JUNE 30, 2011	\$ 2,224,062	\$ -	\$ 784,149	\$ 144,132	\$ 8,708	\$ 1,511	\$ 1,669,751
	187,093	-	-	-	-	-	-
TOTAL CASH BALANCE							
JUNE 30, 2011	2,411,155	-	784,149	144,132	8,708	1,511	1,669,751
Add: Prior year void checks	-	-	-	-	-	-	-
2011-2012 Revenue	21,084,977	1,107,626	1,379,538	69,117	1,859,642	169,117	378,249
Loans Paid back	-	-	-	-	-	-	-
Loans In	187,093	-	-	-	578,305	41,921	-
Transfers In	-	-	-	-	-	1,031	-
	21,084,977	1,107,626	1,379,538	69,117	2,437,947	212,069	378,249
TOTAL AVAILABLE CASH	23,496,132	1,107,626	2,163,687	213,249	2,446,655	213,580	2,048,000
2011-2012 Expenditures	21,382,434	1,107,626	1,344,022	49,155	2,276,437	188,637	1,123,814
Loans Out	620,226	-	-	-	-	-	-
Loans Paid Back	-	-	-	-	166,149	20,944	-
Transfers Out	8,402	-	-	113	-	-	-
	22,011,062	1,107,626	1,344,022	49,268	2,442,586	209,581	1,123,814
NET CASH, JUNE 30, 2012	1,485,070	-	819,665	163,981	4,069	3,999	924,186
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
TOTAL CASH, JUNE 30, 2012	<u>\$ 1,485,070</u>	<u>\$ -</u>	<u>\$ 819,665</u>	<u>\$ 163,981</u>	<u>\$ 4,069</u>	<u>\$ 3,999</u>	<u>\$ 924,186</u>

<u>Ed Tech Debt Service</u>	<u>Debt Service</u>	<u>Activities</u>	<u>Instructional Materials</u>	<u>SPECIAL CAP OUTLAY STATE</u>	<u>Bond Building</u>	<u>Accounts Payable Clearing</u>	<u>Payroll Clearing</u>
\$ -	\$ 812,178	\$ 614,231	\$ 7,402	\$ -	\$ 2,660,987	\$ -	\$ -
-	-	-	-	-	-	-	-
-	812,178	614,231	7,402	-	2,660,987	-	-
3,033	1,762,268	571,217	132,289	41,849	195,958	-	-
-	-	-	-	-	-	-	-
-	3,003	-	-	-	-	-	-
3,033	1,765,271	571,217	132,289	41,849	195,958	-	-
3,033	2,577,449	1,185,448	139,691	41,849	2,856,945	-	-
-	-	-	-	-	-	-	-
30	1,696,980	664,810	135,744	41,849	2,403,005	-	-
-	-	-	-	-	-	-	-
3,003	-	740	-	-	7,401	-	-
3,033	1,696,980	665,550	135,744	41,849	2,410,406	-	-
-	880,469	519,898	3,947	-	446,539	-	4,685
-	-	-	-	-	-	-	-
\$ -	\$ 880,469	\$ 519,898	\$ 3,947	\$ -	\$ 446,539	\$ -	\$ 4,685

Woodard, Cowen & Co.

Certified Public Accountants

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

To the School Board
Portales Municipal Schools

We have audited the financial statements of the governmental activities, each major fund, aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of Portales Municipal Schools, as of and for the year ended June 30, 2012, which collectively comprise the Portales Municipal Schools' basic financial statements and have issued our report thereon dated November 5, 2012. 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.

Internal Control Over Financial Reporting

Management of Portales Municipal Schools is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Portales 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 Portales Municipal Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Portales 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Portales 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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 12-01.

Portales Municipal Schools' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Portales Municipal Schools' response and, accordingly, we express no opinion on it.

Portales: PO Box 445, 118 E. 2nd Street Portales NM, 88130 Phone: 575-356-8564 Fax: 575-356-2453
Clovis: PO Box 1874, 116 E. Grand Avenue Clovis NM, 88101 Phone: 575-762-3811 Fax: 575-762-3866

This report is intended solely for the information and use of management, others within Portales Municipal Schools, the school board, the State Auditor, the Public Education Department, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

Woodard, Lauren E. G.

Portales, New Mexico
November 5, 2012

Woodard, Cowen & Co.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Mr. Hector Balderas, State Auditor
Board of Education
Portales Municipal Schools
Portales, New Mexico

Compliance

We have audited Portales Municipal Schools' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Portales Municipal Schools' major federal programs for the year ended June 30, 2012. Portales Municipal Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Portales Municipal Schools' management. Our responsibility is to express an opinion on Portales Municipal Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Portales Municipal Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Portales Municipal Schools' compliance with those requirements.

In our opinion, Portales Municipal Schools, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

Management of Portales Municipal Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Portales Municipal Schools internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Portales Municipal Schools' internal control over compliance.

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

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

This report is intended solely for the information and use of management, school board, others within the entity, Public Education Department, the State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

Woodard, Cowen & Co.

Woodard, Cowen & Company
Portales, New Mexico
November 5, 2012

STATE OF NEW MEXICO
PORTALES MUNICIPAL SCHOOLS

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2012

PRIOR YEAR AUDIT FINDINGS – Portales Municipal Schools

None

STATE OF NEW MEXICO
 PORTALES MUNICIPAL SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2011

I. SUMMARY OF AUDITORS RESULTS:

Report on Financial Statements	Unqualified
Significant Deficiencies on GAGAS	None
Material Weakness involving Significant Deficiencies	None
Material Noncompliance	12-01
Questioned Cost	None
Type A & Type B dollar threshold	\$300,000
Entity Risk	Low Risk
Major Federal Program	National School Lunch #10.555 School Food Commodity #10.559 Education Job Fund #84.410
Significant Deficiencies on Internal Control over Major Programs	None
Report on Compliance with Major Programs	Unqualified

II. FEDERAL PROGRAM FINDINGS: None

III. FINANCIAL STATEMENT FINDINGS:

VIOLATION OF THE 24-HOUR RULE – 12-01 - Noncompliance

Statement of Condition:	Upon review of Agency Funds deposits randomly selected we found 3 instances where deposits were not deposited within the required 24-hour period.
Criteria:	NMAC 6.20.2.14 Money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day.
Cause:	The deposits were not deposited within 24 hours of receipt.
Effect:	Holding money subjects the money to loss, theft, or misappropriation.
Recommendation:	Any funds received should be deposited within 24 hours of receipt
Response:	The District will retrain responsible district employees regarding the compliance with the 24-hour rule and district policy.

STATE OF NEW MEXICO
PORTALES MUNICIPAL SCHOOLS

June 30, 2012

OTHER DISCLOSURES

AUDITOR PREPARED FINANCIAL STATEMENTS

These financial statements and related footnotes and supplemental information were prepared by the auditor. The auditor cannot be a part of the District's internal control, thus the preparation of the report is not a substitute for managements' internal control and is not considered in the auditors' evaluation of the severity of the internal control deficiency.

EXIT CONFERENCE

An exit conference, to discuss the contents of this report, was held on November 5, 2012. In attendance at the 4:00 p.m. meeting were Randy Fowler, Superintendent, Alan Garrett and Inez Rodriguez, School Board Members, and Sarah Marquez, Superintendent of Finance. Gayland Cowen, CPA and John P. McKinley, Jr. CPA represented our firm at this meeting. Also in attendance were audit committee Curt Jaynes.