

STATE OF NEW MEXICO  
 PORTALES MUNICIPAL SCHOOLS  
 JUNE 30, 2013

TABLE OF CONTENTS

Table of Contents	i – iii
Official Roster	iv
Independent Auditor’s Report	v – vi
Management Discussion and Analysis	vii - xxvi
<b>FINANCIAL SECTION</b>	
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	3 – 4
Reconciliation of the Balance Sheet – All Governmental Funds to The Statement of Postition	5
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	6 – 7
Reconciliation of the Statements of Revenue, Expenditures, and Changes In Fund Balance – All Governmental Funds to the Statement of Activities	8
Major Funds:	
Statement of Revenues, Expenditures – Budget (Non-GAAP) And Actual – General Fund	9
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual- Special Revenue Fund – SB 9	10
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual- Special Revenue Fund – Entitlement	11
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual- Special Revenue Fund – Cafeteria	12
Statement of Fiduciary Assets and Liabilities – Agency Fund	13
NOTES TO FINANCIAL STATEMENTS	14 – 28
<b>NON-MAJOR FUNDS</b>	
Non – Major Fund Descriptions	29 – 31
Combining Balance Sheet – Other Non-Major Governmental	32 – 33
Combining Statements of Revenue, Expenditures, and Changes in Fund Balance—Non-Major Governmental Funds	34 – 35
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual – Capital Projects Fund – Bond Building	36
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual – Capital Projects Fund – Special Capital Outlay State	37
Combining Balance Sheet – Debt Service Fund Non-Major Governmental	38
Combining Statements of Revenue, Expenditures, and Changes in Fund Balance – Debt Service Fund – Non-Governmental Funds	39
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual – Debt Service Fund – Educational Technology	40
Combining Balance Sheet—Non-Major Governmental Funds— Special Revenue Funds	41 – 46
Combining Statement of Revenues, Expenses and Changes in Fund Balance – Non-Major Governmental Funds—Special Revenue Funds	47 – 52

STATE OF NEW MEXICO  
 PORTALES MUNICIPAL SCHOOLS  
 JUNE 30, 2013

TABLE OF CONTENTS

NON-MAJOR FUNDS (continued)

Athletics – Special Revenue Fund Statement of Revenue & Expenditures—Budget (Non-GAAP) and Actual	53
Title I – Special Revenue Fund Statement of Revenue & Expenditures—Budget (Non-GAAP) and Actual	54
Migrant Children Education – Special Revenue Fund Statement of Revenue & Expenditures— Budget (Non-GAAP) and Actual	55
IDEA B Preschool – Special Revenue Fund Statement of Revenue & Expenditures—Budget (Non-GAAP) and Actual	56
Early Intervention Services – Special Revenue Fund Statement of Revenue & Expenditures—Budget (Non-GAAP) and Actual	57
IDEA B Risk Pool – Special Revenue Fund Statement of Revenue & Expenditures—Budget (Non-GAAP) and Actual	58
English Language Acquisition – Special Revenue Fund Statement of Revenue & Expenditures—Budget (Non-GAAP) and Actual	59
Teacher/Principal Training & Recruiting – Special Revenue Fund Statement of Revenue & Expenditures—Budget (Non-GAAP) and Actual	60
Rural & Low Income Schools – Special Revenue Fund Statement of Revenue & Expenditures—Budget (Non-GAAP) and Actual	61
Carl Perkins Secondary - Current – Special Revenue Fund Statement of Revenue & Expenditures—Budget (Non-GAAP) and Actual	62
Carl Perkins Secondary - Redistribution – Special Revenue Fund Statement of Revenue & Expenditures—Budget (Non-GAAP) and Actual	63
Impact Aid Special Ed – Special Revenue Fund Statement of Revenue & Expenditures—Budget (Non-GAAP) and Actual	64
Golden Apple Foundation – Special Revenue Fund Statement of Revenue & Expenditures—Budget (Non-GAAP) and Actual	65
2009 Dual Credit Instructional Materials – Special Revenue Fund Statement of Revenue & Expenditures—Budget (Non-GAAP) and Actual	66
2010 Library SB-1 G.O. Bonds – Special Revenue Fund Statement of Revenue & Expenditures—Budget (Non-GAAP) and Actual	67
Formative Assessment – Special Revenue Fund Statement of Revenue & Expenditures—Budget (Non-GAAP) and Actual	68
2010 GOB Instructional Materials – Special Revenue Fund Statement of Revenue & Expenditures—Budget (Non-GAAP) and Actual	69
Science Instructional Materials K-12 – Special Revenue Fund Statement of Revenue & Expenditures—Budget (Non-GAAP) and Actual	70
GRADS Childcare – Special Revenue Fund Statement of Revenue & Expenditures—Budget (Non-GAAP) and Actual	71
GRADS Instruction – Special Revenue Fund Statement of Revenue & Expenditures—Budget (Non-GAAP) and Actual	72
Private Grants – Special Revenue Fund Statement of Revenue & Expenditures—Budget (Non-GAAP) and Actual	73
MAJOR FUNDS	
Combining Balance Sheet—General Fund	74
Statement of Revenue, Expenditures and Changes in Fund Balance—General Fund	75
Statement of Revenue & Expenditures—Budget (Non-GAAP) and Actual--General Fund—Operational	76
Statement of Revenue & Expenditures—Budget (Non GAAP) and Actual—General Fund—Transportation Fund	77

STATE OF NEW MEXICO  
PORTALES MUNICIPAL SCHOOLS  
JUNE 30, 2013

TABLE OF CONTENTS

MAJOR FUNDS (continued)

Statement of Revenue & Expenditures—Budget (Non-GAAP) and Actual— General Fund—Instructional Materials Fund	78
Statement of Revenue & Expenditures – Budget (Non-GAAP) and Actual – Capital Projects Fund – Debt Service Fund	79

SUPPLEMENTAL INFORMATION

Schedule of Changes in Assets and Liabilities – Agency Fund	80
Schedule of Expenditures of Federal Awards	81
Schedule of Pledged Collateral	82
Bank Summary	83
Bank Reconciliation	84 – 85

SINGLE AUDIT SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	86 – 87
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	88 - 89
Prior Year Audit Findings	90
Schedule of Findings and Questioned Costs	91 – 92
Other Disclosures	93

STATE OF NEW MEXICO  
PORTALES MUNICIPAL SCHOOLS

OFFICIAL ROSTER

June 30, 2013

BOARD OF EDUCATION

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

SCHOOL OFFICIALS

Johnnie S. Cain	Superintendent
Sarah Marquez	Fiscal Officer

# Woodard, Cowen & Co.

Certified Public Accountants

## Independent Auditor's Report

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

### Report on Financial Statements

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 (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2013, and the respective changes in financial position and the

respective budgetary comparisons for the and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Other Matters

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 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.

#### Other Information

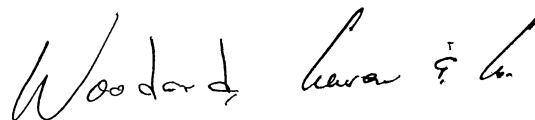
Our audit was conducted for the purpose of forming opinions on the District's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards, the Schedule of Changes in Assets and Liabilities – Agency Fund, Schedule of Pledged Collateral, Bank Summary, and Bank Reconciliation are presented for purposes of additional analysis and are not a required part of the basic financial statements.

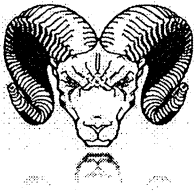
The Schedule of Expenditures of Federal Awards, Schedule of Changes in Assets and Liabilities – Agency Fund, Schedule of Pledged Collateral, Bank Summary, and Bank Reconciliation are the responsibility of management and were derived from and relate directly to the underlying accounting and other records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

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2013 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Portales, New Mexico  
November 11, 2013





### 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, 2013. 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 second year of implantation of the Government Accounting Standards Board Statement No. 34 (GASB 34).

### Financial Highlights

Key financial highlights for the fiscal year 2013 are as follows:

- ❖ The District completed the 2011-12 audit on time with one finding which was corrected immediately.
- ❖ 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 decreased by \$142,927 or -0.36 % primarily due to a decrease in cash and an increase in capital assets.
- ❖ Revenues increased by \$50,450 or 0.18% due to increases in property taxes. However, our State Equalization Guarantee decreased \$380,760 or -1.84%.
- ❖ Expenditures increased by \$218,570 or 0.76%.
- ❖ The Finance Office Manual of Procedures was updated and sent to all staff on August 8, 2012. This living document is updated every year and sent to all District staff to keep everyone up to date on the Finance Procedures in the District.



**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 5,814 students in the fall of 2012, 4,586 at the undergraduate level and 1,228 at the graduate level. 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 in 2012 in Roosevelt County was 5.0%, lower than the national average of 7.8% 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 2012-13 from preschool to 12<sup>th</sup> grade was 2,940. The District has 6 grade level schools with the following breakdown:

Brown Early Childhood Center	Preschool through Kindergarten
RM James Elementary	1 <sup>st</sup> through 2 <sup>nd</sup> grade
Valencia Elementary	3 <sup>rd</sup> through 4 <sup>th</sup> grade
Lindsey-Steiner Elementary	5 <sup>th</sup> through 6 <sup>th</sup> grade
Portales Junior High School	7 <sup>th</sup> through 8 <sup>th</sup> grade
Portales High School	9 <sup>th</sup> through 12 <sup>th</sup> 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, 2013



Portales School District went through District accreditation in 2012 through AdvancedED. 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 2012 tax year was \$230,894,566. This is an increase of \$12,380,051 from the 2011 value of \$218,514,515 which is a 5.65% increase. 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 four 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 was not complete until this year. The building has finally been moved from Construction in Progress on the Fixed Assets Disclosure to being a depreciated asset.

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 benefits continued to pay off in 2013 where the total for electricity was \$5,966.95. It is now a Gold LEED certified building.

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.

Student Nutrition continues to serve quality meals meeting state guidelines for improved nutrition, and maintains a financially stable budget.

### **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.

Starting 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 Position 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 Position and Statement of (Governmental) 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 2013?" The Statement of Net Position 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 Position 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, 2013



**The Statement of Net Position**

The Statement of Net Position (see Table 1) shows the current and non-current assets, current and non-current liabilities, and net position comparison from 2013 and 2012.

Table 1-Statement of Net Position Comparison 2013 to 2012

Portales Municipal Schools				
Statement of Net Position Comparison				
2013 to 2012				
	June 30, 2013	June 30, 2012	Variance	
<b>Assets:</b>				
<b>Current Assets</b>				
Cash	\$ 4,215,760	\$ 4,736,610	\$ (520,850)	
Due from other governments	479,369	620,226	(140,857)	
Property Taxes Receivable	203,886	148,266	55,620	
Inventory	20,573	34,533	(13,960)	
Capital Assets, net accumulated depreciation	43,823,062	44,432,778	(609,716)	
Bond Issuance Costs, net amortization	142,534	194,069	(51,535)	
<b>Total Assets</b>	<b>\$48,885,184</b>	<b>\$ 50,166,482</b>	<b>\$ (1,281,298)</b>	
<b>Liabilities:</b>				
<b>Current Liabilities</b>				
Accounts Payables	\$ 195,441	\$ 167,979	\$ 27,462	
Debt due within one year	2,135,000	1,275,000	860,000	
Due to State Agency	120,165	-	120,165	
<b>Non-current Liabilities</b>				
Compensated Absences	86,277	93,395	(7,118)	
Debt due in more than one year	7,005,000	9,140,000	(2,135,000)	
<b>Total Liabilities</b>	<b>\$ 9,541,883</b>	<b>\$ 10,676,374</b>	<b>\$ (1,134,491)</b>	
<b>Deferred Inflows of Resources</b>				
Deferred Revenue	4,178	8,058	(3,880)	
<b>Total Deferred Inflows of Resources</b>	<b>\$ 4,178</b>	<b>\$ 8,058</b>	<b>\$ (3,880)</b>	
<b>Net Position:</b>				
Invested in capital assets, net of related debt	\$34,683,062	\$ 34,017,778	\$ 665,284	
<b>Restricted for:</b>				
Debt Service	1,125,979	752,552	373,427	
Bond Building	128,237	446,539	(318,302)	
Senate Bill Nine	1,060,514	907,169	153,345	
Athletics	124,954	163,981	(39,027)	
Cafeteria	629,381	854,198	(224,817)	
Instructional Materials	4,542	3,947	595	
Unrestricted	1,582,454	2,335,886	(753,432)	
<b>Total Net Assets</b>	<b>\$39,339,123</b>	<b>\$ 39,482,050</b>	<b>\$ (142,927)</b>	

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



PORTALES MUNICIPAL SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Fiscal Year Ending June 30, 2013

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The new format of the Statement of Net Position requires us to list Deferred Inflows of Resources separately from Current Liabilities. This amount has decreased from last year.

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.

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, 2013. Notice there has been a decrease of \$193,644 in Operating Grants and Contributions. There has also been a decrease of \$216,779 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.

The Statement of Activities is also formatted a little differently than last year. The items with asterisks have been added to the report. They include Property Taxes Levied for General Purposes, Levied for Debt Services, and Levied for Capital Projects has been broken out individually under General Revenues. A category for Fees has also been added under General Revenues. Under Program Expenses, Support Services for Students, Support Services for Instruction, Support Services for General Administration, and Support Services for School Administration have been broken out individually.

As you can see from Table 2, most Revenues have decreased from the prior year including our biggest inflow of cash from the State Equalization Guarantee. Even with revenues decreasing, we have increased expenses in Instruction and Support Services in the classroom. We have decreased expenses in Central Services, and Operation and Maintenance of Plant. Expenditures in Student Transportation have decreased because the Transportation Allocation for Portales Schools has decreased from the prior year.

The Net Change in Net position is <\$142,927>.



**PORTALES MUNICIPAL SCHOOLS**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
 For the Fiscal Year Ending June 30, 2013



Table 2-Statement of Activities Comparison 2013 to 2012

Portales Municipal Schools			
Statement of Activities Comparison			
2013 to 2012			
	June 30, 2013	June 30, 2012	Variance
<b>Program Revenues:</b>			
Charges for Services	\$ 213,898	\$ 229,512	\$ (15,614)
Operating Grants and Contributions	4,624,213	4,817,857	(193,644)
Capital Grants and Contributions	-	-	-
<b>General Revenues:</b>			
<b>Property Taxes:</b>			
Levied for General Purposes*	115,456	-	-
Levied for Debt Services*	1,974,576	-	-
Levied for Capital Projects*	463,970	-	-
Total Property Taxes	2,554,002	2,172,048	381,954
State Equalization Guarantee	20,307,597	20,688,357	(380,760)
State & Federal Capital Outlay Grants	174,570	391,349	(216,779)
Bond Premium	-	-	-
Insurance Recoveries	10,000	87,434	(77,434)
Interest Earnings	15,425	18,758	(3,333)
Fees*	163,220	-	163,220
Unrestricted Federal Grant	708,609	6,026	702,583
Gain (Loss) on Sale of Equipment	(6,131)	(164,693)	158,562
Miscellaneous	2,877	471,273	(468,396)
<b>Total Revenues</b>	<b>\$ 28,768,280</b>	<b>\$ 28,717,921</b>	<b>\$ 50,359</b>
<b>Program Expenses:</b>			
Instruction	\$ 15,063,928	\$ 14,994,885	\$ 69,043
Support Services-Students*	2,626,126	-	-
Support Services-Instruction*	475,619	-	-
Support Services-General Administration*	667,196	-	-
Support Services-School Administration*	1,833,429	-	-
Total Support Services	5,602,370	5,389,633	\$ 212,737
Central Services	837,824	859,079	\$ (21,255)
Operation and Maintenance of Plant	2,678,713	3,199,322	\$ (520,609)
Student Transportation	957,225	1,119,626	\$ (162,401)
Food Services	1,660,026	1,391,113	\$ 268,913
Bond Interest Paid	290,039	319,998	\$ (29,959)
Depreciation-unallocated	1,769,547	1,367,446	\$ 402,101
Amortization-unallocated	51,535	51,535	\$ -
<b>Total Expenses</b>	<b>\$ 28,911,207</b>	<b>\$ 28,692,637</b>	<b>\$ 218,570</b>
<b>Changes in Net Position</b>	<b>\$ (142,927)</b>	<b>\$ 25,284</b>	<b>\$ (168,211)</b>
<b>Restatement for Beginning Balance</b>	<b>-</b>	<b>(13,376)</b>	<b>-</b>
<b>Net Position - Beginning</b>	<b>39,482,050</b>	<b>39,470,142</b>	<b>\$ 11,908</b>
<b>Net Position - Ending</b>	<b>\$ 39,339,123</b>	<b>\$ 39,482,050</b>	<b>\$ (142,927)</b>



## 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 2013, 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 Position and the Governmental Fund Financial Statement are reconciled on page 6 of the financial statements.

### About the General Fund

The General Fund is the main operating fund of the District. As of June 30, 2013, the spendable fund balance of the general fund was \$1,381,840 representing the total fund balance of the general fund on the Balance Sheet-Governmental Funds. The fund balance of the District's general fund balance increased by \$140,857 during the current fiscal year due to a decrease in the end-of-year loans loaned to Federal and State Funds (in 2011-12 we loaned \$620,226, in 2012-13 we loaned \$479,369 at the end of the year).

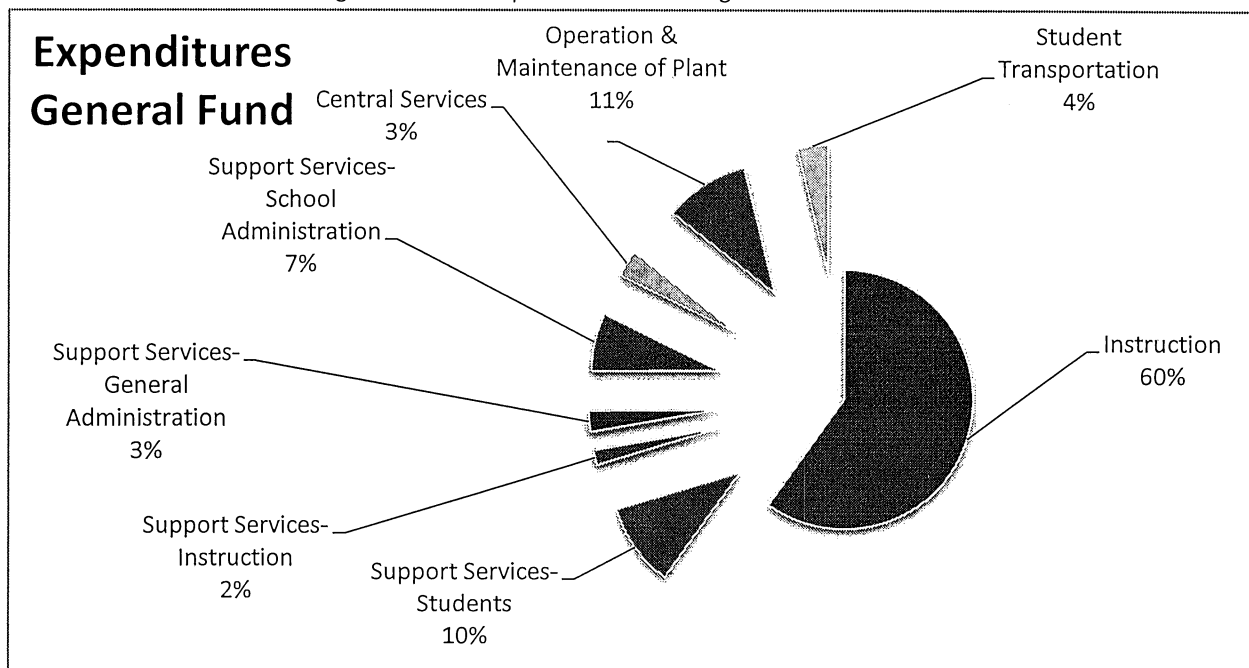
The General Fund began the year with an initial budget of \$22,377,436 and ended with a final budget of \$22,457,503. The General Fund is predominately funded by revenues from the New Mexico State Equalization Guarantee Formula (SEG). This fund pays for teaching staff, teaching support staff, special 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. \$21,518,179 was expended in the year ending June 30, 2013.



### 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 6 of the financial statements (see Figure 1). This expenditure totaled \$13,754,902 and represented 60% 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 89.4% of all General Fund expenditures are from employee salaries, payroll taxes, retirement, and benefits.

Figure 1-Actual Expenditure Percentages for General Fund



Student Support represents 22% 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 3% 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 11% 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.





**2012-13 District Operating Budget compared to Actual Expenditures**

The following table (see Table 3) examines the summary budget performance for six Major Governmental Funds for the fiscal year ending June 30, 2013: General Fund, Student Transportation (listed as part of the General Fund), Instruction Materials (listed as part of the General Fund), Senate Bill Nine Fund, IDEA-B Entitlement Fund, and Cafeteria Fund. Detailed budget information is contained on the Combined Statement of Revenue and Expenditures-Budget (Non-GAAP) and Actual for each fund located in the financial statements. Non-major funds such as the Instructional Materials Fund are located in the financial statements in the Combining Balance Sheet-General Fund in the footnotes, but are an integral part of budget performance.

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

Major and Non-Major Funds Expenditure Budget Performance			
June 30 2013			
Fund Type	Final Budget	Actual Expenditures	Variance
General Fund	\$ 22,457,503	\$ 21,786,967	\$ 670,536
Student Transportation	\$ 947,475	\$ 947,475	\$ -
Instructional Materials	\$ 201,869	\$ 200,139	\$ 1,730
Senate Bill Nine Fund	\$ 2,175,720	\$ 718,559	\$ 1,457,161
IDEA B Entitlement	\$ 900,426	\$ 534,058	\$ 366,368
Cafeteria Fund	\$ 2,194,666	\$ 1,660,026	\$ 534,640

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 in the financial statements and additional information is located in the financial statement footnotes. For the year ending June 30, 2013, agency funds show assets of \$506,650.



## 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 revised the 5 year Facilities Master Plan to reflect the current needs in 2013. The following table (see Table 4) recounts a two-year history of the year-end balances for the District’s investment in capital assets:

Table 4-Capital Asset Comparison June 30, 2013 to June 30, 2012

<b>Fixed Asset Comparison</b>		
<b>Asset Type</b>	<b>Balance June 30, 2013</b>	<b>Balance June 30, 2012</b>
Land	\$ 677,173	\$ 677,173
Building and Improvements	55,315,551	38,031,053
Equipment and Vehicles	7,027,718	6,808,316
Construction in Progress	-	16,528,355
<b>Total Capital Assets</b>	<b>\$ 63,020,442</b>	<b>\$ 62,044,897</b>
Less: Accumulated Depreciation	(19,197,381)	(17,612,120)
<b>Capital Assets, net</b>	<b>\$ 43,823,061</b>	<b>\$ 44,432,777</b>
<b>Net Change in Capital Assets</b>	<b>\$ (609,716)</b>	

As of June 30, 2013, we were finally able to convert Construction in Progress that showed a balance of \$16,528,355 for Lindsey-Steiner Elementary school last year which has 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 until 2013.

## 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, 2013 (see Table 5).

Table 5-Long-term Debt as of June 30, 2013

Long-term Debt			
Date of Issue	Amount of Issue	Balance as of June 30, 2013	Interest Outstanding
2002	\$ 1,400,000	\$ 285,000	\$ 13,155
2003	600,000	170,000	8,400
2008	4,500,000	2,950,000	210,000
2009	1,700,000	1,700,000	161,250
2010	1,900,000	1,900,000	260,000
2010R	2,275,000	775,000	6,494
2011	1,400,000	1,400,000	216,000
<b>Total Long-term Debt</b>	<b>\$ 13,775,000</b>	<b>\$ 9,180,000</b>	<b>\$ 875,299</b>

## 2012-2013 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.

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:



PORTALES MUNICIPAL SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Fiscal Year Ending June 30, 2013



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 80<sup>th</sup> and 120<sup>th</sup> 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 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 \$2,194,666 to provide students lunch and breakfast. As of October 2012, 67% 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 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 1<sup>st</sup> of each year to be paid in whole or in two installments by November 10<sup>th</sup> and April 10<sup>th</sup> 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 2012-13 Operating Budget**

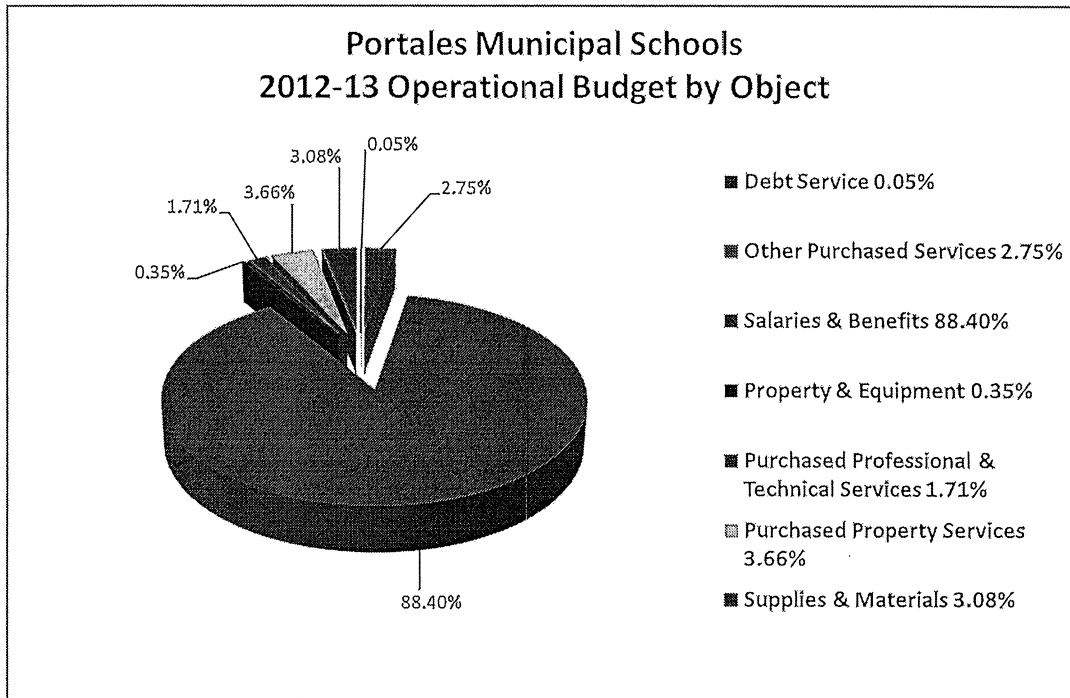
PMSD provided a balanced Operational budget to the School Board and NMPED. This budget had to maintain resources to operate effectively, and honor our valued employees to the best of our abilities mostly because of prudent budgeting techniques and cash balance carryover.

According to the 2012-13 Budget Analysis done by the NMPED for the budget review between the District and NMPED, our Operational program cost (SEG) decreased \$419,922,76,407 or -1.35% to \$20,485,413.

Here is a breakdown of the percentages of the budget for 2012-13 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).

The 2012-13 budget was built on the \$3,668.18 initial unit value which had increased from \$3,585.97 the prior year. This was a 2.29% increase. This increase was to help with a retirement swap that school districts are required to pay a higher percentage for retirement.



PORTALES MUNICIPAL SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Fiscal Year Ending June 30, 2013



Table 6—History of the Unit Value in New Mexico

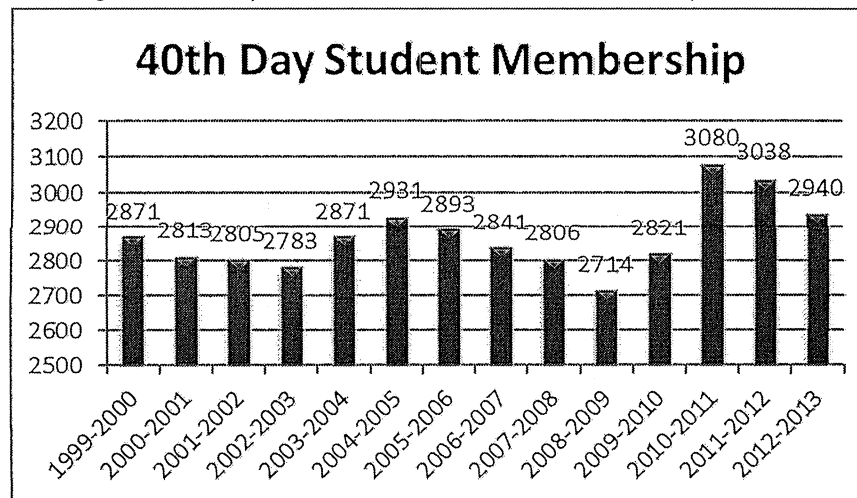
History of the Unit Value in New Mexico			
School Year	Initial Unit Value	Final Unit Value	
1999-2000	\$2,460.00	\$2,460.00	1
2000-2001	\$2,632.32	\$2,647.56	1
2001-2002	\$2,868.72	\$2,871.01	1
2002-2003	\$2,896.01	\$2,889.89	2
2003-2004	\$2,977.23	\$2,976.20	3
2004-2005	\$3,035.15	\$3,068.70	
2005-2006	\$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	\$3,862.79	\$3,792.65	4,5
2010-2011	\$3,814.04	\$3,712.17	6,7
2011-2012	\$3,585.97	\$3,598.87	
2012-2013	\$3,668.18	\$3,673.54	

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

What has offset the decrease in unit value funding has been enrollment growth in the District. We had a decrease on the 40<sup>th</sup> day for 2012-13. In the time since 2010-2011 we have had decreases in student enrollment numbers (see Figure 2).

Figure 2—40<sup>th</sup> 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. The total number of findings has decreased significantly from 2005. 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.

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

Year Audited	Type of Opinion	Number of Findings	Due Date	Date Submitted to SAO	Days Tardy
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
2012	Unqualified	1	11/15/2012	11/15/2012	0

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. The new Five Year Facilitates Master Plan was completed in 2013 to 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.

Table 7-PMSD public elections

PMSD Public Elections			
<u>Year</u>	<u>Board Member</u>	<u>GO Bond</u>	<u>Senate Bill Nine</u>
2009	X	X	
2010		X	
2011	X	X	X
2012			
2013	X		
2014		X	
2015	X		
2016			
2017	X		X
2018			

### Conclusion

The challenge for the District finance team goes beyond meeting the professional standards for fiscal operations represented in this annual audit for 2012-13. 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 2012-13 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.



PORTALES MUNICIPAL SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Fiscal Year Ending June 30, 2013

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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 2013-14 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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(575) 356-7000

Sarah M. Marquez  
Business Manager  
Portales Municipal School District  
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Portales, NM 88130  
smarquez@portalesschools.com  
(575) 356-7000

### **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 POSITION

June 30, 2013

<u>ASSETS</u>	Governmental Activities Primary Government
Current:	
Cash	\$ 4,215,760
Due from other governments	479,369
Property Taxes Receivable	203,886
Inventory	20,573
Non-current:	
Capital assets, Net	43,823,062
Bond Issuance Costs-Net	<u>142,534</u>
Total assets	<u><u>\$ 48,885,184</u></u>
 <u>LIABILITIES</u>	
Current:	
Accounts Payable	195,441
Debt due within one year	2,135,000
Due to State Agency	120,165
Non-current:	
Compensated Absences	86,277
Debt due in more than one year	<u>7,045,000</u>
Total liabilities	<u>9,581,883</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred Revenue	<u>4,178</u>
Total deferred inflows of resources	<u>4,178</u>
 <u>NET POSITION</u>	
Net investment in capital assets	34,683,062
Restricted for:	
Debt Service	1,125,979
Bond Building	128,237
Senate Bill Nine	1,060,514
Athletics	124,954
Cafeteria	629,381
Instructional Materials	4,542
Unrestricted	<u>1,542,454</u>
Total net position	<u><u>\$ 39,299,123</u></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, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue & Changes in Net Position
Primary government:	\$	\$	\$	\$	\$
Governmental Activities:					
Instruction	15,063,928	63,008	1,527,945	-	(13,472,975)
Support Services	-		-		-
Support Services-Students	2,626,126		406,684	-	(2,219,442)
Support Services-Instruction	475,619		37,519	-	(438,100)
Support Services-General Administration	667,196		87,420	-	(579,776)
Support Services-School Administration	1,833,429		323,603	-	(1,509,826)
Central Services	837,824		-	-	(837,824)
Operation & Maintenance of Plant	2,678,713		833	-	(2,677,880)
Student Transportation	957,225		957,225	-	-
Food Services-Operations	1,660,026	150,890	1,282,984	-	(226,152)
Bond Interest Paid	290,039		-	-	(290,039)
Depreciation-Unallocated	1,769,547		-	-	(1,769,547)
Amortization-Unallocated	51,535		-	-	(51,535)
Total governmental activities	\$ 28,911,207	\$ 213,898	\$ 4,624,213	\$ -	\$ (24,073,096)

General Revenues:

Property Taxes:

Levied for General Purposes	115,456
Levied for Debt Service	1,974,576
Levied for Capital Projects	463,970
State Equalization Guarantee	20,307,597
State Grants	430,441
Insurance Recoveries	10,000
Interest Earnings	15,425
Fees	9,677
Unrestricted Federal Grant	606,281
Loss on Sale of Equipment	(6,131)
Miscellaneous	2,877

Total general revenues 23,930,169

Change in net position (142,927)

Net position - beginning 39,482,050

Restatement (40,000)

Restated Beginning Balance 39,442,050

Net position - ending \$ 39,299,123

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

STATE OF NEW MEXICO  
 PORTALES MUNICIPAL SCHOOLS

BALANCE SHEET-- GOVERNMENTAL FUNDS

June 30, 2013

	<u>GENERAL</u>	<u>SENATE BILL 9</u>	<u>IDEA B ENTITLEMENT</u>
<b>ASSETS</b>			
Cash on Deposit	\$ 1,020,194	\$ 1,132,609	\$ -
Due from Other Funds	479,369	-	-
Due from Other Agencies	-	-	198,762
Property Tax Receivable	9,011	36,574	-
Inventory	-	-	-
TOTAL ASSETS	<u>\$ 1,508,574</u>	<u>\$ 1,169,183</u>	<u>\$ 198,762</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ 81,986	\$ -
Due to State Agency	120,165	-	-
Due to Other Funds	-	-	198,762
TOTAL LIABILITIES	<u>120,165</u>	<u>81,986</u>	<u>198,762</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Revenue	<u>6,569</u>	<u>26,683</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,569</u>	<u>26,683</u>	<u>-</u>
<b>FUND BALANCE</b>			
Nonspendable	-	-	-
Restricted			
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Special Revenue Funds	-	1,060,514	-
Unassigned	<u>1,381,840</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>1,381,840</u>	<u>1,060,514</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 1,508,574</u>	<u>\$ 1,169,183</u>	<u>\$ 198,762</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>
\$ 608,808	\$ 1,195,858	\$ 258,291	\$ 4,215,760
-	-	-	479,369
-	-	280,607	479,369
-	158,004	299	203,888
20,573	-	-	20,573
<u>\$ 629,381</u>	<u>\$ 1,353,862</u>	<u>\$ 539,197</u>	<u>\$ 5,398,959</u>
\$ -	\$ 113,455	\$ -	\$ 195,441
-	-	280,607	120,165
-	113,455	280,607	479,369
-	115,359	4,468	794,975
-	115,359	4,468	153,079
-	115,359	4,468	153,079
20,573	-	-	20,573
-	-	128,237	128,237
-	1,125,048	931	1,125,979
608,808	-	124,954	1,794,276
-	-	-	1,381,840
<u>629,381</u>	<u>1,125,048</u>	<u>254,122</u>	<u>4,450,905</u>
<u>\$ 629,381</u>	<u>\$ 1,353,862</u>	<u>\$ 539,197</u>	<u>\$ 5,398,959</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 POSITION

June 30, 2013

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

Fund balances - total governmental funds	\$ 4,450,905
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	43,823,062
Compensated absences	(86,277)
Property taxes receivable not available for current year expenditures and therefore are deferred in the funds	148,900
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(9,180,000)
Bond Issuance Costs	<u>142,533</u>
Net position of governmental activities	<u>\$ 39,299,123</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, 2013

	<u>General</u>	<u>Senate Bill 9</u>	<u>IDEA B ENTITLEMENT</u>
<b>REVENUE</b>			
Federal Programs	\$ 7,707	\$ -	\$ 534,058
State Programs	1,578,650	411,022	-
State Equalization	20,307,597	-	-
Interest Earnings	9,784	2,567	-
Charges for Services	153,544	-	-
Fees	9,677	-	-
Insurance Recoveries	10,000	-	-
Sale of Property	7,602	-	-
Miscellaneous	2,877	-	-
Sale of Bond Proceeds	-	-	-
Premium on Bond Sale	-	-	-
Local Property Taxes	114,056	458,315	-
<b>TOTAL REVENUES</b>	<u>22,201,494</u>	<u>871,904</u>	<u>534,058</u>
<b>EXPENDITURES</b>			
Current			
Instruction	13,754,902	-	-
Support Services			
Support Services-Students	2,218,610	-	274,404
Support Services-Instruction	438,101	-	8,663
Support Services-General Administration	555,921	4,525	25,106
Support Services-School Administration	1,509,825	-	140,133
Central Services	837,824	-	-
Operation & Maintenance of Plant	2,671,923	-	-
Student Transportation	947,475	-	750
Food Services-Operations	-	-	-
Community Services-Operations	-	-	-
Acquisition & Construction	-	714,034	85,002
Debt Service			
Principal	-	-	-
Interest	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>22,934,581</u>	<u>718,559</u>	<u>534,058</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<u>(733,087)</u>	<u>153,345</u>	<u>-</u>
Other Financing Sources (uses)			
Transfers In/Out	-	-	-
<b>Total Other Financial Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change In Fund Balance</b>	<u>(733,087)</u>	<u>153,345</u>	<u>-</u>
<b>FUND BALANCE</b>			
June 30, 2012	2,114,927	907,169	-
Restatement	-	-	-
<b>Restated Fund Balance</b>	<u>2,114,927</u>	<u>907,169</u>	<u>-</u>
<b>FUND BALANCE June 30, 2013</b>	<u>\$ 1,381,840</u>	<u>\$ 1,060,514</u>	<u>\$ -</u>

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



	Cafeteria	Debt Service	Other Governmental Funds	Total Governmental
\$	1,278,863	\$ -	\$ 1,530,485	\$ 3,351,113
	4,121	-	162,485	2,156,278
	-	-	-	20,307,597
	1,335	846	896	15,428
	-	-	-	153,544
	150,890	-	63,008	223,575
	-	-	-	10,000
	-	-	-	7,602
	-	-	-	2,877
	-	-	-	-
	-	-	-	-
	-	1,956,022	930	2,529,323
	<u>1,435,209</u>	<u>1,956,868</u>	<u>1,757,804</u>	<u>28,757,337</u>
	-	-	1,316,144	15,071,046
	-	-	132,280	2,625,294
	-	-	28,855	475,619
	-	19,323	62,321	667,196
	-	-	183,471	1,833,429
	-	-	-	837,824
	-	-	833	2,672,756
	-	-	9,000	957,225
	1,660,026	-	-	1,660,026
	-	-	-	-
	-	-	381,318	1,180,354
	-	1,275,000	-	1,275,000
	-	290,039	-	290,039
	<u>1,660,026</u>	<u>1,584,362</u>	<u>2,114,222</u>	<u>29,545,808</u>
	(224,817)	372,506	(356,418)	(788,471)
	-	-	-	-
	<u>(224,817)</u>	<u>372,506</u>	<u>(356,418)</u>	<u>(788,471)</u>
	854,198	752,542	610,540	5,239,376
	-	-	-	-
	<u>854,198</u>	<u>752,542</u>	<u>610,540</u>	<u>5,239,376</u>
\$	<u><u>629,381</u></u>	<u><u>1,125,048</u></u>	<u><u>254,122</u></u>	<u><u>4,450,905</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, 2013

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

Net change in fund balance - total governmental funds	\$ (788,471)
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.	(595,984)
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.	24,678
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	(13,733)
Expenses in the statement of activities which do not require use of current financial resources	
Decrease in compensated absences	7,118
Bond Principal	1,275,000
Issuance cost Amortization	<u>(51,535)</u>
Change in Net Position	<u>\$ (142,927)</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, 2013

	General Fund			VARIANCE Favorable (Unfavorable)
	ORIGINAL BUDGET	BUDGET	ACTUAL	
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 107,932	\$ 107,932	\$ 112,614	\$ 4,682
Fees-Users	5,000	5,000	8,877	3,877
Donations/Gifts	-	-	2,603	2,603
Interest Income	10,000	10,000	9,784	(216)
State Equalization	20,400,316	20,430,249	20,307,598	(122,651)
State Flow Through Grants	1,136,677	1,168,146	1,315,753	147,607
Impact Aid	5,532	5,532	7,707	2,175
Rent	-	800	800	-
Sale of Property/Equipment	-	6,715	7,602	887
Access Board	40,000	260,085	260,085	-
Refunds	-	-	3,087	3,087
Indirect Cost - (Flow Through Grants)	100,000	100,000	153,543	53,543
Insurance Recoveries	-	10,000	10,000	-
<b>TOTAL REVENUE</b>	<u>21,805,457</u>	<u>22,104,459</u>	<u>\$ 22,200,053</u>	<u>\$ 95,594</u>
Cash Balance Budgeted	<u>1,685,906</u>	<u>1,689,854</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 23,491,363</u>	<u>\$ 23,794,313</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 14,040,929	\$ 14,098,951	\$ 13,754,902	\$ 344,049
Support Services				
Support Services-Students	2,172,014	2,232,262	2,218,610	13,652
Support Services-Instruction	404,933	450,351	438,101	12,250
Support Services-General Administration	696,986	581,687	555,921	25,766
Support Services-School Administration	1,534,367	1,518,686	1,509,825	8,861
Central Services	866,815	874,784	837,824	36,960
Operation & Maintenance of Plant	2,847,156	2,890,494	2,671,923	218,571
Student Transportation	916,006	947,475	947,475	-
Other Support Services	12,157	12,157	-	12,157
<b>TOTAL EXPENDITURES</b>	<u>\$ 23,491,363</u>	<u>\$ 23,606,847</u>	<u>\$ 22,934,581</u>	<u>\$ 672,266</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 22,200,053
Differences-Budget to GAAP	
Property tax Receivable	-
Prior Year Taxes Receivable	(999)
Current Year Taxes Receivable	2,440
Total Revenues (GAAP Basis)	<u>\$ 22,201,494</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 22,934,581
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 22,934,581</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, 2013

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 437,281	\$ 437,281	\$ 452,493	\$ 15,212
Interest Income	2,500	2,500	2,567	67
State Flow Through Grants	-	811,753	411,022	(400,731)
<b>TOTAL REVENUE</b>	<u>439,781</u>	<u>1,251,534</u>	<u>\$ 866,082</u>	<u>\$ (385,452)</u>
Cash Balance Budgeted	<u>1,375,124</u>	<u>924,186</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 1,814,905</u>	<u>\$ 2,175,720</u>		
<b>EXPENDITURES</b>				
Current				
Support Services-General Administration	\$ 3,500	\$ 3,500	\$ 4,525	\$ (1,025)
Acquisition & Construction	1,811,405	2,172,220	653,134	1,519,086
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,814,905</u>	<u>\$ 2,175,720</u>	<u>\$ 657,659</u>	<u>\$ 1,518,061</u>
Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures				
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis)			\$ 866,082	
Differences-Budget to GAAP				
Property tax Receivable			9,891	
Prior Year Tax Receivables			(4,069)	
Total Revenues (GAAP Basis)			<u>\$ 871,904</u>	
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis)			\$ 657,659	
Differences-budget to GAAP				
Current Accounts Payable			81,986	
Prior Year Payable			(21,086)	
Total Expenditures (GAAP Basis)			<u>\$ 718,559</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, 2013

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Federal Revenue	\$ 648,719	\$ 900,426	362,996	(537,430)
TOTAL REVENUE	<u>648,719</u>	<u>900,426</u>	<u>\$ 362,996</u>	<u>\$ (537,430)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 648,719</u>	<u>\$ 900,426</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 188,075	335,082	85,002	250,080
Support Services				
Support Services-Students	275,111	367,883	274,404	93,479
Support Services-Instruction	9,170	10,170	8,663	1,507
Support Services-General Administration	32,123	32,123	25,106	7,017
Support Services-School Administration	144,240	152,045	140,133	11,912
Student Transportation	-	3,123	750	2,373
TOTAL EXPENDITURES	<u>\$ 648,719</u>	<u>\$ 900,426</u>	<u>\$ 534,058</u>	<u>\$ 366,368</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 362,996
Differences-Budget to GAAP	
Current Year Receivable	198,762
Prior Year Receivable	(27,700)
Total Revenues (GAAP Basis)	<u>\$ 534,058</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 534,058
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 534,058</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Fees	\$ 148,500	\$ 148,500	\$ 150,889	\$ 2,389
Interest Income	1,500	1,500	1,335	(165)
State Flow Through Grants	5,000	5,000	4,121	(879)
Federal Revenue	1,220,000	1,220,000	1,238,908	18,908
<b>TOTAL REVENUE</b>	<u>1,375,000</u>	<u>1,375,000</u>	<u>\$ 1,395,253</u>	<u>\$ 20,253</u>
Cash Balance Budgeted	<u>625,437</u>	<u>819,666</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 2,000,437</u>	<u>\$ 2,194,666</u>		
<b>EXPENDITURES</b>				
Current				
Food Services-Operations	\$ 2,000,437	\$ 2,194,666	\$ 1,606,111	\$ 588,555
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,000,437</u>	<u>\$ 2,194,666</u>	<u>\$ 1,606,111</u>	<u>\$ 588,555</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 1,395,253
Differences-Budget to GAAP	
Commodities Received	<u>39,956</u>
Total Revenues (GAAP Basis)	<u>\$ 1,435,209</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 1,606,111
Differences-budget to GAAP	
Cost of Commodities Used	39,956
Inventory Adjustment	<u>13,959</u>
Total Expenditures (GAAP Basis)	<u>\$ 1,660,026</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, 2013

ASSETS	
Cash on Deposit	\$ 506,650
TOTAL ASSETS	<u>\$ 506,650</u>
LIABILITIES	
Due to Student Groups	\$ 506,650
TOTAL LIABILITIES	<u>\$ 506,650</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, 2013

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.

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.



NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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.

IDEA-B ENTITLEMENT (Special Revenue Fund) – 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 the 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.

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.

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, 2013

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 2012 fiscal year was \$230,894,567. 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, 2013

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, 2013

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 \$20,307,597 in state equalization guarantee distributions during the year ended June 30, 2013.

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 \$947,475 in transportation distributions during the year ended June 30, 2013.

STATE OF NEW MEXICO  
 PORTALES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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 \$9,180,000 difference are as follows:

Bonds Payable	\$ 9,180,000
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 9,180,000</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 (\$595,984) difference are as follows:

Capital Outlay	\$ 1,173,563
Depreciation expense	<u>( 1,769,547)</u>
Net adjustment to increase net changes in fund balances – total government funds to arrive at changes in net assets of governmental activities	<u>\$ (595,984)</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 \$1,275,000 difference are as follows:

Principal repayments:	
General obligation debt	\$ 1,275,000
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,275,000</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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, 2013 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, 2013

III. Stewardship, compliance, and accountability (continued)

A. Budgetary Information (continued)

	<u>Original Budget</u>	<u>Final Budget</u>
General Fund	\$ 23,491,363	\$ 23,606,847
Special Revenue Fund	6,030,753	7,436,148
Debt Service	2,397,720	2,482,412
Capital Projects Fund	590,120	529,186
	<u>\$ 32,509,956</u>	<u>\$ 34,054,593</u>

B. Deficit fund equity

There were not any deficit fund balances at June 30, 2013.

IV. Detailed notes on all funds

A. Cash and temporary investments

At June 30, 2013, the carrying amount of the District's deposits was \$4,722,410 and the bank balance was \$6,486,287. Of this balance \$524,330 was covered by federal depository insurance and \$4,054,435 was covered by collateral held in the District's name in joint safekeeping by a third party. The remaining \$1,931,852 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 6-10-10.1 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, 2013, the investments held in the LGIP had an interest risk (WAM) of 59 days and a Standard and Poor's Rating of AAAM.

STATE OF NEW MEXICO  
 PORTALES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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, 2013, \$1,931,852 of the government's bank balance of \$6,486,287 was exposed to custodial risk as follows:

Uninsured and Uncollateralized \$1,931,852

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	\$ -	\$ 9,011
Senate Bill Nine	-	36,574
Debt Service	-	158,004
Ed Tech Debt Service	-	299
Title I	77,695	-
Title I Migrant	12,290	-
Entitlement	198,762	-
English Language Acquisition	5,740	-
Teacher/Principal Training	131,312	-
Rural and Low Income Schools	1,075	-
Carl Perkins – Current	24,015	-
Carl Perkins – Redistribution	3,688	-
2010 G.O. Bond Student Library SB-1	3,079	-
2010 G.O. Instructional Materials	7,241	-
Science Instructional Materials	13,299	-
GRADS Childcare	1,173	-
Totals	\$ <u>479,369</u>	\$ <u>203,888</u>

Governmental funds reported *deferred inflows of resources* 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	\$ 4,179
Property Taxes – Delinquent	<u>148,900</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 153,079</u>



STATE OF NEW MEXICO  
 PORTALES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

IV. Detailed notes on all funds (continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2013, 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	16,528,355	(16,528,355)	-	-	-
Total Capital Assets not being depreciated	17,205,528	(16,528,355)	-	-	677,173
Capital Assets being depreciated					
Buildings & Improvements	38,031,053	16,528,355	766,527	10,384	55,315,551
Equipment & Vehicles	6,808,316	-	407,037	187,635	7,027,718
Total Capital Assets being depreciated	44,839,369	16,528,355	1,173,564	198,019	62,343,269
Less: Accumulated Depreciation					
Buildings & Improvements	13,046,891	-	1,314,067	10,384	14,350,574
Equipment & Vehicles	4,565,229	-	455,480	173,902	4,846,807
Total Accumulated Depreciation	17,612,120	-	1,769,547	184,286	19,197,381
Net Capital Assets being depreciated	27,227,249	16,528,355	(595,983)	13,733	43,145,888
Total Net Capital Assets	\$ 44,432,777	\$ -	\$ (595,983)	\$ 13,733	\$ 43,823,061

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.

STATE OF NEW MEXICO  
 PORTALES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

IV. Detailed notes on all funds (continued)

D. Long-term debt – General Obligation Bonds

Series	Original Amount	Interest Rate	Balance 6/30/2012	Additions	Retirements	Balance 6/30/2013	Amount Due in One Year
2002	1,400,000	3.5%-4.75%	420,000		135,000	285,000	140,000
2003	600,000	2.3%-3.8%	210,000		40,000	170,000	45,000
2008	4,500,000	3.25%-4.0%	3,325,000		375,000	2,950,000	1,100,000
2009	1,700,000	3.00%-3.00%	1,700,000		-	1,700,000	75,000
2010	1,900,000	3.125%	1,900,000		-	1,900,000	-
2010R	2,275,000	1.0%-1.65%	1,500,000		725,000	775,000	775,000
2011	1,400,000	2.0%-3.0%	1,400,000	-	-	1,400,000	-
Total	\$ 13,775,000		\$ 10,455,000	\$ -	1,275,000	\$ 9,180,000	\$ 2,135,000

Fiscal Year	Principal	Interest	Total
2014	\$ 2,135,000	\$ 289,614	\$ 2,424,614
2015	1,860,000	241,575	2,101,575
2016	1,640,000	169,495	1,809,495
2017	1,715,000	117,425	1,832,425
2018	1,490,000	66,105	1,556,105
2019-2020	790,000	22,035	812,035
	\$ 9,180,000	\$ 906,249	\$ 10,536,249

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 \$13,853,674 including \$9,180,000 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
\$94,458	\$97,311	\$89,130	\$86,277	\$86,277

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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, 2013.

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

**Funding Policy.**

Member Contributions

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

Employer Contributions

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

V. Other information (continued)

C. Employee retirement plan (continued)

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, 2013, 2012, and 2011, were \$1,733,456, \$1,465,570, and \$1,727,960, respectively, which equal the amount of the required contributions for each fiscal year.

D. Post-retirement health care benefits

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

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the

STATE OF NEW MEXICO  
 PORTALES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

V. Other information (continued)

D. Post-retirement health care benefits (continued)

statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$274,800, \$268,791 and \$200,747, respectively, which equal the required contributions for each year.

F. Interfund Balances

Due from	Due to Operational
Title I	\$ 77,695
Title I Migrant	12,290
Entitlement	198,762
English Language Acquisition	5,740
Teacher/Principal Training	131,312
Rural and Low Income Schools	1,075
Carl Perkins Current	24,015
Carl Perkins – Redistribution	3,688
2010 G.O. Bond Student Library SB-1	3,079
2010 G.O. Instructional Materials	7,241
Science Instructional Materials	13,299
GRADS Childcare	1,173
	<u>\$ 479,369</u>

These Interfund balances represent short-term loans from the operational fund to cover negative cash balances.

STATE OF NEW MEXICO  
 PORTALES MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

V. Other information (continued)

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	Cafeteria	Debt Service	Non-Major Governmental Funds	Total
Non-Spendable:						
Inventory	\$ -	\$ -	\$ 20,573	\$ -	\$ -	\$ 20,573
Total Nonspendable			20,573			20,573
Restricted for:						
Debt Service	-	-	-	1,125,048	931	1,125,979
Capital Improvements	-	-	-	-	128,237	128,237
Athletics	-	-	-	-	124,954	124,954
Cafeteria	-	-	608,808	-	-	608,808
Instructional Materials	4,252	-	-	-	-	4,252
Senate Bill 9	-	1,060,514	-	-	-	1,060,514
Total restricted	4,252	1,060,514	608,808	1,125,048	254,122	3,052,744
Unassigned	1,377,588	-	-	-	-	1,377,588
Total Fund Balances	\$ 1,381,840	\$ 1,060,514	\$ 629,381	\$ 1,125,048	\$ 254,122	\$ 4,450,905

H. Restatement of Net Position

Balance July 1, 2013	\$39,482,050
Restatement for understatement of bonds payable	(40,000)
Restated balance July 1, 2013	<u>\$39,442,050</u>

Bonds payable had been understated on the Statement of Net Position. This restatement corrects the error and agrees the reported amount to the related disclosure in these footnotes.

## 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 – 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 efseq.

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 – 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.

IDEA B – EARLY INTERVENTION – To account for a federal grant restricted to the operation and maintenance of meeting the special education needs of children with disabilities. (Authority, Individuals with Disabilities Act, Part B Sec 611, as amended; P.L. 91-230, 93-380, 94-142, 98-199, 99-457, 100-630, and 101-476; U.S.C. 1401-1419, P.L. 105-17)

IDEA B – RISK POOL – To account for a federal grant restricted to the operation and maintenance of meeting the special education needs of children with disabilities. (Authority, Individuals with Disabilities Act, Part B Sec 611, as amended; P.L. 91-230, 93-380, 94-142, 98-199, 99-457, 100-630, and 101-476; U.S.C. 1401-1419, P.L. 105-17)

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.

## NON-MAJOR GOVERNMENTAL FUNDS

ALL FUNDS – All funds were created by management directive.

### Special Revenue (continued)

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.

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.

GOLDEN APPLE FOUNDATION – To account for revenues received from the Wells Fargo Golden Apple Foundation of New Mexico for a Teacher's Partner Program to support "Enriching the Learning Environment" grant award.

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.

2010 G.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.

FORMATIVE ASSESSMENTS – Program to give teachers essential tools for monitoring student progress in making timely, strategic interventions throughout the school year. Funded by the New Mexico state legislature to support the statutory requirement of 22-2C-4.1, A, 1 & 2.

2010 G.O. INSTRUCTIONAL MATERIALS - This fund is used to account for the revenue and expenditures to acquire textbooks and classroom teaching aids for public schools to be used in direct instruction.

SCIENCE INSTRUCTIONAL MATERIALS – Program to provide funding for science instructional material supplies to be used in regular instructional hours for grades 6 through 8. This fund was created by the authority of the State Legislature.

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.



NON-MAJOR GOVERNMENTAL FUNDS

ALL FUNDS – All funds were created by management directive.

Special Revenue (continued)

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, 2013

	BOND BUILDING	SPECIAL CAPITAL OUTLAY STATE	TOTAL NONMAJOR CAPITAL PROJECTS
<b>ASSETS</b>			
Cash on Deposit	\$ 128,237	\$ -	\$ 128,237
Property Taxes Receivable	-	-	-
Due From Other Agencies	-	-	-
Due From Other Funds	-	-	-
Inventory	-	-	-
TOTAL ASSETS	<u>\$ 128,237</u>	<u>\$ -</u>	<u>\$ 128,237</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Revenue	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>			
Restricted	<u>128,237</u>	<u>-</u>	<u>128,237</u>
TOTAL FUND BALANCE	<u>128,237</u>	<u>-</u>	<u>128,237</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 128,237</u>	<u>\$ -</u>	<u>\$ 128,237</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
\$ 129,133	\$ 921	\$ 258,291
-	299	299
280,607		280,607
-	-	-
-		-
<u>\$ 409,740</u>	<u>\$ 1,220</u>	<u>\$ 539,197</u>
\$ -	\$ -	\$ -
280,607	-	280,607
<u>280,607</u>	<u>-</u>	<u>280,607</u>
4,179	289	4,468
<u>4,179</u>	<u>289</u>	<u>4,468</u>
124,954	931	254,122
<u>124,954</u>	<u>931</u>	<u>254,122</u>
<u>\$ 409,740</u>	<u>\$ 1,220</u>	<u>\$ 539,197</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, 2013

	BOND BUILDING	SPECIAL CAPITAL OUTLAY STATE	TOTAL NONMAJOR CAPITAL PROJECTS
<b>REVENUE</b>			
Federal Programs	\$ -	\$ -	\$ -
State Programs	-	31,197	31,197
Fees	-	-	-
Interest Income	524	-	524
Local Property Taxes	-	-	-
<b>TOTAL REVENUES</b>	<u>524</u>	<u>31,197</u>	<u>31,721</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
Instruction	-	-	-
Support Services			
Support Services-Students	-	-	-
Support Services-Instruction	-	-	-
Support Services-General Administration	-	-	-
Support Services-School Administration	-	-	-
Operation & Maintenance of Plant	-	-	-
Student Transportation	-	-	-
Acquisition & Construction	318,826	31,197	350,023
<b>Debt Service</b>			
Principal	-	-	-
Interest	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>318,826</u>	<u>31,197</u>	<u>350,023</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	(318,302)	-	(318,302)
<b>Other Financing Sources (uses)</b>			
Transfer In/Out	-	-	-
<b>Total Other Financial Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change In Fund Balance</b>	(318,302)	-	(318,302)
<b>FUND BALANCE</b>			
June 30, 2012	446,539	-	446,539
Restatement	-	-	-
Restated Balance	<u>446,539</u>	<u>-</u>	<u>446,539</u>
<b>FUND BALANCE June 30, 2013</b>	<u>\$ 128,237</u>	<u>\$ -</u>	<u>\$ 128,237</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
\$ 1,530,485	\$ -	\$ 1,530,485
131,288	-	162,485
63,008	-	63,008
372	-	896
-	930	930
<u>1,725,153</u>	<u>930</u>	<u>1,757,804</u>
1,316,144	-	1,316,144
-	-	-
132,280	-	132,280
28,855	-	28,855
62,312	9	62,321
183,471	-	183,471
833	-	833
9,000	-	9,000
31,295	-	381,318
-	-	-
-	-	-
<u>1,764,190</u>	<u>9</u>	<u>2,114,222</u>
(39,037)	921	(356,418)
-	-	-
-	-	-
(39,037)	921	(356,418)
163,991	10	610,540
-	-	-
<u>163,991</u>	<u>10</u>	<u>610,540</u>
\$ <u>124,954</u>	\$ <u>931</u>	\$ <u>254,122</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Interest Income	\$ 2,400	\$ 2,400	\$ 524	\$ (1,876)
Refunds	-	-	-	-
Bond Proceeds	-	-	-	-
	<u>2,400</u>	<u>2,400</u>	<u>\$ 524</u>	<u>\$ (1,876)</u>
<b>TOTAL REVENUE</b>	<b>2,400</b>	<b>2,400</b>	<b>\$ 524</b>	<b>\$ (1,876)</b>
Cash Balance Budgeted	<u>556,523</u>	<u>453,940</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<b>\$ 558,923</b>	<b>\$ 456,340</b>		
<b>EXPENDITURES</b>				
Current				
Acquisition & Construction	\$ 558,923	\$ 456,340	\$ 318,826	\$ 137,514
<b>TOTAL EXPENDITURES</b>	<b>\$ 558,923</b>	<b>\$ 456,340</b>	<b>\$ 318,826</b>	<b>\$ 137,514</b>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 524
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 524</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 318,826
Differences-budget to GAAP	
Prior Year Payable	
Total Expenditures (GAAP Basis)	<u>\$ 318,826</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--SPECIAL CAPITAL OUTLAY STATE

Year Ended June 30, 2013

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 31,197	\$ 72,846	\$ 31,197	\$ (41,649)
TOTAL REVENUE	31,197	72,846	<u>31,197</u>	<u>(41,649)</u>
Cash Balance Budgeted	_____	_____		
TOTAL REVENUE & CASH	<u>\$ 31,197</u>	<u>\$ 72,846</u>		
EXPENDITURES				
Acquisition & Construction	31,197	72,846	31,197	41,649
TOTAL EXPENDITURES	<u>\$ 31,197</u>	<u>\$ 72,846</u>	<u>\$ 31,197</u>	<u>\$ 41,649</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 31,197
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 31,197</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 31,197
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 31,197</u>

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, 2013

	<u>EDUCATIONAL TECHNOLOGY</u>	<u>TOTAL</u>
<b>ASSETS</b>		
Cash on Deposit	\$ 921	\$ 921
Due From Other Funds	-	-
Property Tax Receivable	299	299
TOTAL ASSETS	<u>\$ 1,220</u>	<u>\$ 1,220</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ -	\$ -
Due to Other Funds	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Revenue	289	289
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>289</u>	<u>289</u>
<b>FUND BALANCE</b>		
Restricted	931	931
TOTAL FUND BALANCE	<u>931</u>	<u>931</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<u>\$ 1,220</u>	<u>\$ 1,220</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, 2013

	<u>EDUCATIONAL TECHNOLOGY</u>	<u>TOTAL</u>
REVENUE		
Local Property Taxes	\$ 930	\$ 930
TOTAL REVENUES	<u>930</u>	<u>930</u>
EXPENDITURES		
Current		
Support Services-General Administration	\$ 9	\$ 9
TOTAL EXPENDITURES	<u>9</u>	<u>9</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	921	921
Other Financing Sources (uses)		
Transfer In/Out	<u>-</u>	<u>-</u>
Total Other Financial Sources	-	-
Net Change In Fund Balance	921	921
FUND BALANCE		
June 30, 2012	<u>10</u>	<u>10</u>
FUND BALANCE		
June 30, 2013	<u>\$ 931</u>	<u>\$ 931</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 3,065	\$ 3,065	\$ 930	\$ (2,135)
Bond premium				
TOTAL REVENUE	3,065	3,065	<u>\$ 930</u>	<u>\$ (2,135)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 3,065</u>	<u>\$ 3,065</u>		
<b>EXPENDITURES</b>				
Current				
Support Services-General Administration	\$ -	\$ -	\$ 9	\$ (9)
TOTAL EXPENDITURES	<u>\$ 3,065</u>	<u>\$ 3,065</u>	<u>\$ 9</u>	<u>\$ 3,056</u>
Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures				
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis)			\$ 930	
Differences-Budget to GAAP				
Total Revenues (GAAP Basis)			<u>\$ 930</u>	
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis)			\$ 9	
Differences-budget to GAAP				
Total Expenditures (GAAP Basis)			<u>\$ 9</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, 2013

	<u>ATHLETICS</u>	<u>TITLE I</u>	<u>TITLE I MIGRANT</u>
<b>ASSETS</b>			
Cash on Deposit	\$ 124,954	\$ -	\$ -
Due From Other Agencies	-	77,695	12,290
Due From Other Funds	-	-	-
Property Taxes Receivable	-	-	-
Inventory	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<b><u>\$ 124,954</u></b>	<b><u>\$ 77,695</u></b>	<b><u>\$ 12,290</u></b>
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	-	77,695	12,290
<b>TOTAL LIABILITIES</b>	<u>          </u>	<u>77,695</u>	<u>12,290</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Revenue	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>          </u>	<u>          </u>	<u>          </u>
<b>FUND BALANCE</b>			
Restricted	124,954	-	-
<b>TOTAL FUND BALANCE</b>	<u>124,954</u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b><u>\$ 124,954</u></b>	<b><u>\$ 77,695</u></b>	<b><u>\$ 12,290</u></b>

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

PRESCHOOL	IDEA B EARLY INTERVENTION	IDEA B RISK POOL	ENGLISH LANGUAGE ACQUISITION	TEACHER PRINCIPAL TRAINING	RURAL & LOW INCOME SCHOOLS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	5,740	131,312	1,075
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,740</u>	<u>\$ 131,312</u>	<u>\$ 1,075</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	5,740	131,312	1,075
-	-	-	5,740	131,312	1,075
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,740</u>	<u>\$ 131,312</u>	<u>\$ 1,075</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, 2013

	CARL PERKINS CURRENT	CARL PERKINS REDISTRIBUTION	IMPACT AID SPECIAL EDUCATION
	<u>          </u>	<u>          </u>	<u>          </u>
ASSETS			
Cash on Deposit	\$ -	\$ -	\$ 4,179
Due From Other Agencies	24,015	3,688	-
Due From Other Funds	-	-	-
Property Taxes Receivable	-	-	-
Inventory	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 24,015</u>	<u>\$ 3,688</u>	<u>\$ 4,179</u>
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	24,015	3,688	-
TOTAL LIABILITIES	<u>24,015</u>	<u>3,688</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue	-	-	4,179
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>4,179</u>
FUND BALANCE			
Restricted	-	-	-
TOTAL FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 24,015</u>	<u>\$ 3,688</u>	<u>\$ 4,179</u>

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

GOLDEN APPLE FOUNDATION	2009 DUAL CREDIT INSTRUCTIONAL MATERIALS	2010 GO BOND STUDENT LIBRARY FUND	FORMATIVE ASSESSMENTS	2010 GOB INSTRUCTIONAL MATERIALS
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	3,079	-	7,241
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,079</u>	<u>\$ -</u>	<u>\$ 7,241</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	3,079	-	7,241
-	-	3,079	-	7,241
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,079</u>	<u>\$ -</u>	<u>\$ 7,241</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, 2013

	SCIENCE INSTRUCTIONAL MATERIALS K-12	GRADS CHILD CARE	GRADS INSTRUCTION
<b>ASSETS</b>			
Cash on Deposit	\$ -	\$ -	\$ -
Due From Other Agencies	13,299	1,173	-
Due From Other Funds	-	-	-
Property Taxes Receivable	-	-	-
Inventory	-	-	-
<b>TOTAL ASSETS</b>	<u>13,299</u>	<u>1,173</u>	<u>-</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	13,299	1,173	-
<b>TOTAL LIABILITIES</b>	<u>13,299</u>	<u>1,173</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Revenue	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>			
Restricted	-	-	-
<b>TOTAL FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<u>\$ 13,299</u>	<u>\$ 1,173</u>	<u>\$ -</u>

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

PRIVATE GRANTS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ 129,133
-	280,607
-	-
-	-
-	-
<u>-</u>	<u>409,740</u>
<u>\$ -</u>	<u>\$ 409,740</u>
\$ -	-
-	280,607
<u>-</u>	<u>280,607</u>
-	4,179
<u>-</u>	<u>4,179</u>
-	124,954
<u>-</u>	<u>124,954</u>
<u>\$ -</u>	<u>\$ 409,740</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, 2013

	<u>ATHLETICS</u>	<u>TITLE I</u>	<u>TITLE I MIGRANT</u>
REVENUE			
Federal Programs	\$ -	\$ 976,428	\$ 94,378
State Programs	-	-	-
State Equalization	-	-	-
Interest Earnings	372	-	-
Charges For Services	-	-	-
Fees	63,008	-	-
Donations	-	-	-
Miscellaneous	-	-	-
Local Property Taxes	-	-	-
TOTAL REVENUES	<u>63,380</u>	<u>976,428</u>	<u>94,378</u>
EXPENDITURES			
Current			
Instruction	102,407	683,567	17,012
Support Services			
Support Services-Students	-	58,501	72,183
Support Services-Instruction	-	2,260	-
Support Services-General Administration	-	45,953	4,266
Support Services-School Administration	-	176,314	917
Central Services	-	-	-
Operation & Maintenance of Plant	-	833	-
Student Transportation	-	9,000	-
Other Support Services	-	-	-
Food Services-Operations	-	-	-
Community Services-Operations	-	-	-
Acquisition & Construction	-	-	-
Debt Service			
Principal	-	-	-
Interest	-	-	-
TOTAL EXPENDITURES	<u>102,407</u>	<u>976,428</u>	<u>94,378</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(39,027)	-	-
Other Financing Sources (uses)			
Transfer/Refunds			
Total Other Financial Sources	<u>-</u>	<u>-</u>	<u>-</u>
Net Change In Fund Balance	(39,027)	-	-
FUND BALANCE			
June 30, 2012	163,981	-	-
Restatement	-	-	-
Restated Fund Balance	<u>163,981</u>	<u>-</u>	<u>-</u>
FUND BALANCE			
June 30, 2013	<u>\$ 124,954</u>	<u>\$ -</u>	<u>\$ -</u>

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

PRESCHOOL	IDEA B EARLY INTERVENTION	IDEA B RISK POOL	ENGLISH LANGUAGE ACQUISITION	TEACHER PRINCIPAL TRAINING	RURAL & LOW INCOME SCHOOLS
\$ 22,755	\$ 57,781	\$ 3,733	\$ 19,001	\$ 254,326	\$ 60,222
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
22,755	57,781	3,733	19,001	254,326	60,222
22,755	57,781	3,733	16,990	240,839	56,091
-	-	-	-	-	1,296
-	-	-	283	8,975	2,835
-	-	-	1,728	4,512	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
22,755	57,781	3,733	19,001	254,326	60,222
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2013

	CARL PERKINS CURRENT	CARL PERKINS REDISTRIBUTION	IMPACT AID SPECIAL EDUCATION
<b>REVENUE</b>			
Federal Programs	\$ 31,295	\$ 3,688	\$ 6,878
State Programs	-	-	-
State Equalization	-	-	-
Interest Earnings	-	-	-
Charges For Services	-	-	-
Fees	-	-	-
Donations	-	-	-
Miscellaneous	-	-	-
Local Property Taxes	-	-	-
<b>TOTAL REVENUES</b>	<u>31,295</u>	<u>3,688</u>	<u>6,878</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
Instruction	-	3,688	6,578
Support Services			
Support Services-Students	-	-	300
Support Services-Instruction	-	-	-
Support Services-General Administration	-	-	-
Support Services-School Administration	-	-	-
Central Services	-	-	-
Operation & Maintenance of Plant	-	-	-
Student Transportation	-	-	-
Other Support Services	-	-	-
Food Services-Operations	-	-	-
Community Services-Operations	-	-	-
Acquisition & Construction	31,295	-	-
Debt Service			
Principal	-	-	-
Interest	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>31,295</u>	<u>3,688</u>	<u>6,878</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	-	-	-
<b>Other Financing Sources (uses)</b>			
Transfer/Refunds			
<b>Total Other Financial Sources</b>	-	-	-
<b>Net Change In Fund Balance</b>	-	-	-
<b>FUND BALANCE</b>			
June 30, 2012	-	-	-
Restatement			
<b>Restated Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>			
June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

GOLDEN APPLE FOUNDATION	2009 DUAL CREDIT INSTRUCTIONAL MATERIALS	2010 GO BOND STUDENT LIBRARY FUND	FORMATIVE ASSESSMENTS	2010 GOB INSTRUCTIONAL MATERIALS
\$ -	\$ -	\$ -	\$ -	\$ -
1,000	13,907	5,178	21,417	14,101
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,000</u>	<u>13,907</u>	<u>5,178</u>	<u>21,417</u>	<u>14,101</u>
1,000	13,907	-	-	14,101
-	-	-	-	-
-	-	5,178	21,417	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,000</u>	<u>13,907</u>	<u>5,178</u>	<u>21,417</u>	<u>14,101</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, 2013

	SCIENCE INSTRUCTIONAL MATERIALS K-12	GRADS CHILD CARE	GRADS INSTRUCTION
REVENUE			
Federal Programs	\$ -	\$ -	\$ -
State Programs	40,684	6,273	28,488
State Equalization	-	-	-
Interest Earnings	-	-	-
Charges For Services	-	-	-
Fees	-	-	-
Donations	-	-	-
Miscellaneous	-	-	-
Local Property Taxes	-	-	-
TOTAL REVENUES	<u>40,684</u>	<u>6,273</u>	<u>28,488</u>
EXPENDITURES			
Current			
Instruction	40,684	6,273	28,488
Support Services	-	-	-
Support Services-Students	-	-	-
Support Services-Instruction	-	-	-
Support Services-General Administration	-	-	-
Support Services-School Administration	-	-	-
Central Services	-	-	-
Operation & Maintenance of Plant	-	-	-
Student Transportation	-	-	-
Other Support Services	-	-	-
Food Services-Operations	-	-	-
Community Services-Operations	-	-	-
Acquisition & Construction	-	-	-
Debt Service	-	-	-
Principal	-	-	-
Interest	-	-	-
TOTAL EXPENDITURES	<u>40,684</u>	<u>6,273</u>	<u>28,488</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	-	-	-
Other Financing Sources (uses)			
Transfer/Refunds	-	-	-
Total Other Financial Sources	<u>-</u>	<u>-</u>	<u>-</u>
Net Change In Fund Balance	-	-	-
FUND BALANCE			
June 30, 2012	-	-	-
Restatement	-	-	-
Restated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE			
June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	PRIVATE GRANTS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$	-	1,530,485
	240	131,288
	-	-
	-	372
	-	-
	-	63,008
	-	-
	-	-
	-	-
	<u>240</u>	<u>1,725,153</u>
	250	1,316,144
	-	132,280
	-	28,855
	-	62,312
	-	183,471
	-	-
	-	833
	-	9,000
	-	-
	-	-
	-	-
	-	31,295
	-	-
	-	-
	-	-
	<u>250</u>	<u>1,764,190</u>
	(10)	(39,037)
	<u>-</u>	<u>-</u>
	-	-
	(10)	(39,037)
	10	163,991
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>163,991</u>
\$	<u>-</u>	<u>\$ 124,954</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Fees Activities	66,000	66,000	63,008	(2,992)
Interest Income	500	500	372	(128)
<b>TOTAL REVENUE</b>	<u>66,500</u>	<u>66,500</u>	<u>\$ 63,380</u>	<u>\$ (3,120)</u>
Cash Balance Budgeted	<u>161,186</u>	<u>164,095</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 227,686</u>	<u>\$ 230,595</u>		
 <b>EXPENDITURES</b>				
Current				
Instruction	<u>\$ 227,686</u>	<u>230,595</u>	102,407	128,188
<b>TOTAL EXPENDITURES</b>	<u>\$ 227,686</u>	<u>\$ 230,595</u>	<u>\$ 102,407</u>	<u>\$ 128,188</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 63,380
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 63,380</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 102,407
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 102,407</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 908,353	\$ 1,143,815	\$ 1,277,257	\$ 133,442
TOTAL REVENUE	<u>908,353</u>	<u>1,143,815</u>	<u>1,277,257</u>	<u>133,442</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 908,353</u>	<u>\$ 1,143,815</u>		
 <b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 632,732	827,840	683,567	144,273
Support Services				
Support Services-Students	58,136	60,651	58,501	2,150
Support Services-Instruction	2,200	4,460	2,260	2,200
Support Services-General Administration	39,033	50,117	45,954	4,163
Support Services-School Administration	175,202	190,697	176,313	14,384
Operation & Maintenance of Plant	1,050	1,050	833	217
Student Transportation	-	9,000	9,000	-
TOTAL EXPENDITURES	<u>\$ 908,353</u>	<u>\$ 1,143,815</u>	<u>\$ 976,428</u>	<u>\$ 167,387</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 1,277,257
Differences-Budget to GAAP	
Current Year Taxes Receivable	77,695
Prior Year Receivable	(378,524)
Total Revenues (GAAP Basis)	<u>\$ 976,428</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 976,428
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 976,428</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 87,750	\$ 102,263	132,881	30,618
TOTAL REVENUE	<u>87,750</u>	<u>102,263</u>	<u>\$ 132,881</u>	<u>\$ 30,618</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 87,750</u>	<u>\$ 102,263</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 9,340	20,079	17,012	3,067
Support Services				-
Support Services-Students	74,639	76,229	72,183	4,046
Support Services-General Administration	3,771	4,455	4,266	189
Support Services-School Administration	-	1,500	917	583
TOTAL EXPENDITURES	<u>\$ 87,750</u>	<u>\$ 102,263</u>	<u>\$ 94,378</u>	<u>\$ 7,885</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 132,881
Differences-Budget to GAAP	
Current Year Receivable	12,290
Prior Year Receivable	(50,793)
Total Revenues (GAAP Basis)	<u>\$ 94,378</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 94,378
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 94,378</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--IDÉA B PRESCHOOL

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 24,618	36,671	35,635	(1,036)
<b>TOTAL REVENUE</b>	\$ 24,618	36,671	\$ 35,635	\$ (1,036)
Cash Balance Budgeted	-	-		
<b>TOTAL REVENUE &amp; CASH</b>	\$ 24,618	\$ 36,671		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 24,618	36,671	22,755	13,916
<b>TOTAL EXPENDITURES</b>	\$ 24,618	\$ 36,671	\$ 22,755	\$ 13,916

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 35,635
Differences-Budget to GAAP	
Prior Year Receivable	(12,880)
<b>Total Revenues (GAAP Basis)</b>	\$ 22,755

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 22,755
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	\$ 22,755

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--EARLY INTERVENTION SERVICES

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	59,022	57,781	(1,241)
<b>TOTAL REVENUE</b>	<u>-</u>	<u>59,022</u>	<u>\$ 57,781</u>	<u>\$ (1,241)</u>
Cash Balance Budgeted	-	-		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 59,022</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	59,022	57,781	1,241
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>59,022</u>	<u>\$ 57,781</u>	<u>\$ 1,241</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 57,781
Differences-Budget to GAAP	
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 57,781</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 57,781
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 57,781</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 RISK POOL

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ 4,252	\$ 3,733	(519)
<b>TOTAL REVENUE</b>	<u>-</u>	<u>4,252</u>	<u>3,733</u>	<u>(519)</u>
 Cash Balance Budgeted	 -	 -		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 4,252</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ 4,252	\$ 3,733	\$ 519
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>4,252</u>	<u>3,733</u>	<u>519</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 3,733
Differences-Budget to GAAP	
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 3,733</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 3,733
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 3,733</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, 2013

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Federal Revenue	\$ 13,257	\$ 20,467	\$ 31,841	\$ 11,374
<b>TOTAL REVENUE</b>	<u>13,257</u>	<u>20,467</u>	<u>31,841</u>	<u>11,374</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 13,257</u>	<u>\$ 20,467</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 9,997	18,266	16,990	1,276
Support Services				-
Support Services-Students	-	-	-	-
Support Services-General Administration	260	401	283	118
Support Services-School Administration	3,000	1,800	1,728	72
<b>TOTAL EXPENDITURES</b>	<u>\$ 13,257</u>	<u>\$ 20,467</u>	<u>\$ 19,001</u>	<u>\$ 1,466</u>
Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures				
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis)			\$ 31,841	
Differences-Budget to GAAP				
Current Year Receivable			5,740	
Prior Year Receivable			(18,580)	
<b>Total Revenues (GAAP Basis)</b>			<u>\$ 19,001</u>	
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis)			\$ 19,001	
Differences-budget to GAAP				
<b>Total Expenditures (GAAP Basis)</b>			<u>\$ 19,001</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 177,532	292,671	189,222	\$ (103,449)
TOTAL REVENUE	<u>177,532</u>	<u>292,671</u>	<u>\$ 189,222</u>	<u>\$ (103,449)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 177,532</u>	<u>\$ 292,671</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 168,762	263,480	240,839	\$ 22,641
Support Services				-
Support Services-General Administration	8,770	14,191	8,976	5,215
Support Services-School Administration	-	15,000	4,511	10,489
TOTAL EXPENDITURES	<u>\$ 177,532</u>	<u>\$ 292,671</u>	<u>\$ 254,326</u>	<u>\$ 38,345</u>
Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures				
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis)			\$ 189,222	
Differences-Budget to GAAP				
Current Year Receivable			131,312	
Prior Year Receivable			(66,208)	
Total Revenues (GAAP Basis)			<u>\$ 254,326</u>	
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis)			\$ 254,326	
Differences-budget to GAAP				
Total Expenditures (GAAP Basis)			<u>\$ 254,326</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 50,214	\$ 73,084	\$ 69,684	\$ (3,400)
TOTAL REVENUE	<u>50,214</u>	<u>73,084</u>	<u>69,684</u>	<u>(3,400)</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 50,214</u>	<u>\$ 73,084</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 48,056	\$ 68,182	\$ 56,091	\$ 12,091
Support Services				
Support Services-Students	-	1,667	1,296	371
Support Services-General Administration	2,158	3,235	2,835	400
TOTAL EXPENDITURES	<u>\$ 50,214</u>	<u>\$ 73,084</u>	<u>\$ 60,222</u>	<u>\$ 12,862</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 69,684
Differences-Budget to GAAP	
Current Year Receivable	1,075
Prior Year Receivable	(10,537)
Total Revenues (GAAP Basis)	<u>\$ 60,222</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 60,222
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 60,222</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 28,607	\$ 31,786	20,363	\$ (11,423)
TOTAL REVENUE	<u>28,607</u>	<u>31,786</u>	<u>\$ 20,363</u>	<u>\$ (11,423)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 28,607</u>	<u>\$ 31,786</u>		
EXPENDITURES				
Current				
Instruction	\$ 28,607	\$ 31,786	\$ 31,295	\$ 491
TOTAL EXPENDITURES	<u>\$ 28,607</u>	<u>\$ 31,786</u>	<u>\$ 31,295</u>	<u>\$ 491</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 20,363
Differences-Budget to GAAP	
Current Year Receivable	24,015
Prior Year Receivable	(13,083)
Total Revenues (GAAP Basis)	<u>\$ 31,295</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 31,295
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 31,295</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 - REDISTRIBUTIONS

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ 5,735	\$ -	\$ (5,735)
TOTAL REVENUE	<u>-</u>	<u>5,735</u>	<u>-</u>	<u>(5,735)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 5,735</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ 5,735	\$ 3,688	\$ 2,047
TOTAL EXPENDITURES	<u>-</u>	<u>5,735</u>	<u>3,688</u>	<u>2,047</u>

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	
Current Year Receivable	3,688
Total Revenues (GAAP Basis)	<u>\$ 3,688</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 3,688
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 3,688</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 6,450	\$ 7,985	6,988	\$ (997)
TOTAL REVENUE	<u>6,450</u>	<u>7,985</u>	<u>\$ 6,988</u>	<u>\$ (997)</u>
Cash Balance Budgeted	<u>3,496</u>	<u>4,069</u>		
TOTAL REVENUE & CASH	<u>\$ 9,946</u>	<u>\$ 12,054</u>		
EXPENDITURES				
Current				
Instruction	\$ 9,946	\$ 11,754	\$ 6,578	\$ 5,176
Support Services				-
Support Services-Students	-	300	300	-
TOTAL EXPENDITURES	<u>\$ 9,946</u>	<u>\$ 12,054</u>	<u>\$ 6,878</u>	<u>\$ 5,176</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 6,988
Differences-Budget to GAAP	
Current Year Deferral	(4,179)
Prior Year Deferral	4,069
Total Revenues (GAAP Basis)	<u>\$ 6,878</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 6,878
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 6,878</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--GOLDEN APPLE FOUNDATION

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ -	\$ 1,000	\$ 1,000	\$ -
<b>TOTAL REVENUE</b>	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Cash Balance Budgeted	-	-		
<b>TOTAL REVENUE &amp; CASH</b>	<u>-</u>	<u>1,000</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ 1,000	\$ 1,000	\$ -
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 1,000
Differences-Budget to GAAP	
<b>Total Revenues (GAAP Basis)</b>	<u>1,000</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 1,000
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>1,000</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--2009 DUAL CREDIT INSTRUCTIONAL MATERIALS

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ 13,907	\$ 19,246	\$ 5,339
TOTAL REVENUE	<u>-</u>	<u>13,907</u>	<u>19,246</u>	<u>5,339</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 13,907</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 13,907	\$ 13,907	\$ -
TOTAL EXPENDITURES	<u>-</u>	<u>13,907</u>	<u>13,907</u>	<u>-</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 19,246
Differences-Budget to GAAP	
Prior Year Receivable	(5,339)
Total Revenues (GAAP Basis)	<u>\$ 13,907</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 13,907
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 13,907</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, 2013

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
<b>REVENUE</b>				
State Flow Through Grants	\$ 9,642	\$ 9,703	\$ 2,613	\$ (7,090)
<b>TOTAL REVENUE</b>	<u>9,642</u>	<u>9,703</u>	<u>2,613</u>	<u>(7,090)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 9,642</u>	<u>\$ 9,703</u>		
<b>EXPENDITURES</b>				
Current				
Support Services-Instruction	\$ 9,642	\$ 9,703	\$ 5,178	\$ 4,525
<b>TOTAL EXPENDITURES</b>	<u>9,642</u>	<u>9,703</u>	<u>5,178</u>	<u>4,525</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 2,613
Differences-Budget to GAAP	
Current Year Receivable	3,079
Prior Year Receivable	(514)
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 5,178</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 5,178
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 5,178</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--FORMATIVE ASSESSMENTS-LAWS OF 2012

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ -	\$ 21,417	\$ 21,417	\$ -
TOTAL REVENUE	<u>-</u>	<u>21,417</u>	<u>21,417</u>	<u>-</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 21,417</u>		
<b>EXPENDITURES</b>				
Current				
Support Services-Instruction	\$ -	\$ 21,417	\$ 21,417	\$ -
TOTAL EXPENDITURES	<u>-</u>	<u>21,417</u>	<u>21,417</u>	<u>-</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 21,417
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 21,417</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 21,417
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 21,417</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--2010 GOB INSTRUCTIONAL MATERIALS

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ 18,230	\$ 6,860	\$ (11,370)
TOTAL REVENUE	<u>-</u>	<u>18,230</u>	<u>6,860</u>	<u>(11,370)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 18,230</u>		
EXPENDITURES				
Current				
Support Services-Instruction	\$ -	\$ 18,230	\$ 14,101	\$ 4,129
TOTAL EXPENDITURES	<u>-</u>	<u>18,230</u>	<u>14,101</u>	<u>4,129</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 6,860
Differences-Budget to GAAP	
Current Year Receivable	7,241
Total Revenues (GAAP Basis)	<u>\$ 14,101</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 14,101
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 14,101</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--SCIENCE INSTRUCTIONAL MATERIALS K-12

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ 44,088	\$ 27,385	\$ (16,703)
TOTAL REVENUE	<u>-</u>	<u>44,088</u>	<u>27,385</u>	<u>(16,703)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 44,088</u>		
EXPENDITURES				
Current				
Support Services-Instruction	\$ -	\$ 44,088	\$ 40,684	\$ 3,404
TOTAL EXPENDITURES	<u>-</u>	<u>44,088</u>	<u>40,684</u>	<u>3,404</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 27,385
Differences-Budget to GAAP	
Current Year Receivable	13,299
Total Revenues (GAAP Basis)	<u>\$ 40,684</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 40,684
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 40,684</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ 2,000	\$ 7,100	\$ 8,600	\$ 1,500
TOTAL REVENUE	<u>2,000</u>	<u>7,100</u>	<u>8,600</u>	<u>1,500</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 2,000</u>	<u>\$ 7,100</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 2,000	\$ 7,100	\$ 6,273	\$ 827
TOTAL EXPENDITURES	<u>2,000</u>	<u>7,100</u>	<u>6,273</u>	<u>827</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 8,600
Differences-Budget to GAAP	
Current Year Receivable	1,173
Prior Year Receivable	(3,500)
Total Revenues (GAAP Basis)	<u>\$ 6,273</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 6,273
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 6,273</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ 1,500	\$ 24,500	\$ 24,499	\$ (1)
TOTAL REVENUE	<u>1,500</u>	<u>24,500</u>	<u>\$ 24,499</u>	<u>\$ (1)</u>
Cash Balance Budgeted	<u>25,576</u>	<u>3,989</u>		
TOTAL REVENUE & CASH	<u>\$ 27,076</u>	<u>\$ 28,489</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 27,076	\$ 28,489	\$ 28,488	\$ 1
TOTAL EXPENDITURES	<u>\$ 27,076</u>	<u>\$ 28,489</u>	<u>\$ 28,488</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)	\$ 24,499
Differences-Budget to GAAP	
Prior Year Deferral	3,989
Total Revenues (GAAP Basis)	<u>\$ 28,488</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 28,488
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 28,488</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Private Grants	\$ _____	\$ _____ 240	\$ _____ 240	\$ _____ -
TOTAL REVENUE	<u>\$ _____ -</u>	<u>\$ _____ 240</u>	<u>_____ 240</u>	<u>\$ _____ -</u>
Cash Balance Budgeted	_____ 11	_____ 11		
TOTAL REVENUE & CASH	<u>\$ _____ 11</u>	<u>\$ _____ 251</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ _____ 11	\$ _____ 251	\$ _____ 250	\$ _____ -
TOTAL EXPENDITURES	<u>_____ 11</u>	<u>_____ 251</u>	<u>_____ 250</u>	<u>_____ -</u>
Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures				
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis)			\$ _____ 240	-
Differences-Budget to GAAP			_____	
Total Revenues (GAAP Basis)			<u>\$ _____ 240</u>	
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis)			\$ _____ 250	
Differences-budget to GAAP			_____	
Total Expenditures (GAAP Basis)			<u>\$ _____ 250</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, 2013

	Operational	Transportation	Instructional Materials	TOTALS
<b>ASSETS</b>				
Cash on Deposit	\$ 1,015,652	\$ -	\$ 4,542	\$ 1,020,194
Due from Other Funds	479,369	-	-	479,369
Property Tax Receivable	9,011	-	-	9,011
Due from other Agencies	-	-	-	-
TOTAL ASSETS	<u>\$ 1,504,032</u>	<u>\$ -</u>	<u>\$ 4,542</u>	<u>\$ 1,508,574</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to State Agency	120,165	-	-	120,165
Due to Other Funds	-	-	-	-
TOTAL LIABILITIES	<u>120,165</u>	<u>-</u>	<u>-</u>	<u>120,165</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Revenue	6,569	-	-	6,569
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,569</u>	<u>-</u>	<u>-</u>	<u>6,569</u>
<b>FUND BALANCE</b>				
Restricted	-	-	-	-
Unassigned	1,377,298	-	4,542	1,381,840
TOTAL FUND BALANCE	<u>1,377,298</u>	<u>-</u>	<u>4,542</u>	<u>1,381,840</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 1,504,032</u>	<u>\$ -</u>	<u>\$ 4,542</u>	<u>\$ 1,508,574</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, 2013

	Operational	Transportation	Instructional Materials	TOTALS
<b>REVENUE</b>				
Federal Programs	\$ 7,707	\$ -	\$ -	\$ 7,707
State Programs	430,441	947,475	200,734	1,578,650
State Equalization	20,307,597	-	-	20,307,597
Interest Earnings	9,784	-	-	9,784
Charges For Services	153,544	-	-	153,544
Fees	9,677	-	-	9,677
Insurance Recoveries	10,000	-	-	10,000
Sale of Property	7,602	-	-	7,602
Miscellaneous	2,877	-	-	2,877
Local Property Taxes	114,056	-	-	114,056
<b>TOTAL REVENUES</b>	<u>21,053,285</u>	<u>947,475</u>	<u>200,734</u>	<u>22,201,494</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	13,554,763	-	200,139	13,754,902
Support Services	-	-	-	-
Support Services-Students	2,218,610	-	-	2,218,610
Support Services-Instruction	438,101	-	-	438,101
Support Services-General Administration	555,921	-	-	555,921
Support Services-School Administration	1,509,825	-	-	1,509,825
Central Services	837,824	-	-	837,824
Operation & Maintenance of Plant	2,671,923	-	-	2,671,923
Student Transportation	-	947,475	-	947,475
<b>TOTAL EXPENDITURES</b>	<u>21,786,967</u>	<u>947,475</u>	<u>200,139</u>	<u>22,934,581</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>(733,682)</b>	<b>-</b>	<b>595</b>	<b>(733,087)</b>
<b>Other Financing Sources (uses)</b>				
Transfer IN (OUT)	-	-	-	-
<b>Total Other Financial Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change In Fund Balances</b>	<b>(733,682)</b>	<b>-</b>	<b>595</b>	<b>(733,087)</b>
<b>FUND BALANCE</b>				
June 30, 2012	2,110,980	-	3,947	2,114,927
Restatement	-	-	-	-
<b>Restated Fund Balance</b>	<u>2,110,980</u>	<u>-</u>	<u>3,947</u>	<u>2,114,927</u>
<b>FUND BALANCE June 30, 2013</b>	<b>\$ <u>1,377,298</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>4,542</u></b>	<b>\$ <u>1,381,840</u></b>

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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 107,932	\$ 107,932	\$ 112,614	\$ 4,682
Fees-Users	5,000	5,000	8,877	3,877
Interest Income	10,000	10,000	9,784	(216)
State Equalization	20,400,316	20,430,249	20,307,598	(122,651)
State Flow Through Grants	22,750	22,750	170,357	147,607
Impact Aid	5,532	5,532	7,707	2,175
Rent	-	800	800	-
Sale of Property/Equipment	-	6,715	7,602	887
Access Board	40,000	260,085	260,085	-
Refunds	-	-	274	274
Indirect Cost - (Flow Through Grants)	100,000	100,000	153,543	53,543
Insurance Recoveries	-	10,000	10,000	-
<b>TOTAL REVENUE</b>	<u>20,691,530</u>	<u>20,959,063</u>	<u>\$ 21,051,844</u>	<u>\$ 92,781</u>
Cash Balance Budgeted	<u>1,685,906</u>	<u>1,685,906</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 22,377,436</u>	<u>\$ 22,644,969</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 13,843,008	\$ 13,897,082	\$ 13,554,763	\$ 342,319
Support Services				-
Support Services-Students	2,172,014	2,232,262	2,218,610	13,652
Support Services-Instruction	404,933	450,351	438,101	12,250
Support Services-General Administration	696,986	581,687	555,921	25,766
Support Services-School Administration	1,534,367	1,518,686	1,509,825	8,861
Central services	866,815	874,784	837,824	36,960
Operation & Maintenance of Plant	2,847,156	2,890,494	2,671,923	218,571
Other Support Services	12,157	12,157	-	12,157
<b>TOTAL EXPENDITURES</b>	<u>\$ 22,377,436</u>	<u>\$ 22,457,503</u>	<u>\$ 21,786,967</u>	<u>\$ 670,536</u>
Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures				
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis)			\$ 21,051,844	
Differences-Budget to GAAP				
Prior Year Taxes Receivable			(999)	
Current Year Taxes Receivable			2,440	
Non-cash donations of capital assets			-	
Total Revenues (GAAP Basis)			<u>\$ 21,053,285</u>	
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis)			\$ 21,786,967	
Differences-budget to GAAP				
Total Expenditures (GAAP Basis)			<u>\$ 21,786,967</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ 916,006	\$ 947,475	\$ 947,475	\$ -
TOTAL REVENUE	<u>916,006</u>	<u>947,475</u>	<u>947,475</u>	<u>-</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 916,006</u>	<u>\$ 947,475</u>		
<b>EXPENDITURES</b>				
Current				
Student Transportation	\$ 916,006	\$ 947,475	\$ 947,475	\$ -
TOTAL EXPENDITURES	<u>916,006</u>	<u>947,475</u>	<u>947,475</u>	<u>-</u>

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

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 947,475
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 947,475</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 947,475
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 947,475</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, 2013

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Favorable (Unfavorable)</u>
<b>REVENUE</b>				
State Flow Through Grants	\$ 197,921	\$ 197,921	\$ 197,921	\$ -
Refunds	-	-	2,813	2,813
<b>TOTAL REVENUE</b>	<u>197,921</u>	<u>197,921</u>	<u>\$ 200,734</u>	<u>\$ 2,813</u>
Cash Balance Budgeted		<u>3,948</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 197,921</u>	<u>\$ 201,869</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 197,921	\$ 201,869	\$ 200,139	\$ 1,730
Support Services				-
Support Services-Instruction				-
<b>TOTAL EXPENDITURES</b>	<u>\$ 197,921</u>	<u>\$ 201,869</u>	<u>\$ 200,139</u>	<u>\$ 1,730</u>
Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures				
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis)			\$ 200,734	
Differences-Budget to GAAP				
Total Revenues (GAAP Basis)			<u>\$ 200,734</u>	
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis)			\$ 200,139	
Differences-budget to GAAP				
Total Expenditures (GAAP Basis)			<u>\$ 200,139</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 1,598,477	\$ 1,598,477	\$ 1,932,343	\$ 333,866
Interest Income	400	400	846	446
Bond Proceeds Premium	-	-	-	-
<b>TOTAL REVENUE</b>	<u>1,598,877</u>	<u>1,598,877</u>	<u>\$ 1,933,189</u>	<u>\$ 334,312</u>
Cash Balance Budgeted	<u>795,778</u>	<u>880,470</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 2,394,655</u>	<u>\$ 2,479,347</u>		
<b>EXPENDITURES</b>				
Current				
Support Services-General Administration	\$ 20,000	\$ 20,000	\$ 19,324	\$ 676
Principal	2,374,655	2,459,347	1,598,476	860,871
Interest and Finance Charges	-	-	-	-
Debt Service Reserve	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,394,655</u>	<u>\$ 2,479,347</u>	<u>\$ 1,617,800</u>	<u>\$ 861,547</u>
Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures				
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis)			\$ 1,933,189	
Differences-Budget to GAAP				
Property tax Receivable			158,004	
Prior Year Tax Receivables			(18,966)	
Current Year Deferral			(115,359)	
Total Revenues (GAAP Basis)			<u>\$ 1,956,868</u>	
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis)			\$ 1,617,800	
Differences-budget to GAAP				
Prior Year Interest Payable			(146,893)	
Current Year Interest Payable			113,455	
Total Expenditures (GAAP Basis)			<u>\$ 1,584,362</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, 2013

	BALANCE 7/01/12	ADDITIONS	TRANSFERS	DEDUCTIONS	BALANCE 6/30/13
Administration	\$ 102,014	\$ 35,837	\$ -	\$ 22,417	\$ 115,434
High School	120,580	244,084	-	237,271	127,393
Junior High School	38,310	42,075	-	48,138	37,247
Brown Elementary	37,931	15,804	-	27,973	25,762
James Elementary	21,226	17,185	-	19,827	18,584
Lindsey-Stiener Elementary	11,594	46,793	-	45,405	12,982
Valencia Elementary	44,175	62,621	-	55,332	51,464
Portales High School Daycare	144,070	153,904	-	180,190	117,784
Total	\$ 519,900	\$ 618,303	\$ -	\$ 631,558	\$ 506,650

STATE OF NEW MEXICO  
 PORTALES MUNICIPAL SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2013

<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	<1> 84.010	24101	\$ 976,428
Migrant Children Education	<1> 84.011	24103	94,378
Idea B Entitlement	<1> 84.027	24106	534,058
Idea B Preschool	<1> 84.173	24109	22,755
Idea B Early Intervention	84.027	24112	57,781
Idea B Risk Pool	84.027	24120	3,733
English Language Acquisition	84.365A	24153	19,001
Teacher/Principal Training	84.367	24154	254,326
Rural & Low Income Schools	84.358	24160	60,222
Carl Perkins	84.048	24174	31,295
Carl Perkins Secondary	84.048	24176	3,688
Impact Aid Special Ed	84.214	25145	6,878
Impact Aid	84.041	44103	7,707
Total Department of Education			<u>2,072,250</u>
US DEPARTMENT OF AGRICULTURE			
Passed Through New Mexico Public Education Department			
National School Lunch	10.555	21000	1,238,908
School Food Commodity Distribution Program	10.559	21000	39,955
Total Department of Agriculture			<u>1,278,863</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$ 3,351,113</u>
<1> Major Program			
Reconciliation to Federal Revenues in Financial Statements:			
Federal Revenues Per Financial Statements			<u>\$ 3,351,113</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 \$39,955 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

BANK SUMMARY

June 30, 2013

BANK	ACCT TYPE	FUND	BANK BALANCE	DEPOSITS IN TRANSIT	OUTSTANDING CHECKS	NET CASH BALANCE
JAMES POLK STONE NATIONAL BANK	CHK	PAYROLL	\$ 1,776,581	\$ 5,911	\$ 1,776,492	\$ 6,000
	* CHK	OPERATING	* 1,016,777	-	-	1,016,777
	* CHK	CAP OUTLAY/DEBT SERVICE	* 2,456,035	-	-	2,456,035
	* CHK	CAFETERIA	* 608,808	-	-	608,808
	CHK	ACTIVITY	481,980	-	-	481,980
	* CHK	ATHLETICS	* 124,831	-	-	124,831
	CHK	A/P CLEARING	21,275		21,275	-
TOTAL JAMES POLK STONE NATIONAL BANK			\$ 6,486,287	\$ 5,911	\$ 1,797,767	\$ 4,694,431
NEW MEXICO STATE TREASURER	* SAVINGS	Operational	\$ 1,586	\$ -	\$ -	\$ 1,586
		Athletic	121			121
		Activity	250			250
		Capital Outlay	1,592			1,592
TOTAL NEW MEXICO STATE TREASURER			\$ 3,549			\$ 3,549
FIRST COMMUNITY BANK	* CD	Activity	* \$ 24,330	\$ -	\$ -	\$ 24,330
TOTAL DEPOSITS		TOTAL DEPOSITED CASH	\$ 6,514,166	: \$ 5,911	\$ 1,797,767	\$ 4,722,310
* interest bearing		Cash on Hand				100
						\$ 4,722,410

STATE OF NEW MEXICO  
 PORTALES MUNICIPAL SCHOOLS

BANK RECONCILIATION

JUNE 30, 2013

	Operational	Transportation	Food Services	Athletics	Federal Projects	Local & State	SB-9
Audited Net Cash							
JUNE 30, 2012	\$ 1,485,070	\$ -	\$ 819,665	\$ 163,981	\$ 4,069	\$ 3,999	\$ 924,186
	-	-	-	-	-	-	-
TOTAL CASH BALANCE							
JUNE 30, 2012	1,485,070	-	819,665	163,981	4,069	3,999	924,186
Add: Prior year void checks	-	-	-	-	-	-	-
2012-2013 Revenue	21,172,009	947,475	1,395,253	63,380	2,188,379	144,430	866,082
Loans Paid back	620,226	-	-	-	-	-	-
Loans In	-	-	-	-	454,579	24,792	-
Transfers In	-	-	-	-	-	-	-
	21,792,235	947,475	1,395,253	63,380	2,642,958	169,222	866,082
TOTAL AVAILABLE CASH	23,277,305	947,475	2,214,918	227,361	2,647,027	173,221	1,790,268
2012-2013 Expenditures	21,788,281	947,475	1,606,110	102,407	2,064,543	131,300	657,659
Loans Out	479,372	-	-	-	-	-	-
Loans Paid Back	-	-	-	-	578,305	41,921	-
Transfers Out	-	-	-	-	-	-	-
	22,267,653	947,475	1,606,110	102,407	2,642,848	173,221	657,659
NET CASH, JUNE 30, 2013	1,009,652	-	608,808	124,954	4,179	-	1,132,609
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
TOTAL CASH, JUNE 30, 2013	\$ 1,009,652	\$ -	\$ 608,808	\$ 124,954	\$ 4,179	\$ -	\$ 1,132,609

<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>
\$ -	\$ 880,469	\$ 519,898	\$ 3,947	\$ -	\$ 446,539	\$ -	\$ -
-	-	-	-	-	-	-	-
-	880,469	519,898	3,947	-	446,539	-	-
931	1,933,189	615,472	200,734	31,197	523	-	-
-	-	-	-	-	-	-	-
-	922	-	-	-	-	-	-
931	1,934,111	615,472	200,734	31,197	523	-	-
931	2,814,580	1,135,370	204,681	31,197	447,062	-	-
-	-	-	-	-	-	-	-
9	1,617,800	628,720	200,139	31,197	318,826	-	-
-	-	-	-	-	-	-	-
922	-	-	-	-	-	-	-
931	1,617,800	628,720	200,139	31,197	318,826	-	-
-	1,196,780	506,650	4,542	-	128,236	-	6,000
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,196,780</u>	<u>\$ 506,650</u>	<u>\$ 4,542</u>	<u>\$ -</u>	<u>\$ 128,236</u>	<u>\$ -</u>	<u>\$ 6,000</u>

# 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 (NQ Material Weaknesses Identified; Significant Deficiencies Identified; and Reportable Instances of Noncompliance, and Other Matters Identified)*

## Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds of the Portales Municipal Schools (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplemental information, and have issued our report thereon dated November 11, 2013.

### Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned cost, that we consider to be significant deficiencies. 2013-01, 2013-02, and 2013-03.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2013-01, 2013-02, and 2013-03.



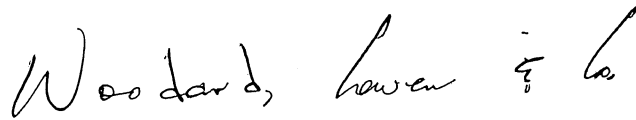
### The District's Response to Findings

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

### Purpose of this Report

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

Woodard, Cowen, & Company  
Portales, New Mexico  
November 11, 2013

A handwritten signature in cursive script that reads "Woodard, Cowen & Co".

# Woodard, Cowen & Co.

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

### **Report on Compliance for Each Major Federal Program**

We have audited Portales Municipal School's (the District) 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 District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Woodard, Cowen & Company

Portales, New Mexico  
November 11, 2013

A handwritten signature in cursive script that reads "Woodard, Cowen & Co." with a stylized flourish at the end.

STATE OF NEW MEXICO  
PORTALES MUNICIPAL SCHOOLS  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2013

PRIOR YEAR AUDIT FINDINGS – Portales Municipal Schools

**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.

Recommendation: Any funds received should be deposited within 24 hours of receipt

Status: Resolved.

STATE OF NEW MEXICO  
 PORTALES MUNICIPAL SCHOOLS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 June 30, 2013

I. SUMMARY OF AUDITORS RESULTS:

Report on Financial Statements	Unmodified
Significant Deficiencies on GAGAS	2013-01, 2013-02 & 2013-03
Material Weakness involving Significant Deficiencies	None
Material Noncompliance	2013-01, 2013-02 & 2013-03
Questioned Cost	None
Type A & Type B dollar threshold	\$300,000
Entity Risk	Low Risk
Major Federal Program	Title I #84.010 Migrant Children Education #84.011 IDEA-B Entitlement #84.027 IDEA-B Early Intervention #84.027 IDEA-B Risk Pool #84.027
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:

**IPA recommendation and contract not submitted by the due date 13-01 (significant deficiency and non-compliance)**

Statement of Condition:	The IPA recommendation and contract was not received by the Office of the State Auditor by the due date.
Criteria:	2.2.2.8 (G)(6)(c)(i) establishes a due date of April 15 for IPA recommendation and contracts to be received at the Office of the State Auditor. The contract was received at the Office of the State Auditor on June 6, 2013.
Cause:	The IPA was not listed as an approved firm on the State Auditor's website; therefore the IPA recommendation and contract were delayed.
Effect:	The IPA recommendation and contract were submitted late. This could have resulted in the District not having an auditor in time to submit the report in a timely basis.
Recommendation:	The IPA should insure the firm is listed as approved. The District should submit the recommendation and contract by the due date.
Response:	Management concurs with the recommendation.

**Actual expenditures exceed adjusted budgeted expenditures 13-02 (significant deficiency and non-compliance)**

Statement of Condition:	The District had the following funds with these over expended functions: Ed Tech Debt Service – General Administration \$9 and Senate Bill – 9 Support Services – General Administration \$1,025.
Criteria:	22-8-11(B) NMSA 1978 states "No school board officer or employee of a school district shall make any expenditure or incur any obligation unless it is made in accordance with an operating budget approved by the state department. This prohibition does not prohibit the transfer of funds pursuant to the department's rules and procedures.
Cause:	The District received delinquent tax payments in mid-June after the deadline to submit a budget adjustment request to PED.
Effect:	These functions are over expended.
Recommendation:	The District management should submit budget adjustment request early enough for PED to approve them before year end whenever possible.
Response:	The finance director concurs and will budget the collection fee equal to 1% of the delinquent tax roll.

STATE OF NEW MEXICO  
PORTALES MUNICIPAL SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)  
June 30, 2013

III. FINANCIAL STATEMENT FINDINGS (continued):

**Late audit report 13-03 (significant deficiency and non-compliance)**

Statement of condition:	The June 30, 2013 audit report was not received by the Office of the State Auditor by the November 15, 2013 deadline.
Criteria:	Per OSA Rule 2.2.2.9 (C)(1) the deadline to receive an audit report of a school district by the Office of the State Auditor is November 15 following the fiscal year end.
Cause:	The initial report received by the Office of the State Auditor was rejected due to missing pages in the bound report and was required to be resubmitted.
Effect:	The audit report was not submitted as required.
Recommendation:	Steps should be added in the review process to eliminate errors in the report that would result in a report being rejected by the Office of the State Auditor.
Response:	Management concurs with the recommendation.

STATE OF NEW MEXICO  
PORTALES MUNICIPAL SCHOOLS

June 30, 2013

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 11, 2013. In attendance at the 5:00 p.m. meeting were Johnnie Cain, Superintendent; Alan Garrett; School Board Members, and Sarah Marquez, Superintendent of Finance. John P. McKinley, Jr. CPA represented our firm at this meeting. Also in attendance were audit committee Trish Maguire and Gina Degroot.