



**Accounting &  
Consulting Group, LLP**  
Certified Public Accountants

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***Portales Municipal School District No. 1***  
***Annual Financial Report***  
***For the Year Ended June 30, 2014***



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## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Table of Contents  
June 30, 2014

	<u>Exhibit</u>	<u>Page</u>
<b>INTRODUCTORY SECTION</b>		
Table of Contents		4-5
Official Roster		7
<b>FINANCIAL SECTION</b>		
Independent Auditors' Report		10-11
Management Discussion and Analysis		12-31
<b>BASIC FINANCIAL STATEMENTS</b>		
Government-wide Financial Statements:		
Statement of Net Position	A-1	34-35
Statement of Activities	A-2	36-37
Fund Financial Statements:		
Balance Sheet – Governmental Funds	B-1	38-39
Reconciliation of the Balance Sheet to the Statement of Net Position		41
Statement of Revenues, Expenditures, and Changes in		
Fund Balances – Governmental Funds	B-2	42-43
Reconciliation of the Statement of Revenues,		
Expenditures, and Changes in Fund Balances of		
Governmental Funds to the Statement of Activities		45
Statement of Revenues, Expenditures, and Changes in		
Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
General Fund	C-1	47
Title I – IASA Special Revenue Fund	C-2	48
Entitlement IDEA-B Special Revenue Fund	C-3	49
Statement of Fiduciary Assets and Liabilities – Agency Funds	D-1	51
NOTES TO THE FINANCIAL STATEMENTS		53-77
<b>SUPPLEMENTARY INFORMATION</b>		
Nonmajor Governmental Fund Descriptions		
Combining and Individual Fund Statements and Schedules		83-85
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	86-93
Combining Statement of Revenues, Expenditures, and Changes		
in Fund Balances – Nonmajor Governmental Funds	A-2	94-101
Statement of Revenues, Expenditures, and Changes in		
Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
Food Services Special Revenue Fund	B-1	102
Athletics Special Revenue Fund	B-2	103
Migrant Children Education Special Revenue Fund	B-3	104
IDEA-B Preschool Special Revenue Fund	B-4	105
IDEA-B “Risk Pool” Special Revenue Fund	B-5	106
English Language Acquisition Special Revenue Fund	B-6	107
Teacher/Principal Training/Recruiting Special Revenue Fund	B-7	108
Rural & Low Income Schools Special Revenue Fund	B-8	109
Carl D. Perkins Secondary Current Special Revenue Fund	B-9	110
Carl D. Perkins Secondary Redistribution Special Revenue Fund	B-10	111
Impact Aid Special Education Special Revenue Fund	B-11	112
Title XIX Medicaid Special Revenue Fund	B-12	113
Dual Credit Instructional Materials Special Revenue Fund	B-13	114
2010 G.O. Bond Student Library Fund Special Revenue Fund	B-14	115
2012 G.O. Bond Student Library Fund Special Revenue Fund	B-15	116

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Table of Contents  
June 30, 2014

	<u>Statement/ Schedule</u>	<u>Page</u>
<b>SUPPLEMENTARY INFORMATION (continued)</b>		
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual (Continued):		
New Mexico Reads to Lead Special Revenue Fund	B-16	117
Breakfast for Elementary Students Special Revenue Fund	B-17	118
2010 GOB Instructional Materials Special Revenue Fund	B-18	119
Science Instructional Materials K-12 Special Revenue Fund	B-19	120
Workforce Readiness Special Revenue Fund	B-20	121
NM Grown FVV Special Revenue Fund	B-21	122
Next Generation Assessments Special Revenue Fund	B-22	123
GRADS Child Care Special Revenue Fund	B-23	124
GRADS - Instruction Special Revenue Fund	B-24	125
GRADS Plus Special Revenue Fund	B-25	126
Bond Building Capital Projects Fund	B-26	127
Public School Capital Outlay Capital Projects Fund	B-27	128
Special Capital Outlay - State Capital Projects Fund	B-28	129
Capital Improvements SB-9 Capital Projects Fund	B-29	130
Education Technology Equipment Act Capital Projects Fund	B-30	131
Debt Service Fund	B-31	132
Ed Tech Debt Service Fund	B-32	133
Combining Balance Sheet – General Fund	C-1	134
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – General Fund	C-2	135
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual		
Operating Fund	C-3	137
Pupil Transportation Fund	C-4	138
Instructional Materials Fund	C-5	139
<b>SUPPORTING SCHEDULES</b>		
Schedule of Deposits	I	143
Cash Reconciliation	II	144-147
Schedule of Collateral Pledged by Depository for Public Funds	III	148
Schedule of Changes in Assets and Liabilities - Agency Funds	IV	149
<b>COMPLIANCE SECTION</b>		
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>		152-153
<b>FEDERAL FINANCIAL ASSISTANCE</b>		
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133		156-157
Schedule of Expenditures of Federal Awards	V	158-159
Schedule of Findings and Questioned Costs	VI	161-169
<b>OTHER DISCLOSURES</b>		171

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**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Official Roster  
June 30, 2014

<u>Name</u>	<u>Board of Education</u>	<u>Title</u>
Rod Savage		Board President
Inez Rodriguez		Board Vice President
Antonio R Sanchez Jr		Board Secretary
Dr. Alan Garrett		Board Member
Mary Lou Rowley		Board Member

<u>Administrative Officials</u>		
Johnnie S Cain		Superintendent
Sarah M Marquez		Director of Finance

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**FINANCIAL SECTION**



**Accounting & Consulting Group, LLP**  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Hector H. Balderas  
New Mexico State Auditor and  
The Board of Education  
Office of Management and Budget  
Portales Municipal School District No. 1  
Portales, New Mexico

### 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 School District No. 1 (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, the combining financial statements for the General Fund, and the budgetary comparisons for the major capital projects funds, and all nonmajor funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, 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 District'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 District'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 Portales Municipal School District No. 1, as of June 30, 2014, and the respective changes in financial position thereof, and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund, and the combining financial statements for the General Fund of the District as of June 30, 2014, and the respective changes in financial position thereof, and the respective budgetary comparisons for the major capital projects funds, and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 12 through 31 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 inquires 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 as required by Office of Management and Budget *Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, introductory section*, and Supporting Schedules I through IV required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Accounting & Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Albuquerque, NM  
November 4, 2014



### **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, 2014. 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 2014 are as follows:

- ❖ The District contracted with a new auditor which allowed a different perspective on the audit process.
- ❖ 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 position increased by \$133,158 or 0.33 % primarily due to an increase in capital assets.
- ❖ Revenues increased by \$783,856 or 2.72%. This is mostly attributed to an increase in the State Equalization Guarantee (SEG) of \$486,275 or 2.39%. There were also increases in Federal grants.
- ❖ Expenditures increased by \$668,822 or 2.31%. This was largely due to new programs the District is offering to students and increases in operating expenses such as electric, gas, and water.
- ❖ The Finance Office Manual of Procedures was updated and sent to all staff in August 2013. 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.



PORTALES MUNICIPAL SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Fiscal Year Ending June 30, 2014



**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 5,856 students in the fall of 2014, 4,573 at the undergraduate level and 1,283 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 June of 2013 for Roosevelt County was 6.1%, lower than the national average of 7% for June 2013. 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 2013-14 from preschool to 12<sup>th</sup> grade was 2,887. 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, 2014



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

Roosevelt County’s assessed valuation for the 2013 tax year was \$245,016,437. This is an increase of \$14,151,871 from the 2012 value of \$230,864,566 which is a 6.13% 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
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.

This year the District passed an Educational Technology Bond for \$450,000. The ED Tech proceeds are used for technology infrastructure upgrades, staff computer/laptop upgrades, and yearly software licenses.

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



PORTALES MUNICIPAL SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Fiscal Year Ending June 30, 2014

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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 Director of Finance. 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 Director of Finance.

Starting January 2014, in response to Legislative Law SB443, the District has appointed a Chief Procurement Officer (CPO) in accordance with NMSA (1978) 13-1-97(C). The CPO is defined as the person within the local public body's office who is responsible for the control of procurement of items of tangible personal property, services or construction. The Director of Finance has been registered with the General Services Department website. There will be training and licensure in the coming years for the CPO.

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 2014?" 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 position and changes in those activities. This change in net position 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, 2014



**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 2014 and 2013.

Table 1-Statement of Net Position Comparison 2014 to 2013

Portales Municipal Schools			
Statement of Net Position Comparison			
2014 to 2013			
	June 30, 2014	June 30, 2013	Variance
<b>Assets:</b>			
Current Assets			
Cash & cash equivalents	\$ 5,949,034	\$ 4,215,760	\$ 1,733,274
Investments	306		
Receivables:			
Property Taxes	144,178	203,886	(59,708)
Due from other governments	1,174,199	479,369	694,830
Inventory	17,290	20,573	(3,283)
Noncurrent Assets			
Capital Assets	64,072,111	43,823,062	20,249,049
Less: accumulated depreciation	(20,705,187)	-	(20,705,187)
Bond issuance costs, net amortization	-	142,534	(142,534)
<b>Total Assets</b>	<b>\$50,651,931</b>	<b>\$ 48,885,184</b>	<b>\$ 1,766,441</b>
<b>Liabilities:</b>			
Current Liabilities			
Accounts Payables	\$ 202,928	\$ 195,441	\$ 7,487
Due to PED	192	120,165	(119,973)
Accrued payroll	565,414	-	565,414
Accrued interest	100,069	-	100,069
Accrued compensated absences	72,229	-	72,229
Current portion of bonds payable	1,860,000	2,135,000	(275,000)
Non-current Liabilities			
Accrued compensated absences	33,818	86,277	(52,459)
Bonds payable	8,385,000	7,045,000	1,340,000
Deferred revenue	-	4,178	
<b>Total Liabilities</b>	<b>\$11,219,650</b>	<b>\$ 9,586,061</b>	<b>\$ 1,637,767</b>
<b>Net Position:</b>			
Net investment in capital assets	\$35,828,143	\$ 34,683,062	\$ 1,145,081
Restricted for:			
Debt Service	766,889	1,125,979	(359,090)
Capital projects	1,242,160	1,188,751	53,409
Special revenue	729,039	758,877	(29,838)
Unrestricted	866,050	1,542,454	(676,404)
<b>Total Net Position</b>	<b>\$39,432,281</b>	<b>\$ 39,299,123</b>	<b>\$ 133,158</b>
<b>Total liabilities and net position</b>	<b>\$50,651,931</b>	<b>\$ 48,885,184</b>	<b>\$ 1,770,925</b>



PORTALES MUNICIPAL SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Fiscal Year Ending June 30, 2014

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Notice that our Cash and cash equivalents, Capital Assets, and Bonds payable have increase but our Property taxes and Amount due to PED have decreased.

The new format of the Statement of Net Position has required certain items to be listed differently from last year. Those items are listed as a zero amount in Table 1.

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 Statement of Net Position by showing the overall change in the District’s net position for the fiscal year ending June 30, 2014. Notice there has been an increase of \$683,158 in Operating Grants and Contributions. There has also been an increase on the State Equalization Guarantee of \$486,275.

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 capital grants and contributions, other support services, and interest and other charges.

As you can see from Table 2, most Revenues have decreased from the prior year. Even with revenues decreasing, we have increased expenses in Instruction and Support Services in the classroom.

The Net Change in Net position is \$383,993.



**PORTALES MUNICIPAL SCHOOLS**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
 For the Fiscal Year Ending June 30, 2014



Table 2-Statement of Activities Comparison 2014 to 2013

Portales Municipal Schools			
Statement of Activities Comparison			
2014 to 2013			
	June 30, 2014	June 30, 2013	Variance
<b>Program Revenues:</b>			
Charges for Services	\$ 214,378	\$ 213,898	\$ 480
Operating Grants and Contributions	5,307,371	4,624,213	683,158
Capital Grants and Contributions*	978,342	-	978,342
<b>General Revenues:</b>			
Property Taxes:	-	-	-
Levied for operating programs	116,504	115,456	1,048
Levied for debt services	1,812,078	1,974,576	(162,498)
Levied for capital projects	471,886	463,970	7,916
Total Property Taxes	2,400,468	2,554,002	(153,534)
State Equalization Guarantee	20,793,872	20,307,597	486,275
State & Federal Capital Outlay Grants	-	430,441	(430,441)
Insurance Recoveries	-	10,000	(10,000)
Interest Earnings	12,788	15,425	(2,637)
Fees	-	9,677	(9,677)
Unrestricted Federal Grant	-	606,281	(606,281)
Gain (Loss) on Sale of Equipment	(3,194)	(6,131)	2,937
Miscellaneous	1,645	2,877	(1,232)
Special item - donated asset	159	-	159
<b>Total Revenues</b>	<b>\$ 29,705,829</b>	<b>\$ 28,768,280</b>	<b>\$ 783,856</b>
<b>Program Expenses:</b>			
Instruction	\$ 16,063,431	\$ 15,063,928	\$ 999,503
Support Services-Students	2,828,883	2,626,126	202,757
Support Services-Instruction	338,932	475,619	(136,687)
Support Services-General Administration	718,189	667,196	50,993
Support Services-School Administration	1,974,559	1,833,429	141,130
Total Support Services	5,860,563	5,602,370	258,193
Central Services	922,981	837,824	85,157
Operation and Maintenance of Plant	3,403,037	2,678,713	724,324
Student Transportation	1,136,404	957,225	179,179
Other support services*	22,461	-	22,461
Food Services	1,545,189	1,660,026	(114,837)
Bond Interest Paid	91,543	290,039	(198,496)
Depreciation-unallocated	-	1,769,547	(1,769,547)
Amortization-unallocated	-	51,535	(51,535)
Interest and other charges*	276,227	-	276,227
<b>Total Expenses</b>	<b>\$ 29,321,836</b>	<b>\$ 28,911,207</b>	<b>\$ 668,822</b>
<b>Changes in Net Position</b>	<b>\$ 383,993</b>	<b>\$ (142,927)</b>	<b>\$ 526,920</b>
<b>Restatement for Beginning Balance</b>	<b>\$ (142,534)</b>	<b>\$ (40,000)</b>	<b>\$ (102,534)</b>
<b>Restatement for Beginning Balance</b>	<b>(108,301)</b>		<b>\$ (108,301)</b>
<b>Net Position - Beginning</b>	<b>39,299,123</b>	<b>39,482,050</b>	<b>\$ (182,927)</b>
<b>Net Position - Ending</b>	<b>\$ 39,432,281</b>	<b>\$ 39,299,123</b>	<b>\$ 133,158</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, Title I – IASA, Entitlement IDEA-B, Capital Improvements Senate Bill Nine Fund, and Bond Building 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 2014, 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 41 of the financial statements.

### About the General Fund

The General Fund is the main operating fund of the District. As of June 30, 2014, the spendable fund balance of the general fund was \$1,106,345 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 decreased by \$328,313 due to the decrease in funding based on student count.

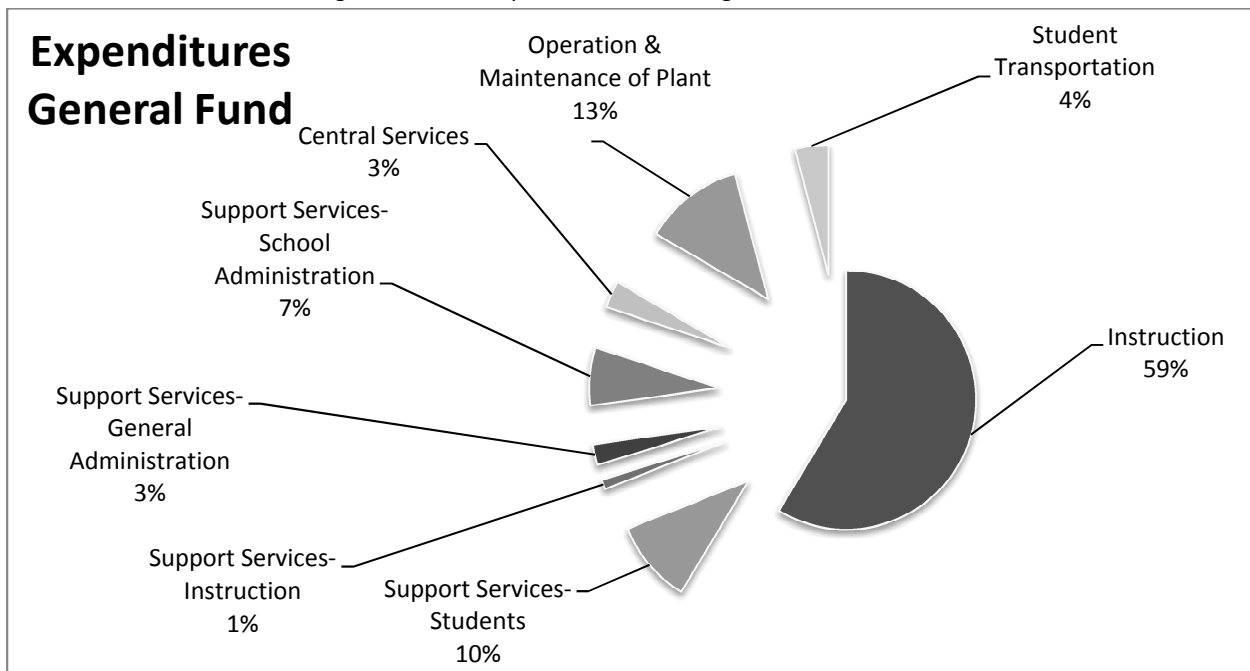
The General Fund began the year with an initial budget of \$22,264,954 and ended with a final budget of \$22,287,875. The General Fund is predominately funded by revenues from the New Mexico State Equalization Guarantee Formula (SEG). This fund pays for teaching staff, teaching support staff, special education support staff, maintenance staff, substitutes, and administrative staff. The General Fund also provides the dominant funding for athletics. The General Fund is the main fund whose expenditures are significantly related to the educational process. \$22,014,271 was expended in the year ending June 30, 2014.



### 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 47 of the financial statements (see Figure 1). This expenditure totaled \$12,881,513 and represented 59% of all General Fund expenditures. Expenditures included in this function are regular and special education teachers and assistants, employee benefits, payroll taxes, school supplies, professional development, miscellaneous instructional related contract services, and athletics. Approximately 90% 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 21% 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 13% 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.

**2013-14 District Operating Budget compared to Actual Expenditures**

The following table (see Table 3) examines the summary budget performance for five Major Governmental Funds for the fiscal year ending June 30, 2014: General Fund, Student Transportation, Instruction Materials, Bond Building Fund, Senate Bill Nine Fund, Title I Fund, and Entitlement IDEA-B. Detailed budget information is contained on the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual for each fund located in the financial statements.

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

Major and Non-Major Funds Expenditure Budget Performance			
June 30 2014			
Fund Type	Final Budget	Actual Expenditures	Variance
General Fund	\$ 22,057,396	\$ 20,808,315	\$ 1,249,081
Student Transportation	\$ 1,065,005	\$ 1,065,005	\$ -
Instructional Materials	\$ 193,474	\$ 141,951	\$ 51,523
Senate Bill Nine Fund	\$ 2,111,438	\$ 860,581	\$ 1,250,857
Title I	\$ 1,144,621	\$ 964,791	\$ 179,830

The General Fund budget increased from original budget to final budget due to student count and unit value. The Bond Building Capital budget increased from original budget to final budget due to a bond being issued in the amount of \$2,750,000 during the year.

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 on page 31 and additional information is located in the financial statement footnotes. For the year ending June 30, 2014, agency funds show assets of \$659,547.



### 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 2014. 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, 2014 to June 30, 2013

<b>Fixed Asset Comparison</b>		
<b>Asset Type</b>	<b>Balance June 30, 2014</b>	<b>Balance June 30, 2013</b>
Land	\$ 677,173	\$ 677,173
Building and Improvements	56,217,321	55,315,551
Equipment and Vehicles	7,177,617	7,027,718
Construction in Progress	-	-
<b>Total Capital Assets</b>	<b>\$ 64,072,111</b>	<b>\$ 63,020,442</b>
Less: Accumulated Depreciation	(20,705,187)	(19,197,381)
<b>Capital Assets, net</b>	<b>\$ 43,366,924</b>	<b>\$ 43,823,061</b>
Net Change in Capital Assets	\$ (456,137)	

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.





PORTALES MUNICIPAL SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Fiscal Year Ending June 30, 2014



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, 2014 (see Table 5).

Table 5-Long-term Debt as of June 30, 2014

Long-term Debt			
Date of Issue	Amount of Issue	Balance as of June 30, 2014	Interest Outstanding
2002	\$ 1,400,000	\$ 145,000	\$ 3,335
2003	600,000	125,000	2,500
2008	4,500,000	1,850,000	92,000
2009	1,700,000	1,625,000	110,250
2010	1,900,000	1,900,000	201,750
2011	1,400,000	1,400,000	175,750
2013 - Ed Tech	450,000	450,000	31,050
2014	2,750,000	2,750,000	738,330
<b>Total Long-term Debt</b>	<b>\$ 14,700,000</b>	<b>\$ 10,245,000</b>	<b>\$ 1,354,965</b>

## 2013-2014 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, 2014



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 \$2,011,908 to provide students lunch and breakfast. As of October 2013, 64% 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.



PORTALES MUNICIPAL SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Fiscal Year Ending June 30, 2014

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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 2013-14 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.

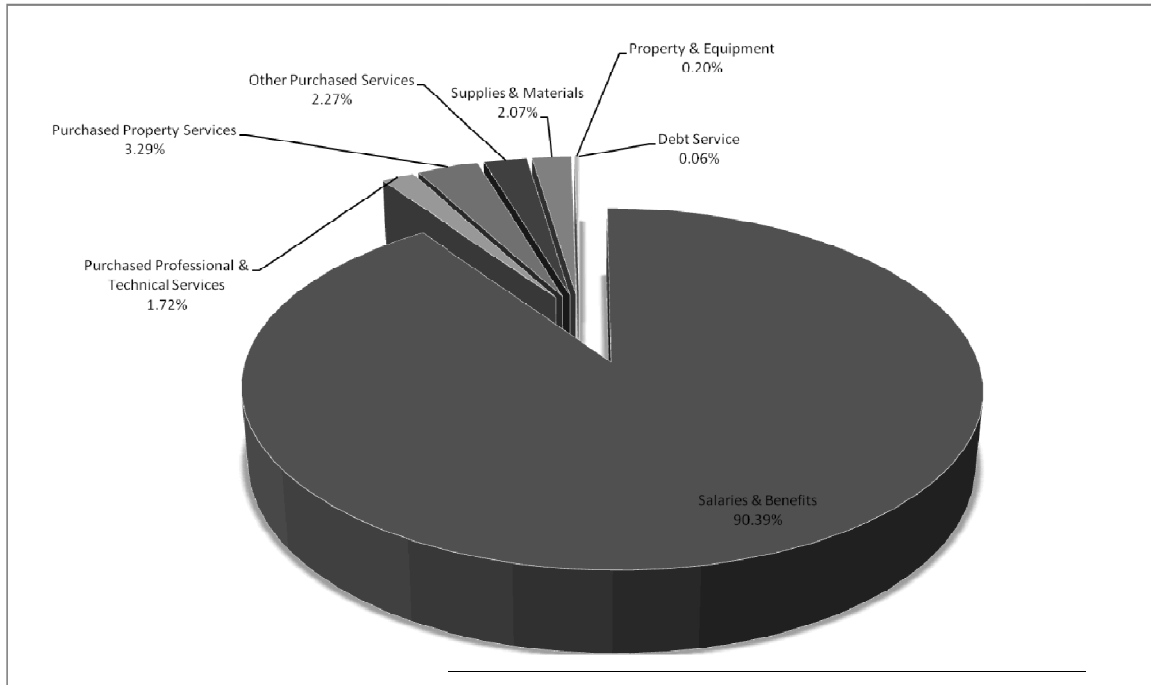


PORTALES MUNICIPAL SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Fiscal Year Ending June 30, 2014



Here is a breakdown of the percentages of the budget for 2013-14 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 2013-14 budget was built on the \$3,817.55 initial unit value which had increased from \$3,668.18 the prior year. This was a 4.07% increase.



PORTALES MUNICIPAL SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Fiscal Year Ending June 30, 2014



Table 6-History of the Unit Value in New Mexico

<b>History of the Unit Value in New Mexico</b>			
<u>School Year</u>	<u>Initial Unit Value</u>	<u>Final Unit Value</u>	
1999-2000	\$2,460.00	\$2,460.00	<sup>1</sup>
2000-2001	\$2,632.32	\$2,647.56	<sup>1</sup>
2001-2002	\$2,868.72	\$2,871.01	<sup>1</sup>
2002-2003	\$2,896.01	\$2,889.89	<sup>2</sup>
2003-2004	\$2,977.23	\$2,976.20	<sup>3</sup>
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	<sup>4,5</sup>
2010-2011	\$3,814.04	\$3,712.17	<sup>6,7</sup>
2011-2012	\$3,585.97	\$3,598.87	
2012-2013	\$3,668.18	\$3,673.54	
2013-2014	\$3,817.55	\$4,005.75	

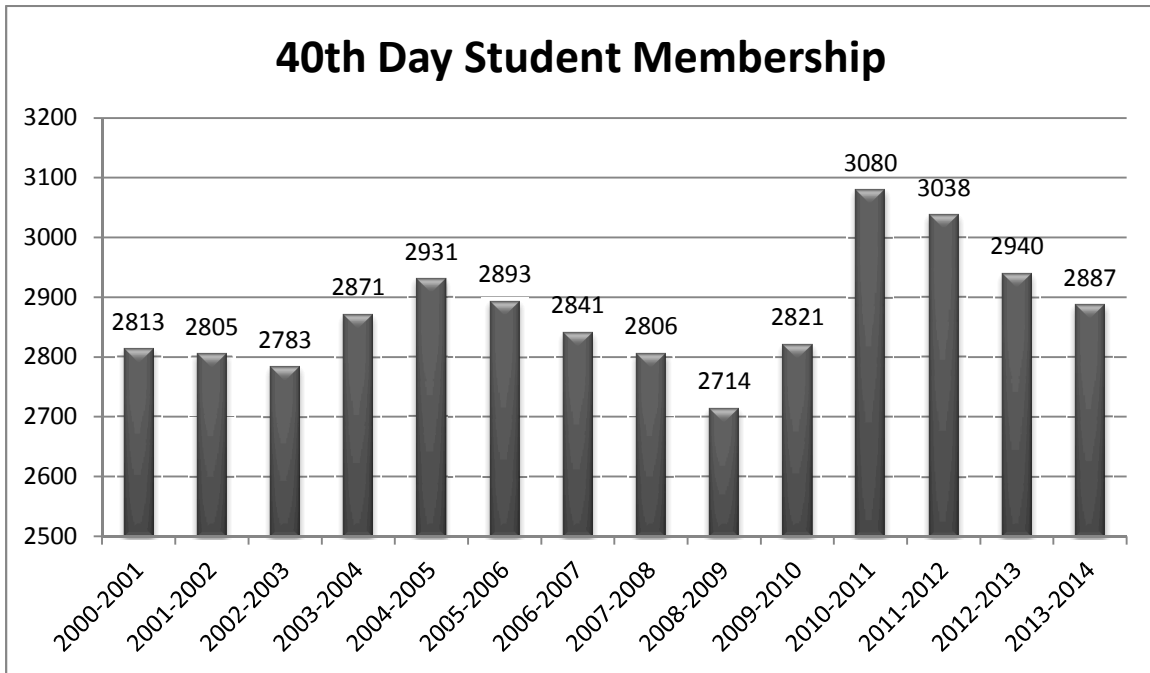
  

1	The "floating" unit value was in effect; the basis of funding changed to prior year membership
2	The final unit value included a decrease of \$6.12 under the initial unit value due to statewide units included in operating budgets which were greater than the number of units used to establish initial 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 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 student enrollment has been unit value increases. We had a decrease on the 40<sup>th</sup> day for 2013-14. 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



PORTALES MUNICIPAL SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Fiscal Year Ending June 30, 2014



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
2013	Unqualified	3	11/15/2013	11/15/2013	0

### Board Elections and Capital Program Sales and Elections

As shown in Table 7, PMSD had a GO Bond sale in the 2013-14 fiscal year. The new Five Year Facilities 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				
Year	Board Member	GO Bond	Ed Tech	Senate Bill Nine
2009	X	X		
2010		X		
2011	X	X		X
2012				
2013	X		X	
2014		X	X	
2015	X			
2016		X	X	
2017	X			X
2018			X	

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.



PORTALES MUNICIPAL SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Fiscal Year Ending June 30, 2014

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## Conclusion

The challenge for the District finance team goes beyond meeting the professional standards for fiscal operations represented in this annual audit for 2013-14. 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 2013-14 audit enables us to reach for our potential in supporting the PMSD Board and administrative staff in their efforts to make PMSD the best District in the state.

The PMSD community is experiencing the paradox between shrinking state and federal revenues and increasing expenditures to support student membership and expanding numbers of special education students and English Language Learners. The paradox is complicated further by burgeoning poverty rates resulting in expanding costs to support student health and wellness needs. In this socio-economic confusion we are challenged to increase student literacy and graduation rates. It is accurate to state that the PMSD administration and Board found a way to sustain our commitment to the classroom in the 2014-15 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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**BASIC  
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Statement of Net Position  
June 30, 2014

	<u>Primary Government Governmental Activities</u>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 5,949,034
Investments	306
Receivables:	
Property taxes	144,178
Due from other governments	1,174,199
Inventory	17,290
Total current assets	7,285,007
Noncurrent assets	
Capital assets	64,072,111
Less: accumulated depreciation	(20,705,187)
Total noncurrent assets	43,366,924
Total assets	\$ 50,651,931

The accompanying notes are an integral part of these financial statements

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 202,928
Due to PED	192
Accrued payroll	565,414
Accrued interest	100,069
Accrued compensated absences	72,229
Current portion of bonds payable	<u>1,860,000</u>
Total current liabilities	<u>2,800,832</u>
Noncurrent liabilities	
Accrued compensated absences	33,818
Bonds payable	<u>8,385,000</u>
Total noncurrent liabilities	<u>8,418,818</u>
Total liabilities	<u>11,219,650</u>
<b>Net position</b>	
Net investment in capital assets	35,828,143
Restricted for:	
Debt service	766,889
Capital projects	1,242,160
Special revenue	729,039
Unrestricted	<u>866,050</u>
Total net position	<u>39,432,281</u>
Total liabilities and net position	<u><u>\$ 50,651,931</u></u>

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Statement of Activities  
For the Year Ended June 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
<b>Primary government:</b>			
<b>Governmental Activities:</b>			
Instruction	\$ 16,063,431	\$ 45,207	\$ 1,786,027
Support services - students	2,828,883	7,961	314,532
Support services - instruction	338,932	954	37,684
Support services - general administration	718,189	2,021	79,852
Support services - school administration	1,974,559	5,557	219,543
Central services	922,981	2,598	102,622
Operation and maintenance of plant	3,403,037	9,577	378,370
Student transportation	1,136,404	-	1,064,005
Other support services	22,461	-	-
Food services operations	1,545,189	140,503	1,324,736
Interest and other charges	367,770	-	-
<i>Total governmental activities</i>	<u>\$ 29,321,836</u>	<u>\$ 214,378</u>	<u>\$ 5,307,371</u>

**General Revenues and Special Item:**

Taxes:

Property taxes, levied for operating programs

Property taxes, levied for debt services

Property taxes, levied for capital projects

State equalization guarantee

Investment income

Miscellaneous income

Loss on disposition of assets and exchange of land

Special item - donated assets

Total general revenues and special item

Change in net position

Net position, beginning

Net position - restatement (Note 17)

Net position - as restated

Net position, ending

The accompanying notes are an integral part of these financial statements

<u>Program Revenues</u> <u>Capital Grants and</u> <u>Contributions</u>	<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net</u> <u>Position</u> <u>Government</u> <u>Activities</u>
\$ 598,686	\$ (13,633,511)
105,433	(2,400,957)
12,632	(287,662)
26,767	(609,549)
73,592	(1,675,867)
34,400	(783,361)
126,832	(2,888,258)
-	(72,399)
-	(22,461)
-	(79,950)
-	(367,770)
<u>\$ 978,342</u>	<u>(22,821,745)</u>

116,504
1,812,078
471,886
20,793,872
12,788
1,645
(3,194)
159
<u>23,205,738</u>
<u>383,993</u>
39,299,123
<u>(250,835)</u>
<u>39,048,288</u>
<u>\$ 39,432,281</u>

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Balance Sheet  
Governmental Funds  
June 30, 2014

	<u>General Fund</u>	<u>Title I - IASA Special Revenue Fund</u>	<u>Entitlement IDEA-B Special Revenue Fund</u>
<i>Assets</i>			
Cash and cash equivalents	\$ 620,454	\$ 18,575	\$ 17,919
Investments	103	-	-
Receivables:			
Property taxes	6,798	-	-
Due from other governments	-	302,822	381,900
Inventory	-	-	-
Due from other funds	1,050,933	-	-
	<u>1,050,933</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 1,678,288</u>	<u>\$ 321,397</u>	<u>\$ 399,819</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 64,602	\$ -	\$ 7,205
Due to PED	-	-	-
Accrued payroll	503,537	18,575	17,919
Accrued compensated absences	-	-	4,482
Due to other funds	-	302,822	370,213
	<u>-</u>	<u>302,822</u>	<u>370,213</u>
<i>Total liabilities</i>	<u>568,139</u>	<u>321,397</u>	<u>399,819</u>
<i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	3,804	-	-
	<u>3,804</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflows of resources</i>	<u>3,804</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>			
Nonspendable:			
Inventory	-	-	-
Spendable:			
Restricted for:			
Instructional materials	52,818	-	-
Food services	-	-	-
Extracurricular activities	-	-	-
Education	-	-	-
Capital acquisitions and improvements	-	-	-
Debt service	-	-	-
Unassigned	1,053,527	-	-
	<u>1,053,527</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>1,106,345</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,678,288</u>	<u>\$ 321,397</u>	<u>\$ 399,819</u>

The accompanying notes are an integral part of these financial statements

Bond Building Capital Projects Fund	Capital Improvements SB-9 Capital Projects Fund	Other Governmental Funds	Total
\$ 2,689,614	\$ 1,156,544	\$ 1,445,928	\$ 5,949,034
102	-	101	306
-	27,623	109,757	144,178
-	131,801	357,676	1,174,199
-	-	17,290	17,290
-	-	-	1,050,933
<u>\$ 2,689,716</u>	<u>\$ 1,315,968</u>	<u>\$ 1,930,752</u>	<u>\$ 8,335,940</u>
\$ 48,607	\$ 46,402	\$ 36,112	\$ 202,928
-	-	192	192
-	-	25,383	565,414
-	-	-	4,482
-	-	377,898	1,050,933
<u>48,607</u>	<u>46,402</u>	<u>439,585</u>	<u>1,823,949</u>
-	15,464	63,594	82,862
-	15,464	63,594	82,862
-	-	17,290	17,290
-	-	-	52,818
-	-	642,093	642,093
-	-	79,698	79,698
-	-	31,630	31,630
2,641,109	1,254,102	37,704	3,932,915
-	-	660,830	660,830
-	-	(41,672)	1,011,855
<u>2,641,109</u>	<u>1,254,102</u>	<u>1,427,573</u>	<u>6,429,129</u>
<u>\$ 2,689,716</u>	<u>\$ 1,315,968</u>	<u>\$ 1,930,752</u>	<u>\$ 8,335,940</u>

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**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Governmental Funds

Exhibit B-1  
Page 2 of 2

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

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

Fund balances - total governmental funds	\$ 6,429,129
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	43,366,924
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities	82,862
Liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences not due and payable	(101,565)
Accrued interest payable	(100,069)
Bonds, loans and capital leases payable	<u>(10,245,000)</u>
Total net position - governmental funds	<u>\$ 39,432,281</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2014

	General Fund	Title I - IASA Special Revenue Fund	Entitlement IDEA-B Special Revenue Fund
<i>Revenues</i>			
Property taxes	\$ 119,272	\$ -	\$ -
Intergovernmental revenue			
Federal flowthrough	114,065	983,366	740,076
Federal direct	9,549	-	-
State flowthrough	190,227	-	-
State direct	20,795,844	-	-
Transportation distribution	1,064,005	-	-
Charges for services	3,972	-	-
Investment income	6,783	-	-
Miscellaneous	1,804	-	-
<i>Total revenues</i>	<u>22,305,521</u>	<u>983,366</u>	<u>740,076</u>
<i>Expenditures</i>			
Current			
Instruction	13,374,906	688,688	209,043
Support services - students	2,118,594	59,313	309,005
Support services - instruction	269,930	2,925	79
Support services - general administration	581,052	33,268	23,519
Support services - school administration	1,521,214	177,492	143,910
Central services	864,402	-	-
Operation and maintenance of plant	2,740,401	848	-
Student transportation	1,064,005	-	6,618
Other support services	22,191	-	-
Food services operations	-	-	-
Capital outlay	25,715	20,832	47,902
Debt service			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	-	-
<i>Total expenditures</i>	<u>22,582,410</u>	<u>983,366</u>	<u>740,076</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(276,889)</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>			
Proceeds from sale of capital assets	1,394	-	-
Bond proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,394</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(275,495)	-	-
<i>Fund balances - beginning</i>	<u>1,381,840</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 1,106,345</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Bond Building Capital Projects Fund	Capital Improvements SB-9 Capital Projects Fund	Other Governmental Funds	Total
\$ -	\$ 483,105	\$ 1,864,132	\$ 2,466,509
-	-	1,670,249	3,507,756
-	-	95,476	105,025
-	532,532	304,021	1,026,780
-	-	580,175	21,376,019
-	-	-	1,064,005
-	-	210,406	214,378
889	2,948	2,168	12,788
-	-	-	1,804
<u>889</u>	<u>1,018,585</u>	<u>4,726,627</u>	<u>29,775,064</u>
-	-	626,218	14,898,855
-	-	171,798	2,658,710
-	-	42,314	315,248
-	4,809	31,747	674,395
-	-	8,659	1,851,275
-	-	-	864,402
32,870	237,664	226,188	3,237,971
-	-	-	1,070,623
-	-	-	22,191
-	-	1,416,483	1,416,483
165,997	582,524	742,410	1,585,380
-	-	2,135,000	2,135,000
-	-	176,158	176,158
39,150	-	52,393	91,543
<u>238,017</u>	<u>824,997</u>	<u>5,629,368</u>	<u>30,998,234</u>
<u>(237,128)</u>	<u>193,588</u>	<u>(902,741)</u>	<u>(1,223,170)</u>
-	-	-	1,394
<u>2,750,000</u>	<u>-</u>	<u>450,000</u>	<u>3,200,000</u>
<u>2,750,000</u>	<u>-</u>	<u>450,000</u>	<u>3,201,394</u>
2,512,872	193,588	(452,741)	1,978,224
<u>128,237</u>	<u>1,060,514</u>	<u>1,880,314</u>	<u>4,450,905</u>
<u>\$ 2,641,109</u>	<u>\$ 1,254,102</u>	<u>\$ 1,427,573</u>	<u>\$ 6,429,129</u>

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STATE OF NEW MEXICO

Portales Municipal School District No. 1

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

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

Net change in fund balances - total governmental funds \$ 1,978,224

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:

Capital expenditures	1,585,380
Depreciation expense	(1,928,629)
Book value of capital assets disposed	(4,588)

Revenues in the Statement of Activities that do not provide current financial  
resources are not reported as revenue in the funds:

Change in unavailable revenue related to property taxes receivable (66,041)

The issuance of long-term debt (e.g. bonds, notes, 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 position. Also, governmental funds  
report the effect of premiums, discounts, and similar items when debt is first issued,  
whereas these amounts are deferred and amortized in the Statement of Activities:

Bond proceeds	(3,200,000)
Increase in accrued compensated absences not due and payable	(15,284)
Increase in accrued interest payable	(100,069)
Principal payments on bonds	<u>2,135,000</u>

Change in net position of governmental activities \$ 383,993

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**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
General Fund

Exhibit C-1

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ 113,225	\$ 113,225	\$ 118,717	\$ 5,492
Intergovernmental revenue				
Federal flowthrough	100,000	100,000	114,065	14,065
Federal direct	6,829	6,829	9,549	2,720
State flowthrough	153,881	188,932	190,227	1,295
State direct	20,801,124	20,799,084	20,675,682	(123,402)
Transportation distribution	1,074,095	1,064,005	1,064,005	-
Charges for services	5,000	5,000	3,972	(1,028)
Investment Income	10,000	10,000	6,783	(3,217)
Miscellaneous	800	800	1,804	1,004
<i>Total revenues</i>	<u>22,264,954</u>	<u>22,287,875</u>	<u>22,184,804</u>	<u>(103,071)</u>
<i>Expenditures</i>				
Current				
Instruction	13,717,306	13,628,764	12,881,513	747,251
Support services - students	2,131,485	2,151,572	2,118,594	32,978
Support services - instruction	410,660	280,171	269,930	10,241
Support services - general administration	547,486	597,447	580,335	17,112
Support services - school administration	1,532,587	1,530,796	1,521,214	9,582
Central services	824,058	887,297	864,402	22,895
Operation and maintenance of plant	2,542,711	2,969,206	2,694,685	274,521
Student transportation	1,074,095	1,064,005	1,064,005	-
Other support services	12,818	177,984	4,393	173,591
Capital Outlay	7,800	27,633	15,200	12,433
<i>Total expenditures</i>	<u>22,801,006</u>	<u>23,314,875</u>	<u>22,014,271</u>	<u>1,300,604</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(536,052)</u>	<u>(1,027,000)</u>	<u>170,533</u>	<u>1,197,533</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	529,247	1,020,195	-	(1,020,195)
Proceeds from sale of capital assets	6,805	6,805	1,394	(5,411)
<i>Total other financing sources (uses)</i>	<u>536,052</u>	<u>1,027,000</u>	<u>1,394</u>	<u>(1,025,606)</u>
<i>Net change in fund balance</i>	-	-	171,927	171,927
<i>Fund balance - beginning of year</i>	-	-	1,499,563	1,499,563
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,671,490</u>	<u>\$ 1,671,490</u>
Net change in fund balance (Non-GAAP budgetary basis)				\$ 171,927
Adjustments to revenues for taxes and intergovernmental revenue				120,717
Adjustments to expenditures for supplies and payroll expenditures				(568,139)
Net change in fund balance (GAAP Basis)				<u>\$ (275,495)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Title I - IASA Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	901,060	1,144,621	758,239	(386,382)
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>901,060</u>	<u>1,144,621</u>	<u>758,239</u>	<u>(386,382)</u>
<i>Expenditures</i>				
Current				
Instruction	610,991	804,384	670,113	134,271
Support services	288,992	307,660	272,998	34,662
Central services	-	-	-	-
Operation and maintenance of plant	1,077	1,077	848	229
Student transportation	-	10,000	-	10,000
Food services operations	-	-	-	-
Capital outlay	-	21,500	20,832	668
<i>Total expenditures</i>	<u>901,060</u>	<u>1,144,621</u>	<u>964,791</u>	<u>179,830</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(206,552)</u>	<u>(206,552)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(206,552)	(206,552)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(77,695)</u>	<u>(77,695)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (284,247)</u>	<u>\$ (284,247)</u>
Net change in fund balance (Non-GAAP budgetary basis)				\$ (206,552)
Adjustments to revenues for federal flowthrough grants				225,127
Adjustments to expenditures for instruction and payroll expenditures				<u>(18,575)</u>
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Entitlement IDEA-B Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	626,910	1,038,106	556,938	(481,168)
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	626,910	1,038,106	556,938	(481,168)
<i>Expenditures</i>				
Current				
Instruction	116,645	337,406	179,437	157,969
Support services	505,265	551,650	476,513	75,137
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	3,000	15,050	6,618	8,432
Food services operations	-	-	-	-
Capital outlay	2,000	134,000	47,902	86,098
<i>Total expenditures</i>	626,910	1,038,106	710,470	327,636
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(153,532)	(153,532)
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	(153,532)	(153,532)
<i>Fund balance - beginning of year</i>	-	-	(198,762)	(198,762)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (352,294)	\$ (352,294)
Net change in fund balance (Non-GAAP budgetary basis)				\$ (153,532)
Adjustments to revenues for federal flowthrough grants				183,138
Adjustments to expenditures for instruction and payroll expenditures				(29,606)
Net change in fund balance (GAAP Basis)				\$ -

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2014

Exhibit D-1

<i>Current Assets</i>	
Cash and cash equivalents	\$ 497,256
Investments	24,177
	<hr/>
<i>Total current assets</i>	521,433
	<hr/>
<i>Noncurrent Assets</i>	
Capital assets, net of accumulated depreciation of \$57,205	138,114
	<hr/>
<i>Total noncurrent assets</i>	138,114
	<hr/>
<i>Total assets</i>	\$ 659,547
	<hr/> <hr/>
 <i>Current Liabilities</i>	
Accounts payable	\$ 10,379
Accrued payroll	1,212
Due to student organizations	647,956
	<hr/>
<i>Total liabilities</i>	\$ 659,547
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The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 1. Summary of Significant Accounting Policies**

Portales Municipal School District No. 1 “the District” is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education of the 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 School Board is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years. The District operates six schools within the District. In conjunction with the regular educational programs, some of these schools offer special education. In addition, the School Board provides transportation and school food services for the students.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District’s financial statements. The financial statements and notes are the representation of the District’s management that is responsible for the financial statements. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

During the year ended June 30, 2014, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 65, Items Previously Reported as Assets and Liabilities. GASB Statement No. 65 established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets. The implementation of GASB Statement No. 65 is expected to affect the District by reclassifying unearned revenues- property taxes as a deferred inflow of resources and removing previously recorded bond issuance costs and related accumulated amortization. The effect of GASB Statement No. 65 is reflected in the Statement of Activities as a restatement in the amount of \$142,534 due to the accounting treatment of the unamortized amount of bond issuance costs at July 1, 2013.

*A. Financial Reporting Entity*

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, although legally separate entities, are in substance part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*A. Financial Reporting Entity (continued)*

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental agency.

*B. Government-wide and fund financial statements*

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis by column, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts – Net investment in capital assets, restricted net position; and unrestricted net position.

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, state equalization, and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, subject to the availability criterion. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, subject to the availability criterion.

All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by the District's school tax levy, state equalization and transportation funds, state instructional material allocations, and earnings from investments. Expenditures include all costs associated with the daily operations of the school except for those items included in other funds. The General Fund includes the *Pupil Transportation Fund*, which is used to account for transportation distribution received from the New Mexico Public Education Department which is used to pay for the costs associated with transporting school age children. It also includes the *Instructional Materials Fund*, which is used to account for the monies received from the New Mexico Public Education Department for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

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

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

The *Entitlement IDEA-B Special Revenue Fund* is used to provide grants to states, that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Sections 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

The *Bond Building Capital Projects Fund* is used to account for bond proceeds plus any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District. Authority for the creation of this fund is the New Mexico Public Education Department.

The *Capital Improvements SB-9 Capital Projects Fund* is used to account for resources received through Senate Bill 9 and local tax levies obtained for the purpose of building, remodeling, and equipping classroom facilities. Funding authority is the New Mexico Public Education Department.

Additionally, the District reports the following agency fund:

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

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

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

*D. Assets, Liabilities and Net Position or Equity*

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

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

**Restricted Assets:** The Debt Service Fund is used to report resources set aside for the payment of long-term debt principal and interest.



**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*D. Assets, Liabilities and Net Position or Equity (continued)*

**Receivables and Payables:** Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in Roosevelt County. The funds are collected by the County Treasurer and are remitted to the District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurer in July and August 2014 is considered “measurable and available” and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2014. Period of availability is deemed to be sixty days subsequent to year end.

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

**Inventory:** The District’s method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed. Inventory is valued at cost and consists of U.S.D.A. and D.O.D. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed.

Inventory in the Special Revenue Funds consists of U.S.D.A. and D.O.D. commodities and other purchased food and non-food supplies. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District’s policies as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Although the Audit Act (Section 12-6-10 NMSA 1978) only requires Districts to capitalize chattels and equipment that cost over \$5,000, the District has decided to use a lower threshold of \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). The District was a Phase II government for purposes of implementing GASB Statement No. 34 however, the District does not have any infrastructure assets to report.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Library books are not capitalized because they are considered to have a useful life of less than one year.

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*D. Assets, Liabilities and Net Position or Equity (continued)*

Major outlays for capital assets and improvements are capitalized as projects are constructed. Construction projects paid for by the Public School Capital Outlay Council are included in the District's capital assets. No interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-50
Equipment and vehicles	5-15

**Deferred Inflows of Resources:** In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The District has only one type of item, which arises under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue - property taxes, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has recorded \$82,862 related to property taxes considered "unavailable."

**Compensated Absences:** It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Twelve-month employees may accumulate up to 20 days of vacation leave; any leave beyond these limits must be used by June 30th of the current contract year.

Qualified employees are entitled to accumulate sick leave. There is no limit to the amount of sick leave which an employee may accumulate; however, upon termination, sick leave is not paid out to the employee.

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Accrued Payroll:** In the fund financial statements, governmental fund types recognize the accrual of unpaid wages and benefits that employees have earned at the close of each fiscal year. The amount recognized in the fund financial statements represents checks that were held at year end in relation to employee's summer payroll.

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*D. Assets, Liabilities and Net Position or Equity (continued)*

**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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if the difference from the effective interest method is minimal. Bond issuance costs have been removed and will be considered a restatement for the implementation of GASB 65, *Items Previously Reported as Assets and Liabilities*.

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

**Fund Balance Classification Policies and Procedures:** The District has implemented GASB Statement No. 54 and has defined the various categories reported in fund balance. For committed fund balance, the District's highest level of decision-making authority is the Board of Education. The formal action that is required to be taken to establish a fund balance commitment is a resolution of the Board of Education.

For assigned fund balance, the Board of Education or an official or body to which the School Board of Education delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the District considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the District considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Nonspendable Fund Balance:** At June 30, 2014, the nonspendable fund balance in the food service fund is made up of inventory in the amount of \$17,290 that is not in spendable form.

**Restricted and Committed Fund Balance:** At June 30, 2014, the restricted fund balance on the governmental funds balance sheet is made up of \$806,239 restricted for providing transportation, instructional materials, food services, extracurricular activities and education to the students of the District, \$3,932,915 restricted for the purpose of erecting, remodeling, making additions to and furnishing school buildings and purchasing or improving school grounds and purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act [22-24-1 NMSA 1978], or any combination of these purposes, and \$660,830 restricted for the payment of principal and interest of the future debt service requirements.

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*D. Assets, Liabilities and Net Position or Equity (continued)*

**Net Position:** Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets: Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. For the fiscal year ending June 30, 2014, the District had unspent bond proceeds of \$2,706,219.
- b. Restricted Net Position: Net position is reported as restricted when constraints are placed on the use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for “special revenue, capital projects, and debt service” are described on pages 55-56 and 83-85.
- c. Unrestricted Net Position: Net position that does not meet the definition of “Restricted” or “Net Investment in Capital Assets.”

**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. Significant estimates for the District are management’s estimate of depreciation on assets over their estimated useful lives and the current portion of accrued compensated absences.

*E. Revenues*

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

A school district’s program costs are determined through the use of various formulas using ‘program units’ which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$20,793,872 in state equalization guarantee distributions during the year ended June 30, 2014.

**Tax Revenues:** The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered ‘measurable’ and ‘available’ in the governmental fund financial statements. The District recognized \$2,400,468 in tax revenues in the government-wide financial statements during the year ended June 30, 2014. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*E. Revenues (continued)*

**Transportation Distribution:** School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through 12 attending public school within the school district. The District received \$1,064,005 in transportation distributions during the year ended June 30, 2014.

**Instructional Materials:** The Public Education Department (Department) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2014 totaled \$190,227.

**SB-9 State Match:** The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1 of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. However, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

The District received \$532,532 in state SB-9 matching during the year ended June 30, 2014.

**Public School Capital Outlay:** The public school capital outlay fund was created under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used for: capital expenditures deemed by the public school capital outlay council to be necessary for an adequate educational program per Section 22-24-4(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L).

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

The District received \$404,366 in state Public School Capital Outlay matching during the year ended June 30, 2014.

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

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 2. Stewardship, Compliance and Accountability**

*Budgetary Information*

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

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

Actual expenditures may not exceed the budget at the function (or “series”) level. 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 District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico Public Education Department.
2. In May or June of each year, the proposed “operating” budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The “operating” budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. 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 Public Education Department.

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 2. Stewardship, Compliance and Accountability (continued)**

*Budgetary Information (continued)*

7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget schedules included in the accompanying financial statements reflect the original budget and the final budget.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

The School Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico Administrative Code 6.20.2.9 prohibits the District from exceeding budgetary control at the function level.

The appropriated budget for the year ended June 30, 2014, was properly amended by the District's Board of Education throughout the year. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ (536,052)	\$ (1,027,000)
Title I - IASA Special Revenue Fund	\$ -	\$ -
Entitlement IDEA-B Special Revenue Fund	\$ -	\$ -
Bond Building Capital Projects Fund	\$ (130,771)	\$ (2,878,237)
Capital Improvements SB-9 Capital Projects Fund	\$ (1,574,228)	\$ (1,132,609)
Other Governmental Funds	\$ (1,604,398)	\$ (2,384,722)

The District is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund are included in each individual budgetary comparison.

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 3. Deposits and Investments**

Section 22-8-40, NMSA 1978 authorizes the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2014.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance. The collateral pledged is listed on Schedule III in 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.

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 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.

Beginning January 1, 2013, all of the District's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for all deposit accounts out of state and up to \$250,000 for all time and saving accounts plus up to \$250,000 for all demand deposit accounts held at a single institution in state.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2014, \$7,100,632 of the District's bank balances of \$7,374,708 was exposed to custodial credit risk. \$3,997,120 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the District's name, and \$3,103,512 was uninsured and uncollateralized.

	James Polk Stone Community	US Bank	Total
Amount of deposits	\$ 7,350,632	\$ 24,076	\$ 7,374,708
FDIC coverage	(250,000)	(24,076)	(274,076)
Total uninsured public funds	<u>7,100,632</u>	<u>-</u>	<u>7,100,632</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>3,997,120</u>	-	<u>3,997,120</u>
Uninsured and uncollateralized	<u>\$ 3,103,512</u>	<u>\$ -</u>	<u>\$ 3,103,512</u>
Collateral requirement (50%)	\$ 3,550,316	\$ -	\$ 3,550,316
Pledged securities	<u>3,997,120</u>	-	<u>3,997,120</u>
Over (under) collateralized	<u>\$ 446,804</u>	<u>\$ -</u>	<u>\$ 446,804</u>



**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 3. Deposits and Investments (continued)**

The collateral pledged is listed on Schedule III 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, School district or political subdivision of the State of New Mexico.

The District utilizes internal pooled accounts for some of their programs and funds. Negative cash balances in individual funds that were part of the pooled accounts were reclassified as due to/from accounts in the combining balance sheet as of June 30, 2014. Funds 24101 through 25153 are federal funds and 27103 through 27185 are nonfederal funds. The following individual funds had negative cash balances as of June 30, 2014:

24101	Title I IASA	\$ 284,247
24103	Title I Migrant	12,760
24106	Entitlement IDEA-B	352,294
24153	English Language Acquisition	2,000
24154	Teacher/Principal Training/Recruiting	79,092
24160	Rural & Low-Income Schools	9,419
24174	Carl D. Perkins Secondary Current	18,606
24176	Carl D. Perkins Secondary Redistribution	3,384
25153	Title XIX Medicaid 3/21 Years	58,553
27103	Dual Credit Instructional Materials	1,374
27107	2012 GO Bond Student Library Fund	17,442
27114	New Mexico Reads to Lead	28,074
27171	2010 GOB Instructional Materials	2,543
27179	Workforce Readiness	92,645
27185	Next Generation Assessments	42,409
	Total	<u>\$ 1,004,842</u>

Reconciliation to the Statement of Net Position

The carrying amount of deposits and investments shown above are included in the District's statement of net position as follows:

Cash and cash equivalents per Exhibit A-1	\$ 5,949,034
Investments per Exhibit A-1	306
Cash - Statement of Fiduciary Assets and Liabilities per Exhibit D-1	497,256
Investments - Statement of Fiduciary Assets and Liabilities per Exhibit D-1	<u>24,177</u>
Total cash and cash equivalents	6,470,773
Add: outstanding checks	1,527,533
Less: deposits in transit	(622,871)
Less: petty cash	(320)
Less: investments held in New MexiGROW LGIP	<u>(407)</u>
Bank balance of deposits	<u>\$ 7,374,708</u>

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 3. Deposits and Investments (continued)**

**Investments**

The New MexiGROW Local Government Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(I) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.(F), 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 LGIP is voluntary.

As of June 30, 2014 the District had the following investments and maturities:

<b>Investment Type</b>	<b>Weighted Average Maturities</b>	<b>Fair Value</b>	<b>Rating**</b>
New MexiGROW LGIP	48 days	\$ 407	AAAm
Less: agency investments			
New MexiGROW LGIP		(101)	
Investments per Exhibit A-1		\$ 306	

\* Subject to FDIC coverage

\*\* Based off Standard & Poor's rating

The investments are listed on Schedule I of this report. The types of investment, interest rate, maturity date and fair value per security are included in the schedule.

*Interest Rate Risk – Investments.* The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

*Concentration Credit Risk – Investments.* For an investment, concentration credit risk is when any one issuer is 5% or more of the investment portfolio of the District. The investment in LGIP is 100% of the District's investment portfolio. Since the District only purchases investment with high credit ratings, the additional concentration is not viewed to be an additional risk by the District. The District's policy related to concentration credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 4. Accounts Receivable**

Accounts receivable as of June 30, 2014, are as follows:

	General Fund	Title I Special Revenue Fund	IDEA-B Entitlement Special Revenue Fund
Property taxes receivable	\$ 6,798	\$ -	\$ -
Due from other governments:			
Federal sources	-	302,822	381,900
State sources	-	-	-
<b>Totals</b>	<b>\$ 6,798</b>	<b>\$ 302,822</b>	<b>\$ 381,900</b>
	Capital Improvements SB-9 Capital Projects Fund	Other Governmental Funds	Total
Property taxes receivable	\$ 27,623	\$ 109,757	\$ 144,178
Due from other governments:			
Federal sources	-	170,125	854,847
State sources	131,801	187,551	319,352
<b>Totals</b>	<b>\$ 159,424</b>	<b>\$ 467,433</b>	<b>\$ 1,318,377</b>

The above receivables are deemed 100% collectible.

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$82,862 that were not collected within the period of availability have been reclassified as deferred inflows for unavailable revenue in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 5. Interfund Receivables, Payables, and Transfers**

The District records temporary interfund receivables and payables to enable the funds to operate until grant monies are received. The composition of interfund balances during the year ended June 30, 2014 is as follows:

<u>Due from Other Funds</u>		<u>Due to Other Funds</u>		<u>Amount</u>
11000	General Fund	24101	Title I - IASA	\$ 302,822
11000	General Fund	24103	Migrant Children Education	13,242
11000	General Fund	24106	Entitlement IDEA-B	370,213
11000	General Fund	24153	English Language Acquisition	2,000
11000	General Fund	24154	Teacher/Principal Training/Recruiting	82,072
11000	General Fund	24160	Rural & Low Income Schools	10,178
11000	General Fund	24174	Carl D. Perkins Secondary Current	18,606
11000	General Fund	24176	Carl D. Perkins Secondary - Redistribution	3,384
11000	General Fund	25153	Title XIX Medicaid	60,865
11000	General Fund	27103	Dual Credit Instructional Materials	1,374
11000	General Fund	27107	2012 G.O. Bond Student Library Fund	17,442
11000	General Fund	27114	New Mexico Reads to Lead	31,138
11000	General Fund	27171	2010 GOB Instructional Materials	2,543
11000	General Fund	27179	Workforce Readiness	92,645
11000	General Fund	27185	Next Generation Assessments	42,409
		Total		\$ 1,050,933

All interfund balances are intended to be repaid within one year.

Net operating transfers, made to close out funds and to supplement other funding sources in the normal course of operations, were not required by the District for the year ended June 30, 2014.

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 6. Capital Assets**

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

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

<b>Governmental activities:</b>	Balance June 30, 2013	Adjustments	Additions	Deletions	Balance June 30, 2014
Capital assets not being depreciated:					
Land	\$ 677,173	\$ -	\$ -	\$ -	\$ 677,173
Total capital assets not being depreciated	<u>677,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>677,173</u>
Capital assets being depreciated:					
Buildings and improvements	55,315,551	-	901,770	-	56,217,321
Equipment and vehicles	7,027,718	(147,783)	683,610	385,928	7,177,617
Total capital assets being depreciated	<u>62,343,269</u>	<u>(147,783)</u>	<u>1,585,380</u>	<u>385,928</u>	<u>63,394,938</u>
Less accumulated depreciation:					
Buildings and improvements	14,350,573	-	1,593,291	-	15,943,864
Equipment and vehicles	4,846,807	(39,482)	335,338	381,340	4,761,323
Total accumulated depreciation	<u>19,197,380</u>	<u>(39,482)</u>	<u>1,928,629</u>	<u>381,340</u>	<u>20,705,187</u>
Total capital assets, net of depreciation	<u>\$ 43,823,062</u>	<u>\$ (108,301)</u>	<u>\$ (343,249)</u>	<u>\$ 4,588</u>	<u>\$ 43,366,924</u>

The District removed agency funds capital assets from the District's Statement of Net Position in the current year to the Agency Funds' Statement of Fiduciary Assets and Liabilities in the net amount of \$108,301 as noted above and in the restatement note 17.

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

<b>Governmental Activities</b>	
Direct instruction	\$ 1,063,011
Support services-students	170,173
Support services-instruction	23,684
General administration	43,794
School administration	123,284
Central services	58,579
Operation and maintenance of plant	251,347
Student transportation	65,781
Other support services	270
Food service operations	<u>128,706</u>
Total	<u>\$ 1,928,629</u>

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 6. Capital Assets (continued)**

Capital assets, net of accumulated depreciation, at June 30, 2014 appear in the Statement of Fiduciary Assets and Liabilities as follows:

<b>Agency Activities:</b>	Balance June 30, 2013	Adjustments	Additions	Deletions	Balance June 30, 2014
Capital assets being depreciated:					
Buildings and improvements	-	-	6,982	-	6,982
Equipment and vehicles	-	147,783	40,554	-	188,337
<b>Total capital assets being depreciated</b>	<b>-</b>	<b>147,783</b>	<b>47,536</b>	<b>-</b>	<b>195,319</b>
Less accumulated depreciation:					
Buildings and improvements	-	-	256	-	256
Equipment and vehicles	-	39,482	17,467	-	56,949
<b>Total accumulated depreciation</b>	<b>-</b>	<b>39,482</b>	<b>17,723</b>	<b>-</b>	<b>57,205</b>
<b>Total capital assets, net of depreciation</b>	<b>\$ -</b>	<b>\$ 108,301</b>	<b>\$ 29,813</b>	<b>\$ -</b>	<b>\$ 138,114</b>

As already noted above in the District's capital asset disclosure, the District removed agency funds capital assets from the District's Statement of Net Position in the current year to the Agency Funds' Statement of Fiduciary Assets and Liabilities in the net amount of \$108,301 as noted above and in the restatement note 17.

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 7. Long-term Debt**

General obligation bonds and the capital lease are secured by and payable solely from the Debt Service Fund and the Ed Tech Debt Service Fund.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2014 are for governmental activities.

Bonds outstanding at June 30, 2014 are comprised of the following:

	<u>Series 2002</u>	<u>Series 2002B</u>	<u>Series 2008</u>
Original Issue:	\$ 1,400,000	\$ 600,000	\$ 4,500,000
Principal:	July 1	July 1	January 15
Interest:	July 1	July 1	January 15
	January 1	January 1	July 15
Interest Rates:	3.10%-4.60%	3.20%-4.75%	3.25%-4.00%
Maturity Date:	July 2014	July 2014	January 2016
	<u>Series 2009</u>	<u>Series 2010</u>	<u>Series 2010R</u>
Original Issue:	\$ 1,700,000	\$ 1,900,000	\$ 2,275,000
Principal:	February 1	February 15	July 1
Interest:	February 1	February 15	July 1
	August 1	August 15	January 1
Interest Rates:	3.00%	3.00%-3.125%	1.00%-1.65%
Maturity Date:	February 2017	February 2018	July 2013
	<u>Series 2011</u>	<u>ED Tech Bond</u>	<u>Series 2014</u>
Original Issue:	\$ 1,400,000	\$ 450,000	\$ 2,750,000
Principal:	January 15	August 15	August 1
Interest:	January 15	August 15	August 1
	July 15	February 15	February 1
Interest Rates:	2.00%-3.00%	2.30%	1.62%-3.40%
Maturity Date:	January 2019	August 2018	August 2028

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 7. Long-term Debt**

During the year ended June 30, 2014, the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014	Due Within One Year
General Obligation Bonds Series 2002	\$ 285,000	\$ -	\$ 140,000	\$ 145,000	\$ 145,000
General Obligation Bonds Series 2002B	170,000	-	45,000	125,000	125,000
General Obligation Bonds Series 2008	2,950,000	-	1,100,000	1,850,000	1,400,000
General Obligation Bonds Series 2009	1,700,000	-	75,000	1,625,000	100,000
General Obligation Bonds Series 2010	1,900,000	-	-	1,900,000	-
General Obligation Bonds Series 2010R	775,000	-	775,000	-	-
General Obligation Bonds Series 2011	1,400,000	-	-	1,400,000	-
Ed Tech General Obligation Bond Series 2013	-	450,000	-	450,000	90,000
General Obligation Bonds Series 2014	-	2,750,000	-	2,750,000	-
<b>Total Bonds</b>	<b>9,180,000</b>	<b>3,200,000</b>	<b>2,135,000</b>	<b>10,245,000</b>	<b>1,860,000</b>
Compensated Absences	86,277	91,999	72,229	106,047	72,229
<b>Total Long-Term Debt</b>	<b>\$ 9,266,277</b>	<b>\$ 3,291,999</b>	<b>\$ 2,207,229</b>	<b>\$ 10,351,047</b>	<b>\$ 1,932,229</b>

The annual requirements to amortize the general obligation bonds and the capital lease outstanding as of June 30, 2014, including interest payments, are as follows:

Fiscal Year Ending June 30, 2014	Principal	Interest	Total Debt Service
2015	\$ 1,860,000	\$ 289,434	\$ 2,149,434
2016	1,640,000	240,985	1,880,985
2017	1,715,000	188,915	1,903,915
2018	1,490,000	137,595	1,627,595
2019	790,000	93,525	883,525
2020-2024	1,100,000	307,994	1,407,994
2025-2029	1,650,000	96,517	1,746,517
	<b>\$ 10,245,000</b>	<b>\$ 1,354,965</b>	<b>\$ 11,599,965</b>

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2014, compensated absences increased \$19,770 from the prior year accrual. In prior years, the general fund was typically used to liquidate such long-term liabilities. See Note 1 for more details.



**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 8. Risk Management**

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

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$15,000 deductible per occurrence with a maximum annual deductible of \$60,000. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include a \$750 deductible.

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

**NOTE 9. Pension Plan – Educational Retirement Board**

**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: 10.10% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter.

**Employer Contributions**

The District contributed 13.15% of gross covered salary in fiscal year 2014. In fiscal year 2015 the District will contribute 13.9 of gross covered salary.

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 9. Pension Plan – Educational Retirement Board (continued)**

The contribution requirements of plan members and the District are established is State Statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2014, 2013, and 2012 were \$2,009,205, \$1,733,456 and \$1,465,570, respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE 10. Post-Employment Benefits – State Retiree Health Care Plan**

*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.

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 10. Post-Employment Benefits – State Retiree Health Care Plan (continued)**

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 not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee’s annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 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 contribution to the RHCA for the years ended June 30, 2014, 2013, and 2012 were \$305,639, \$274,800, and \$268,791, respectively, which equal the required contributions for each year.

**NOTE 11. Contingent Liabilities**

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

The District is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District’s legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

**NOTE 12. Other Required Individual Fund Disclosures**

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

A. Deficit fund balance of individual funds. The following funds maintained a deficit fund balance at June 30, 2014:

<b>Nonmajor Funds</b>	
Title XIX Medicaid	\$ 20,414
2012 G.O. Bond Student Library Fund	20,083
2010 GOB Instructional Materials	<u>1,175</u>
<b>Total Governmental Funds</b>	<u><u>\$ 41,672</u></u>

B. Excess of expenditures over appropriations. The following fund had line item expenditures in excess of budget for the year ended June 30, 2014:

<b>Nonmajor Fund</b>	
Ed Tech Debt Service Fund	\$ (30)

C. Designated cash appropriations in excess of available balance. The District did not have any funds with designated cash appropriations in excess of available balances for the year ended June 30, 2014.

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 13. Concentrations**

The District depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the District is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State Appropriations.

**NOTE 14. Commitments**

The District had multiple construction projects ongoing as of the year ended June 30, 2014 that are to continue into the following fiscal year. These projects are as follows:

	Expected total project	paid as of 6/30/14	estimate for FY 14-15	estimate for FY 16-17
Fire Alarms	168,453	-	168,453	-
Stadium with ENMU	1,000,000	-	500,000	500,000
Total Commitments			<u>\$ 668,453</u>	<u>\$ 500,000</u>

**NOTE 15. Joint Powers Agreements**

The City of Portales and the District are in agreement, as of May 22, 2013 with automatic renewal each year, for the City to provide water for irrigation for Steiner Park and the District will allow use of grounds for various athletic activities. The District is responsible for the maintenance of the grass on the property at all times and the City is responsible for watering of the grass at all times. Capital improvements shall be negotiated each year by both parties and cost divided equally as long as funds are available.

The City of Portales and the District are in agreement, as of March 1, 2011 and with automatic yearly renewals if both parties desire to renew, for the joint use and responsibility of the following described real property: interior and exterior facilities which are located on the Lindsey-Steiner Elementary School campus and which property is owned by the Portales Municipal School District. Interior facilities consist of the gymnasium, cafeteria/dining room, band and chorus rooms, library and computer lab. Exterior facilities consist of the playground/playfields and parking lots.

The City of Portales and the District are in agreement, as of April 12, 2010 with automatic yearly renewal, for the joint use and responsibility of the Portales High School baseball field, Wheeler Park girls softball field, and the Bill Wahlman tennis courts.

Eastern New Mexico University (ENMU) and the District are in agreement, as of May 13, 2013 with yearly renewals, for the District to lease the use of the Greyhound Stadium for regular season football games and any scheduled playoff games. The District will pay \$2,750 per game. The University is responsible for preparing and maintaining all facilities. The District is responsible for ticketing/seating operation and will be the owner of the revenues from ticketing. The District is responsible for contracting all personnel for administrative duties relative with the game and all services as may be needed for the game.

Eastern New Mexico University and the District are in agreement, as of April 22, 2014, for the shared ownership, use, and construction and maintenance cost of a multi-use stadium on real property belonging to ENMU. The District will contribute via issuance of general obligation bonds and pay \$500,000 between July 1, 2014 and June 30, 2016 and another \$500,000 between July 1, 2016 and June 30, 2017. The construction will start no later than July 1, 2018. The District will own an undivided tenancy-in-common interest in the Stadium in a percentage corresponding to a fraction of the numerator of which is \$1 million and the denominator of which is the total construction cost of the stadium. The District's interest will be conveyed by quitclaim deed and will be subject to a tenancy-in-common agreement.

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Notes to Financial Statements  
June 30, 2014

**NOTE 16. Restricted Net Position**

The government-wide statement of net position reports \$2,738,088 of restricted net position, all of which is restricted by enabling legislation. For descriptions of the related restrictions for net position restricted for special revenue, debt service and capital projects, see pages 55-56 and 83-85.

**NOTE 17. Net Position Restatement**

The District has restated net position in the amount of (\$250,835) for the implementation of GASB Statement No. 65 and removal of agency assets from the government wide capital assets.

To implement GASB Statement No. 65 the District had to restate net position by (\$142,534), which requires all bond issuance costs to be recognized the year of issuance rather than amortizing over the years of the bonds repayment. As of June 30, 2013, the District maintained net bond issuance costs of \$142,534.

The District restated capital assets on the Statement of Net Position in the net amount of (\$108,301). In the prior year (fiscal year end June 30, 2013) the District had original cost of \$147,783 with \$39,482 in accumulated depreciation listed in the government wide financial statements, Statement of Net Position. As these assets are not owned by the Primary Government, but instead by the activity funds (agency funds), these assets were removed from the Primary Government fixed assets.

**NOTE 18. Subsequent Events**

The District entered into an Education Technology Note, Series 2014 in the amount of \$600,000. The closing date was October 3, 2014. Principal is due August 1 was a maturity date of August 1, 2018. The Education Technology Note has an interest rate of 0.370% to 2.031%.

The date to which events occurring after June 30, 2014, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is November 4, 2014, which is the date on which the financial statements were issued.

**NOTE 19. Subsequent Pronouncements**

In June 2012, GASB Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The District will implement this standard during the fiscal year June 30, 2015 and will significantly impact the District.

In January 2013, GASB Statement No. 69 *Government Combinations and Disposals of Government Operations*, Effective Date: The provisions of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. Earlier application is encouraged. The provisions of this Statement generally are required to be applied prospectively. The District is still evaluating how this standard will affect the District.

In November 2013, GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2014. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. The standard will be implemented during fiscal year June 30, 2015.

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**SUPPLEMENTARY INFORMATION**

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**NONMAJOR GOVERNMENTAL FUNDS**

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**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Nonmajor Governmental Fund Descriptions  
June 30, 2014

**Special Revenue Funds**

**ALL FEDERAL FUNDS** – The Special Revenue Funds are used to account for grant funds received from the U.S. Department of Education through the New Mexico Public Education Department. These funds are to be used for purposes specified in the grant awards and may not be used for any other purpose.

**Food Services (21000)** – This fund is used to account for all financial transactions related to the food service operation. Authority for the creation of this fund is the National School Lunch Act, as amended, 42 U.S.C. 1751 1760, 1779.

**Athletics (22000)** – This fund is used to account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC.

**Migrant Children Education (24103)** – To account for federal sources administered by the New Mexico State Public Education Department to provide for special education needs of children of migratory agricultural workers. Authority for the creation of this fund is (P.L. 100-297).

**Preschool IDEA-B (24109)** – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all disabled children from ages three to five. Federal revenues accounted for in this fund are allocated to the Schools through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is the Individuals with Disabilities Education Act (IDEA), Part B, Section 619, as amended, 20 U.S.C. 1419.

**IDEA-B “Risk Pool” (24120)** – Reallocation by PED based upon available amounts from Fund 24106 Entitlement IDEA-B. This fund accounts for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U.S.C. 1411-1420.

**English Language Acquisition (24153)** – To provide funds to improve the educational performance of limited English proficient students by assisting the children to learn English and meet State academic content standards. Authority for creation of this fund is the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101, 3129.

**Teacher/Principal Training/Recruiting (24154)** – To improve the skills of teachers and the quality of instruction in mathematics and science and also to increase the accessibility of such instruction to all students. Authority for creation of this fund is the Rehabilitation Act of 1973, as amended, Title III, Section 303(b)-(d). 20 U.S.C. 777a and 797a.

**Rural & Low Income Schools (24160)** – To account for funds used to provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Authorized by Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

**Carl D. Perkins (24174 – Carl D. Perkins Secondary Current) (24176 – Carl D. Perkins Secondary - Redistribution)** – The objective of this grant is to provide secondary and post-secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Public Education Department. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332.

**Impact Aid Special Education (25145)** – To account for funding of a Federal program to provide financial assistance to local educational agencies (LEA’s) 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 (Section 4) in school enrollment as the result of Federal activities; to provide disaster assistance for reduced or increased operating costs (Section 7(a), for replacing or repairing damaged or destroyed supplies, equipment, and books, and for repairing minor damage to facilities. Funding authorized by Public Law 81-874.

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Nonmajor Governmental Fund Descriptions  
June 30, 2014

**Special Revenue Funds (continued)**

**Title XIX Medicaid (25153)** – This fund is used to account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. Authority for the creation of this fund is the Social Security Act, Title XIX, as amended; Public Laws 89-97, 90-248, and 91-56; 42 U.S.C. 1396 et seq., as amended; Public Law 92-223; Public Law 92-603; Public Law 93-66; Public Law 93-233; Public Law 96-499; Public Law 97-35; Public Law 97-248; Public Law 98-369; Public Law 99-272; Public Law 99-509; Public Law 100-93; Public Law 100-202; Public Law 100-203; Public Law 100-360; Public Law 100-436; Public Law 100-485; Public Law 100-647; Public Law 101-166; Public Law 101-234; Public Law 101-239; Public Law 101-508; Public Law 101-517; Public Law 102-234; Public Law 102-170; Public Law 102-394; Public Law 103-66; Public Law 103-112; Public Law 103-333; Public Law 104-91; Public Law 104-191; Public Law 104-193; Public Law 104-208, 104-134; Balanced Budget Act of 1997, Public Law 105-33; Public Law 106-113; Public Law 106-554; Public Law 108-27; Public Law 108-173; Public Law 109-91; Public Law 109-171; Public Law 109-432; Public Law 110-28.

**Dual Credit Instructional Materials (27103)** – SB943 (2007) and SB31 (2008) create a dual credit program that allows public high school students in school districts, charter schools and state-supported schools in the state to earn both high school and college credit for qualifying dual credit courses. Authority for the creation of this fund is the New Mexico Public Education Department.

**2010 G.O. Bond Student Library Fund (27106)** – This award allows schools to acquire library books, equipment and library resources for public school library resources for public school libraries statewide. The funding was made available through Senate Bill 1, Laws of 2010, 2nd Special Session B3. Authority for the creation of this fund is the New Mexico Public Education Department.

**2012 G.O. Bond Student Library Fund (27107)** – This award allows schools to acquire library books, equipment and library resources for public school library resources for public school libraries statewide. The funding was made available through Senate Bill 66, Laws of 2012, 2<sup>nd</sup> Session, 2012 Senate and House Bill.

**New Mexico Reads to Lead (27114)** – This fund is used to purchase core reading program materials for grades K-5 in alignment with Common Core State Standards. Authority for the creation of this fund is the New Mexico Public Education Department.

**Breakfast for Elementary Students (27155)** – To account for Legislative Appropriation to implement Breakfast in the Classroom for elementary schools in need of improvement based on AYP designation. Authority for the creation of this fund is the New Mexico Public Education Department.

**2010 GOB Instructional Materials (27171)** – Used to purchase books and instructional materials for schools which received a letter grade of “A” or those which are recognized as a “Top Growth” school. Authority for the creation of this fund is the New Mexico Public Education Department.

**Science Instructional Materials K-12 (27176)** – Funds are used for the purchase of science instructional material for grades 6 through 8. Authority for the creation of this fund is the New Mexico Public Education Department.

**Workforce Readiness (27179)** – This fund is used to help students discover the wide range of career options available to them, chart the most efficient path for students to achieve those goals and work directly with business and industry partners to ensure that their experience results in the most necessary skills, credentials, and technical knowledge to be successful in the students’ next step as they enter postsecondary or workforce engagement. House Bill 2 of the regular 2013 Legislative Session provides funding for this fund.

**NM Grown FVV (27183)** – Funds awarded through the General Appropriations Act to distribute funding to school districts for the purchase of New Mexico grown fresh fruits and vegetables for school meal programs. Authority for the creation of this fund is the General Appropriations Act.

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Nonmajor Governmental Fund Descriptions  
June 30, 2014

**Special Revenue Funds (continued)**

**Next Generation Assessments (27185)** – This is used to remediate deficiencies in computer devices compliant with the Partnership for assessment of Readiness for College and Careers (PARCC) assessment requirements. Districts must complete 3 requirements, Technology Readiness Tool, School Speed Test, and Project 24 Self-Assessment. Authority for the creation of this fund is the New Mexico Public Education Department.

**GRADS Child Care (28189)** – To account for a program funded by the Public Education Department for the purpose to establish and maintain an in-school, family and consumer science instructional and intervention program for pregnant and parenting students, which focuses on knowledge and skills related to positive self, pregnancy, parenting and economic independence. Special Revenue fund established by the local school board.

**GRADS – Instruction (28190)** – To assist in the cost for caps and gowns for students who are graduating. Authority for the creation of this fund is the New Mexico Public Education Department.

**Grads Plus (28203)** – To account for a program as an instructional component for teenage parents to be used for summer case management and GRADS case management period. Special Revenue fund established by the local school board.

**Capital Projects Funds**

**Public School Capital Outlay (31200)** – The purpose of this fund is to account for funds received from the local ad valorem tax levy for use in remodeling and equipping classroom facilities. Funding authority is the New Mexico Public Education Department.

**Special Capital Outlay - State (31400)** – To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of specific capital outlay projects.

**Education Technology Equipment Act (31900)** – To ensure that American children have skills they need to succeed in the information-intensive 21<sup>st</sup> century, the federal government is committed to working with the private sector to promote four major developments in American education: making modern computer technology an integral part of every classroom; providing information infrastructure; and encouraging the creation of excellent educational software. The authority for the creation of this fund is the Federal Property and Administrative Services Act of 1949, Ch. 288, 63 Stat 377, and the National Defense Authorization Act for the fiscal year 1996, Public Law 104-106.

**Debt Service Funds**

**Debt Service (41000)** – To account for the accumulation of financial resources for, and the payment of, general long-term debt principal and interest. Authority for the creation of this fund is the New Mexico Public Education Department.

**Ed Tech Debt Service (43000)** – To account for the accumulation of financial resources for, and the payment of, general long-term debt principal and interest. Authority for the creation of this fund is the New Mexico Public Education Department.

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014

	Special Revenue			
	Food Services	Athletics	Migrant Children Education	IDEA-B Preschool
<i>Assets</i>				
Cash and cash equivalents	\$ 690,170	\$ 79,597	\$ 482	\$ 5
Investments	-	101	-	-
Receivables:				
Property taxes	-	-	-	-
Due from other governments	-	-	13,242	-
Inventory	17,290	-	-	-
	<u>707,460</u>	<u>79,698</u>	<u>13,724</u>	<u>5</u>
<i>Total assets</i>	<u>\$ 707,460</u>	<u>\$ 79,698</u>	<u>\$ 13,724</u>	<u>\$ 5</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 32,296	\$ -	\$ -	\$ -
Due to PED	-	-	-	-
Accrued payroll	15,781	-	482	5
Due to other funds	-	-	13,242	-
	<u>48,077</u>	<u>-</u>	<u>13,724</u>	<u>5</u>
<i>Total liabilities</i>	<u>48,077</u>	<u>-</u>	<u>13,724</u>	<u>5</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable:				
Inventory	17,290	-	-	-
Spendable:				
Restricted for:				
Food services	642,093	-	-	-
Extracurricular activities	-	79,698	-	-
Education	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
	<u>659,383</u>	<u>79,698</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>659,383</u>	<u>79,698</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 707,460</u>	<u>\$ 79,698</u>	<u>\$ 13,724</u>	<u>\$ 5</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

IDEA-B "Risk Pool"	English Language Acquisition	Teacher/ Principal Training /Recruiting	Rural & Low Income Schools	Carl D. Perkins Secondary Current
\$ -	\$ -	\$ 2,980	\$ 759	\$ -
-	-	-	-	-
-	-	-	-	-
-	2,000	82,072	10,178	18,798
-	-	-	-	-
<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 85,052</u>	<u>\$ 10,937</u>	<u>\$ 18,798</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	192
-	-	2,980	759	-
-	2,000	82,072	10,178	18,606
-	2,000	85,052	10,937	18,798
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 85,052</u>	<u>\$ 10,937</u>	<u>\$ 18,798</u>

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014

	Special Revenue			
	Carl D. Perkins Secondary Redistribution	Impact Aid Special Education	Title XIX Medicaid	Dual Credit Instructional Materials
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 13,338	\$ 2,312	\$ -
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Due from other governments	3,384	-	40,451	1,374
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 3,384</u>	<u>\$ 13,338</u>	<u>\$ 42,763</u>	<u>\$ 1,374</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to PED	-	-	-	-
Accrued payroll	-	-	2,312	-
Due to other funds	3,384	-	60,865	1,374
<i>Total liabilities</i>	<u>3,384</u>	<u>-</u>	<u>63,177</u>	<u>1,374</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable:				
Inventory	-	-	-	-
Spendable:				
Restricted for:				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	-	13,338	-	-
Capital acquisitions and improvements	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	(20,414)	-
<i>Total fund balances</i>	<u>-</u>	<u>13,338</u>	<u>(20,414)</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 3,384</u>	<u>\$ 13,338</u>	<u>\$ 42,763</u>	<u>\$ 1,374</u>

The accompanying notes are an integral part of these financial statements



Special Revenue

2010 G.O. Bond Student Library Fund	2012 G.O. Bond Student Library Fund	New Mexico Reads to Lead	Breakfast for Elementary Students	2010 GOB Instructional Materials
\$ -	\$ -	\$ 3,064	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	31,138	-	2,543
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,202</u>	<u>\$ -</u>	<u>\$ 2,543</u>
\$ -	\$ 2,641	\$ -	\$ -	\$ 1,175
-	-	-	-	-
-	-	3,064	-	-
-	17,442	31,138	-	2,543
-	20,083	34,202	-	3,718
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(20,083)	-	-	(1,175)
-	(20,083)	-	-	(1,175)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,202</u>	<u>\$ -</u>	<u>\$ 2,543</u>

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014

	Special Revenue			
	Science Instructional Materials K-12	Workforce Readiness	NM Grown FVV	Next Generation Assessments
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Due from other governments	-	110,087	-	42,409
Inventory	-	-	-	-
	-	-	-	-
<i>Total assets</i>	\$ -	\$ 110,087	\$ -	\$ 42,409
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to PED	-	-	-	-
Accrued payroll	-	-	-	-
Due to other funds	-	92,645	-	42,409
	-	92,645	-	42,409
<i>Total liabilities</i>	-	92,645	-	42,409
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	-	-	-
	-	-	-	-
<i>Total deferred inflows of resources</i>	-	-	-	-
<i>Fund balances</i>				
Nonspendable:				
Inventory	-	-	-	-
Spendable:				
Restricted for:				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Education	-	17,442	-	-
Capital acquisitions and improvements	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
	-	-	-	-
<i>Total fund balances</i>	-	17,442	-	-
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ -	\$ 110,087	\$ -	\$ 42,409

The accompanying notes are an integral part of these financial statements

Special Revenue			Capital Projects	
GRADS Child Care	GRADS - Instruction	GRADS Plus	Public School Capital Outlay	Special Capital Outlay - State
\$ -	\$ -	\$ 850	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 850</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	850	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>850</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 850</u>	<u>\$ -</u>	<u>\$ -</u>

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**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014

Schedule A-1  
Page 4 of 4

	<u>Capital Projects</u>	<u>Debt Service</u>		<u>Total Nonmajor Governmental Funds</u>
	Education Technology Equipment Act	<u>Debt Service</u>	<u>Ed Tech Debt Service</u>	
<i>Assets</i>				
Cash and cash equivalents	\$ 37,704	\$ 511,889	\$ 102,778	\$ 1,445,928
Investments	-	-	-	101
Receivables:				
Property taxes	-	105,002	4,755	109,757
Due from other governments	-	-	-	357,676
Inventory	-	-	-	17,290
<i>Total assets</i>	<u>\$ 37,704</u>	<u>\$ 616,891</u>	<u>\$ 107,533</u>	<u>\$ 1,930,752</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ 36,112
Due to PED	-	-	-	192
Accrued payroll	-	-	-	25,383
Due to other funds	-	-	-	377,898
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>439,585</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	59,278	4,316	63,594
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>59,278</u>	<u>4,316</u>	<u>63,594</u>
<i>Fund balances</i>				
Nonspendable:				
Inventory	-	-	-	17,290
Spendable:				
Restricted for:				
Food services	-	-	-	642,093
Extracurricular activities	-	-	-	79,698
Education	-	-	-	31,630
Capital acquisitions and improvements	37,704	-	-	37,704
Debt service	-	557,613	103,217	660,830
Unassigned	-	-	-	(41,672)
<i>Total fund balances</i>	<u>37,704</u>	<u>557,613</u>	<u>103,217</u>	<u>1,427,573</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 37,704</u>	<u>\$ 616,891</u>	<u>\$ 107,533</u>	<u>\$ 1,930,752</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2014

	Special Revenue			
	Food Services	Athletics	Migrant Children Education	IDEA-B Preschool
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	1,217,861	-	128,476	18,407
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	106,875	-	-	-
Charges for services	140,503	69,903	-	-
Investment income	1,429	256	-	-
<i>Total revenues</i>	<u>1,466,668</u>	<u>70,159</u>	<u>128,476</u>	<u>18,407</u>
<i>Expenditures</i>				
Current:				
Instruction	-	112,607	40,831	18,407
Support services - students	-	-	79,191	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	4,381	-
Support services - school administration	-	-	2,348	-
Operation and maintenance of plant	-	-	-	-
Food services operations	1,386,133	-	-	-
Capital outlay	50,533	2,808	1,725	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>1,436,666</u>	<u>115,415</u>	<u>128,476</u>	<u>18,407</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>30,002</u>	<u>(45,256)</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	30,002	(45,256)	-	-
<i>Fund balances - beginning</i>	<u>629,381</u>	<u>124,954</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 659,383</u>	<u>\$ 79,698</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

IDEA-B "Risk Pool"	English Language Acquisition	Teacher/ Principal Training /Recruiting	Rural & Low Income Schools	Carl D. Perkins Secondary Current
\$ -	\$ -	\$ -	\$ -	\$ -
6,344	16,568	192,200	51,845	33,514
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>6,344</u>	<u>16,568</u>	<u>192,200</u>	<u>51,845</u>	<u>33,514</u>
-	14,867	180,622	46,077	27,262
-	-	-	3,976	-
-	-	-	-	-
-	325	6,643	1,792	-
-	1,376	4,935	-	-
-	-	-	-	-
-	-	-	-	-
6,344	-	-	-	6,252
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>6,344</u>	<u>16,568</u>	<u>192,200</u>	<u>51,845</u>	<u>33,514</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2014

	Special Revenue			
	Carl D. Perkins Secondary Redistribution	Impact Aid Special Education	Title XIX Medicaid	Dual Credit Instructional Materials
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	5,034	-	-	-
Federal direct	-	14,574	80,902	-
State flowthrough	-	-	-	9,161
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>5,034</u>	<u>14,574</u>	<u>80,902</u>	<u>9,161</u>
<i>Expenditures</i>				
Current:				
Instruction	5,034	1,236	12,685	9,161
Support services - students	-	-	88,631	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>5,034</u>	<u>1,236</u>	<u>101,316</u>	<u>9,161</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>13,338</u>	<u>(20,414)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	13,338	(20,414)	-
<i>Fund balances - beginning</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 13,338</u>	<u>\$ (20,414)</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements



Special Revenue

2010 G.O. Bond Student Library Fund	2012 G.O. Bond Student Library Fund	New Mexico Reads to Lead	Breakfast for Elementary Students	2010 GOB Instructional Materials
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
4,524	-	98,276	30,350	2,543
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>4,524</u>	<u>-</u>	<u>98,276</u>	<u>30,350</u>	<u>2,543</u>
-	-	98,276	-	3,718
-	-	-	-	-
1,959	20,083	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	30,350	-
2,565	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>4,524</u>	<u>20,083</u>	<u>98,276</u>	<u>30,350</u>	<u>3,718</u>
-	(20,083)	-	-	(1,175)
-	-	-	-	-
-	-	-	-	-
-	(20,083)	-	-	(1,175)
-	-	-	-	-
<u>\$ -</u>	<u>\$ (20,083)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,175)</u>

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2014

	Special Revenue			
	Science Instructional Materials K-12	Workforce Readiness	NM Grown FVV	Next Generation Assessments
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	116,758	-	42,409
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>116,758</u>	<u>-</u>	<u>42,409</u>
<i>Expenditures</i>				
Current:				
Instruction	-	28,795	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	20,272
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	70,521	-	22,137
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>99,316</u>	<u>-</u>	<u>42,409</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>17,442</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	17,442	-	-
<i>Fund balances - beginning</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 17,442</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue			Capital Projects	
GRADS Child Care	GRADS - Instruction	GRADS Plus	Public School Capital Outlay	Special Capital Outlay - State
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,000	7,500	15,990	404,366	41,444
-	-	-	-	-
-	-	-	-	-
<u>4,000</u>	<u>7,500</u>	<u>15,990</u>	<u>404,366</u>	<u>41,444</u>
4,000	7,500	15,140	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	404,366	41,444
-	-	-	-	-
-	-	-	-	-
<u>4,000</u>	<u>7,500</u>	<u>15,140</u>	<u>404,366</u>	<u>41,444</u>
-	-	850	-	-
-	-	-	-	-
-	-	-	-	-
-	-	850	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 850</u>	<u>\$ -</u>	<u>\$ -</u>

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**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2014

	Capital Projects	Debt Service		Total Nonmajor Governmental Funds
	Education Technology Equipment Act	Debt Service	Ed Tech Debt Service	
<i>Revenues</i>				
Property taxes	\$ -	\$ 1,760,809	\$ 103,323	\$ 1,864,132
Intergovernmental revenue:				
Federal flowthrough	-	-	-	1,670,249
Federal direct	-	-	-	95,476
State flowthrough	-	-	-	304,021
State direct	-	-	-	580,175
Charges for services	-	-	-	210,406
Investment income	-	483	-	2,168
<i>Total revenues</i>	-	1,761,292	103,323	4,726,627
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	626,218
Support services - students	-	-	-	171,798
Support services - instruction	-	-	-	42,314
Support services - general administration	-	17,569	1,037	31,747
Support services - school administration	-	-	-	8,659
Operation and maintenance of plant	226,188	-	-	226,188
Food services operations	-	-	-	1,416,483
Capital outlay	133,715	-	-	742,410
Debt Service:				
Principal	-	2,135,000	-	2,135,000
Interest	-	176,158	-	176,158
Bond issuance costs	52,393	-	-	52,393
<i>Total expenditures</i>	412,296	2,328,727	1,037	5,629,368
<i>Excess (deficiency) of revenues over expenditures</i>	(412,296)	(567,435)	102,286	(902,741)
<i>Other financing sources (uses)</i>				
Bond proceeds	450,000	-	-	450,000
<i>Total other financing sources (uses)</i>	450,000	-	-	450,000
<i>Net change in fund balances</i>	37,704	(567,435)	102,286	(452,741)
<i>Fund balances - beginning</i>	-	1,125,048	931	1,880,314
<i>Fund balances - end of year</i>	\$ 37,704	\$ 557,613	\$ 103,217	\$ 1,427,573

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-1

Portales Municipal School District No. 1  
 Food Services Special Revenue Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	1,250,000	1,250,000	1,217,861	(32,139)
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	5,300	5,300	3,509	(1,791)
Charges for services	146,500	146,500	140,503	(5,997)
Investment income	1,300	1,300	1,429	129
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,403,100</u>	<u>1,403,100</u>	<u>1,363,302</u>	<u>(39,798)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	1,730,522	1,743,295	1,261,249	482,046
Capital outlay	287,301	268,613	20,691	247,922
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,017,823</u>	<u>2,011,908</u>	<u>1,281,940</u>	<u>729,968</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(614,723)</u>	<u>(608,808)</u>	<u>81,362</u>	<u>690,170</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	614,723	608,808	-	(608,808)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>614,723</u>	<u>608,808</u>	<u>-</u>	<u>(608,808)</u>
<i>Net change in fund balance</i>	-	-	81,362	81,362
<i>Fund balance - beginning of year</i>	-	-	608,808	608,808
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 690,170</u>	<u>\$ 690,170</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 81,362
Adjustments to revenues for commodities received				103,366
Adjustments to expenditures for food service operations				(154,726)
Net change in fund balance (GAAP Basis)				<u>\$ 30,002</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Athletics Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	65,000	65,000	69,903	4,903
Investment income	400	400	256	(144)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>65,400</u>	<u>65,400</u>	<u>70,159</u>	<u>4,759</u>
<i>Expenditures</i>				
Current				
Instruction	188,649	187,354	112,607	74,747
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	3,000	2,808	192
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>188,649</u>	<u>190,354</u>	<u>115,415</u>	<u>74,939</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(123,249)</u>	<u>(124,954)</u>	<u>(45,256)</u>	<u>79,698</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	123,249	124,954	-	(124,954)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>123,249</u>	<u>124,954</u>	<u>-</u>	<u>(124,954)</u>
<i>Net change in fund balance</i>	-	-	(45,256)	(45,256)
<i>Fund balance - beginning of year</i>	-	-	124,954	124,954
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,698</u>	<u>\$ 79,698</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (45,256)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (45,256)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Migrant Children Education Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	87,750	135,634	127,524	(8,110)
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>87,750</u>	<u>135,634</u>	<u>127,524</u>	<u>(8,110)</u>
<i>Expenditures</i>				
Current				
Instruction	7,779	41,751	40,349	1,402
Support services	79,971	92,133	85,920	6,213
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	1,750	1,725	25
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>87,750</u>	<u>135,634</u>	<u>127,994</u>	<u>7,640</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(470)</u>	<u>(470)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(470)</u>	<u>(470)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(12,290)</u>	<u>(12,290)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,760)</u>	<u>\$ (12,760)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (470)
Adjustments to revenues for federal grants				952
Adjustments to expenditures for payroll expenditures				(482)
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements



## STATE OF NEW MEXICO

Statement B-4

Portales Municipal School District No. 1  
IDEA-B Preschool Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	24,562	39,561	18,407	(21,154)
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>24,562</u>	<u>39,561</u>	<u>18,407</u>	<u>(21,154)</u>
<i>Expenditures</i>				
Current				
Instruction	24,562	39,561	18,402	21,159
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>24,562</u>	<u>39,561</u>	<u>18,402</u>	<u>21,159</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 5</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 5
No adjustments to revenues				-
Adjustments to expenditures for payroll expenditures				(5)
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
IDEA-B "Risk Pool" Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	6,344	6,344	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>6,344</u>	<u>6,344</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	6,344	6,344	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>6,344</u>	<u>6,344</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
English Language Acquisition Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	13,296	17,287	20,308	3,021
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>13,296</u>	<u>17,287</u>	<u>20,308</u>	<u>3,021</u>
<i>Expenditures</i>				
Current				
Instruction	12,035	15,548	14,867	681
Support services	1,261	1,739	1,701	38
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>13,296</u>	<u>17,287</u>	<u>16,568</u>	<u>719</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>3,740</u>	<u>3,740</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	3,740	3,740
<i>Fund balance - beginning of year</i>	-	-	(5,740)	(5,740)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,000)</u>	<u>\$ (2,000)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 3,740
Adjustments to revenues for federal grants				(3,740)
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-7

Portales Municipal School District No. 1  
 Teacher/Principal Training/Recruiting Special Revenue Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	177,041	227,020	241,440	14,420
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>177,041</u>	<u>227,020</u>	<u>241,440</u>	<u>14,420</u>
<i>Expenditures</i>				
Current				
Instruction	168,706	201,571	180,622	20,949
Support services	8,335	25,449	8,598	16,851
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>177,041</u>	<u>227,020</u>	<u>189,220</u>	<u>37,800</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>52,220</u>	<u>52,220</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	52,220	52,220
<i>Fund balance - beginning of year</i>	-	-	(131,312)	(131,312)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (79,092)</u>	<u>\$ (79,092)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 52,220
Adjustments to revenues for federal grants				(49,240)
Adjustments to expenditures for payroll expenditures				(2,980)
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Rural & Low-Income Schools Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	52,458	66,255	42,742	(23,513)
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>52,458</u>	<u>66,255</u>	<u>42,742</u>	<u>(23,513)</u>
<i>Expenditures</i>				
Current				
Instruction	49,989	56,123	45,318	10,805
Support services	2,469	10,132	5,768	4,364
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>52,458</u>	<u>66,255</u>	<u>51,086</u>	<u>15,169</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(8,344)</u>	<u>(8,344)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(8,344)	(8,344)
<i>Fund balance - beginning of year</i>	-	-	(1,075)	(1,075)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,419)</u>	<u>\$ (9,419)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (8,344)
Adjustments to revenues for federal grants				9,103
Adjustments to expenditures for payroll expenditures				(759)
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Carl D. Perkins Secondary Current Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	28,607	34,187	38,923	4,736
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>28,607</u>	<u>34,187</u>	<u>38,923</u>	<u>4,736</u>
<i>Expenditures</i>				
Current				
Instruction	21,674	27,934	27,262	672
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	6,933	6,253	6,252	1
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>28,607</u>	<u>34,187</u>	<u>33,514</u>	<u>673</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>5,409</u>	<u>5,409</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	5,409	5,409
<i>Fund balance - beginning of year</i>	-	-	(24,015)	(24,015)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,606)</u>	<u>\$ (18,606)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 5,409
Adjustments to revenues for federal grants				(5,409)
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-10

Portales Municipal School District No. 1  
 Carl D. Perkins Secondary Redistribution Special Revenue Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	5,811	5,338	(473)
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>5,811</u>	<u>5,338</u>	<u>(473)</u>
<i>Expenditures</i>				
Current				
Instruction	-	5,811	5,034	777
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>5,811</u>	<u>5,034</u>	<u>777</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>304</u>	<u>304</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	304	304
<i>Fund balance - beginning of year</i>	-	-	(3,688)	(3,688)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,384)</u>	<u>\$ (3,384)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 304
Adjustments to revenues for federal grants				(304)
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-11

Portales Municipal School District No. 1  
Impact Aid Special Education Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	4,765	11,380	10,395	(985)
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	4,765	11,380	10,395	(985)
<i>Expenditures</i>				
Current				
Instruction	6,006	15,259	1,236	14,023
Support services	300	300	-	300
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	6,306	15,559	1,236	14,323
<i>Excess (deficiency) of revenues over expenditures</i>	(1,541)	(4,179)	9,159	13,338
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,541	4,179	-	(4,179)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	1,541	4,179	-	(4,179)
<i>Net change in fund balance</i>	-	-	9,159	9,159
<i>Fund balance - beginning of year</i>	-	-	4,179	4,179
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 13,338	\$ 13,338
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 9,159
Adjustments to revenues for federal grants				4,179
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				\$ 13,338

The accompanying notes are an integral part of these financial statements



## STATE OF NEW MEXICO

Statement B-12

Portales Municipal School District No. 1  
 Title XIX Medicaid Special Revenue Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	110,333	40,451	(69,882)
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>110,333</u>	<u>40,451</u>	<u>(69,882)</u>
<i>Expenditures</i>				
Current				
Instruction	-	18,000	12,685	5,315
Support services	-	92,333	86,319	6,014
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>110,333</u>	<u>99,004</u>	<u>11,329</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(58,553)</u>	<u>(58,553)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(58,553)	(58,553)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (58,553)</u>	<u>\$ (58,553)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (58,553)
Adjustments to revenues for federal grants				40,451
Adjustments to expenditures for payroll expenditures				(2,312)
Net change in fund balance (GAAP Basis)				<u>\$ (20,414)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-13

Portales Municipal School District No. 1  
Dual Credit Instructional Materials Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	9,161	7,787	(1,374)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	9,161	7,787	(1,374)
<i>Expenditures</i>				
Current				
Instruction	-	9,161	9,161	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	9,161	9,161	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(1,374)	(1,374)
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	(1,374)	(1,374)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (1,374)	\$ (1,374)
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (1,374)
Adjustments to revenues for state grants				1,374
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				\$ -

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-14

Portales Municipal School District No. 1  
 2010 G.O. Bond Student Library Fund Special Revenue Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	4,525	4,525	7,603	3,078
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	4,525	4,525	7,603	3,078
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	4,525	1,960	1,959	1
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	2,565	2,565	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	4,525	4,525	4,524	1
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	3,079	3,079
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	3,079	3,079
<i>Fund balance - beginning of year</i>	-	-	(3,079)	(3,079)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 3,079
Adjustments to revenues for state grants				(3,079)
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				\$ -

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-15

Portales Municipal School District No. 1  
 2012 G.O. Bond Student Library Fund Special Revenue Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	21,630	21,630	-	(21,630)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	21,630	21,630	-	(21,630)
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	21,630	21,630	17,442	4,188
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	21,630	21,630	17,442	4,188
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(17,442)	(17,442)
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	(17,442)	(17,442)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (17,442)	\$ (17,442)
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (17,442)
No adjustments to revenues				-
Adjustments to expenditures for support service expenditures				(2,641)
Net change in fund balance (GAAP Basis)				\$ (20,083)

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-16

Portales Municipal School District No. 1  
 New Mexico Reads to Lead Special Revenue Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	99,253	67,138	(32,115)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>99,253</u>	<u>67,138</u>	<u>(32,115)</u>
<i>Expenditures</i>				
Current				
Instruction	-	99,253	95,212	4,041
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>99,253</u>	<u>95,212</u>	<u>4,041</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(28,074)</u>	<u>(28,074)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(28,074)</u>	<u>(28,074)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (28,074)</u>	<u>\$ (28,074)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (28,074)
Adjustments to revenues for state grants				31,138
Adjustments to expenditures for payroll expenditures				(3,064)
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Portales Municipal School District No. 1  
 Breakfast for Elementary Students Special Revenue Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	30,350	30,350	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>30,350</u>	<u>30,350</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	30,350	30,350	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>30,350</u>	<u>30,350</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-18

Portales Municipal School District No. 1  
 2010 GOB Instructional Materials Special Revenue Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	3,563	4,128	7,241	3,113
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,563</u>	<u>4,128</u>	<u>7,241</u>	<u>3,113</u>
<i>Expenditures</i>				
Current				
Instruction	3,563	4,128	2,543	1,585
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,563</u>	<u>4,128</u>	<u>2,543</u>	<u>1,585</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>4,698</u>	<u>4,698</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	4,698	4,698
<i>Fund balance - beginning of year</i>	-	-	(7,241)	(7,241)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,543)</u>	<u>\$ (2,543)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 4,698
Adjustments to revenues for state grants				(4,698)
Adjustments to expenditures for instructional expenditures				(1,175)
Net change in fund balance (GAAP Basis)				<u>\$ (1,175)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-19

Portales Municipal School District No. 1  
 Science Instructional Materials K-12 Special Revenue Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	13,299	13,299
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	13,299	13,299
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	13,299	13,299
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	13,299	13,299
<i>Fund balance - beginning of year</i>	-	-	(13,299)	(13,299)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 13,299
Adjustments to revenues for state grants				(13,299)
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				\$ -

The accompanying notes are an integral part of these financial statements



## STATE OF NEW MEXICO

Statement B-20

Portales Municipal School District No. 1  
Workforce Readiness Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	99,317	6,671	(92,646)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>99,317</u>	<u>6,671</u>	<u>(92,646)</u>
<i>Expenditures</i>				
Current				
Instruction	-	28,796	28,795	1
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	70,521	70,521	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>99,317</u>	<u>99,316</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(92,645)</u>	<u>(92,645)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(92,645)	(92,645)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (92,645)</u>	<u>\$ (92,645)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (92,645)
Adjustments to revenues for state grants				110,087
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 17,442</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**

Statement B-21

Portales Municipal School District No. 1  
 NM Grown FVV Special Revenue Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	591	-	(591)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>591</u>	<u>-</u>	<u>(591)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	591	-	591
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>591</u>	<u>-</u>	<u>591</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-22

Portales Municipal School District No. 1  
 Next Generation Assessments Special Revenue Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	42,409	-	(42,409)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>42,409</u>	<u>-</u>	<u>(42,409)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	17,482	17,482	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	24,927	24,927	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>42,409</u>	<u>42,409</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(42,409)</u>	<u>(42,409)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(42,409)	(42,409)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (42,409)</u>	<u>\$ (42,409)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (42,409)
Adjustments to revenues for state grants				42,409
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-23

Portales Municipal School District No. 1  
Grads Child Care Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	4,000	5,173	1,173
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>4,000</u>	<u>5,173</u>	<u>1,173</u>
<i>Expenditures</i>				
Current				
Instruction	-	4,000	4,000	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>1,173</u>	<u>1,173</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	1,173	1,173
<i>Fund balance - beginning of year</i>	-	-	(1,173)	(1,173)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 1,173
Adjustments to revenues for state grants				(1,173)
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-24

Portales Municipal School District No. 1  
 GRADS - Instruction Special Revenue Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	7,500	7,500	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>7,500</u>	<u>7,500</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	7,500	7,500	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>7,500</u>	<u>7,500</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-25

Portales Municipal School District No. 1

Grads Plus Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	16,000	15,990	(10)
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>16,000</u>	<u>15,990</u>	<u>(10)</u>
<i>Expenditures</i>				
Current				
Instruction	-	16,000	15,140	860
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>16,000</u>	<u>15,140</u>	<u>860</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>850</u>	<u>850</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	850	850
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 850</u>	<u>\$ 850</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 850
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 850</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-26

Portales Municipal School District No. 1

Bond Building Capital Projects Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	150	1,150	889	(261)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>150</u>	<u>1,150</u>	<u>889</u>	<u>(261)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	609,388	8,377	601,011
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	130,921	2,229,999	162,230	2,067,769
Debt service				
Bond issuance cost	-	40,000	18,803	21,197
<i>Total expenditures</i>	<u>130,921</u>	<u>2,879,387</u>	<u>189,410</u>	<u>2,689,977</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(130,771)</u>	<u>(2,878,237)</u>	<u>(188,521)</u>	<u>2,689,716</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	130,771	128,237	-	(128,237)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	2,750,000	2,750,000	-
<i>Total other financing sources (uses)</i>	<u>130,771</u>	<u>2,878,237</u>	<u>2,750,000</u>	<u>(128,237)</u>
<i>Net change in fund balance</i>	-	-	2,561,479	2,561,479
<i>Fund balance - beginning of year</i>	-	-	128,237	128,237
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,689,716</u>	<u>\$ 2,689,716</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 2,561,479
No adjustments to revenues				-
Adjustments to expenditures for capital outlay				(48,607)
Net change in fund balance (GAAP Basis)				<u>\$ 2,512,872</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-27

Portales Municipal School District No. 1  
 Public School Capital Outlay Capital Projects Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
Adjustments to revenues for PSCOC award revenues				404,366
Adjustments to expenditures for capital outlay expenditures				(404,366)
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements



STATE OF NEW MEXICO

Statement B-28

Portales Municipal School District No. 1  
 Special Capital Outlay - State Capital Projects Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	41,649	41,649	41,444	(205)
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>41,649</u>	<u>41,649</u>	<u>41,444</u>	<u>(205)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	41,649	41,649	41,444	205
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>41,649</u>	<u>41,649</u>	<u>41,444</u>	<u>205</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-29

Portales Municipal School District No. 1  
 Capital Improvements SB-9 Capital Projects Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ 458,380	\$ 458,380	\$ 480,837	\$ 22,457
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	517,949	400,731	(117,218)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	2,500	2,500	2,948	448
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>460,880</u>	<u>978,829</u>	<u>884,516</u>	<u>(94,313)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	3,300	5,800	4,809	991
Central services	-	-	-	-
Operation and maintenance of plant	675,000	740,912	302,872	438,040
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	1,356,808	1,364,726	552,900	811,826
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,035,108</u>	<u>2,111,438</u>	<u>860,581</u>	<u>1,250,857</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,574,228)</u>	<u>(1,132,609)</u>	<u>23,935</u>	<u>1,156,544</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,574,228	1,132,609	-	(1,132,609)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,574,228</u>	<u>1,132,609</u>	<u>-</u>	<u>(1,132,609)</u>
<i>Net change in fund balance</i>	-	-	23,935	23,935
<i>Fund balance - beginning of year</i>	-	-	1,132,609	1,132,609
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,156,544</u>	<u>\$ 1,156,544</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 23,935
Adjustments to revenues for taxes				134,069
Adjustments to expenditures for capital outlay expenditures				<u>35,584</u>
Net change in fund balance (GAAP Basis)				<u>\$ 193,588</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-30

Portales Municipal School District No. 1  
 Education Technology Equipment Act Capital Projects Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	261,861	230,151	31,710
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	130,250	129,752	498
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>450,000</u>	<u>412,296</u>	<u>37,704</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(450,000)</u>	<u>(412,296)</u>	<u>37,704</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	450,000	450,000	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>450,000</u>	<u>450,000</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	37,704	37,704
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,704</u>	<u>\$ 37,704</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 37,704
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 37,704</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-31

Portales Municipal School District No. 1

Debt Service Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 2,424,614	\$ 2,424,614	\$ 1,757,730	\$ (666,884)
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	400	400	483	83
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,425,014</u>	<u>2,425,014</u>	<u>1,758,213</u>	<u>(666,801)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	24,247	24,247	17,569	6,678
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	2,976,038	3,307,934	2,135,000	1,172,934
Interest	289,614	289,614	289,613	1
<i>Total expenditures</i>	<u>3,289,899</u>	<u>3,621,795</u>	<u>2,442,182</u>	<u>1,179,613</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(864,885)</u>	<u>(1,196,781)</u>	<u>(683,969)</u>	<u>512,812</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	864,885	1,196,781	-	(1,196,781)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>864,885</u>	<u>1,196,781</u>	<u>-</u>	<u>(1,196,781)</u>
<i>Net change in fund balance</i>	-	-	(683,969)	(683,969)
<i>Fund balance - beginning of year</i>	-	-	1,195,858	1,195,858
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 511,889</u>	<u>\$ 511,889</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (683,969)
Adjustments to revenues for taxes				3,079
Adjustments to expenditures for support services expenditures				113,455
Net change in fund balance (GAAP Basis)				<u>\$ (567,435)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-32

Portales Municipal School District No. 1

Ed Tech Debt Service Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 3,065	\$ 101,647	\$ 102,894	\$ 1,247
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,065</u>	<u>101,647</u>	<u>102,894</u>	<u>1,247</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	65	1,007	1,037	(30)
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	3,000	100,640	-	100,640
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,065</u>	<u>101,647</u>	<u>1,037</u>	<u>100,610</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>101,857</u>	<u>101,857</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	101,857	101,857
<i>Fund balance - beginning of year</i>	-	-	921	921
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,778</u>	<u>\$ 102,778</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 101,857
Adjustments to revenues for taxes				429
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 102,286</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Combining Balance Sheet  
General Fund  
June 30, 2014

Statement C-1

	Operating	Pupil Transportation	Instructional Materials	Total
<i>Assets</i>				
Cash and cash equivalents	\$ 567,636	\$ -	\$ 52,818	\$ 620,454
Investments	103	-	-	103
Receivables:				
Property taxes	6,798	-	-	6,798
Due from other funds	1,050,933	-	-	1,050,933
	<u>1,050,933</u>	<u>-</u>	<u>-</u>	<u>1,050,933</u>
<i>Total assets</i>	<u>\$ 1,625,470</u>	<u>\$ -</u>	<u>\$ 52,818</u>	<u>\$ 1,678,288</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 64,602	\$ -	\$ -	\$ 64,602
Accrued payroll	503,537	-	-	503,537
	<u>503,537</u>	<u>-</u>	<u>-</u>	<u>503,537</u>
<i>Total liabilities</i>	<u>568,139</u>	<u>-</u>	<u>-</u>	<u>568,139</u>
 <i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	3,804	-	-	3,804
	<u>3,804</u>	<u>-</u>	<u>-</u>	<u>3,804</u>
<i>Total deferred inflows of resources</i>	<u>3,804</u>	<u>-</u>	<u>-</u>	<u>3,804</u>
 <i>Fund Balances</i>				
<i>Spendable:</i>				
<i>Restricted for:</i>				
Instructional materials	-	-	52,818	52,818
Unassigned	1,053,527	-	-	1,053,527
	<u>1,053,527</u>	<u>-</u>	<u>52,818</u>	<u>1,106,345</u>
<i>Total fund balances</i>	<u>1,053,527</u>	<u>-</u>	<u>52,818</u>	<u>1,106,345</u>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,625,470</u>	<u>\$ -</u>	<u>\$ 52,818</u>	<u>\$ 1,678,288</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
General Fund  
For the Year Ended June 30, 2014

Statement C-2

	Operating	Pupil Transportation	Instructional Materials	Total
<i>Revenues:</i>				
Property taxes	\$ 119,272	\$ -	\$ -	\$ 119,272
Intergovernmental revenue:				
Federal flowthrough	114,065	-	-	114,065
Federal direct	9,549	-	-	9,549
State flowthrough	-	-	190,227	190,227
State direct	20,795,844	-	-	20,795,844
Transportation distribution	-	1,064,005	-	1,064,005
Charges for services	3,972	-	-	3,972
Investment income	6,783	-	-	6,783
Miscellaneous	1,804	-	-	1,804
<i>Total revenues</i>	<u>21,051,289</u>	<u>1,064,005</u>	<u>190,227</u>	<u>22,305,521</u>
<i>Expenditures:</i>				
Current:				
Instruction	13,240,440	-	134,466	13,374,906
Support services - students	2,118,594	-	-	2,118,594
Support services - instruction	269,930	-	-	269,930
Support services - general administration	581,052	-	-	581,052
Support services - school administration	1,521,214	-	-	1,521,214
Central services	864,402	-	-	864,402
Operation and maintenance plant	2,740,401	-	-	2,740,401
Student transportation	-	1,064,005	-	1,064,005
Other support services	22,191	-	-	22,191
Capital Outlay	18,230	-	7,485	25,715
<i>Total expenditures</i>	<u>21,376,454</u>	<u>1,064,005</u>	<u>141,951</u>	<u>22,582,410</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(325,165)</u>	<u>-</u>	<u>48,276</u>	<u>(276,889)</u>
<i>Other financing sources (uses):</i>				
Proceeds from sale of capital assets	1,394	-	-	1,394
<i>Total other financing sources (uses)</i>	<u>1,394</u>	<u>-</u>	<u>-</u>	<u>1,394</u>
<i>Net change in fund balances</i>	(323,771)	-	48,276	(275,495)
<i>Fund balances - beginning of year</i>	<u>1,377,298</u>	<u>-</u>	<u>4,542</u>	<u>1,381,840</u>
<i>Fund balances - end of year</i>	<u>\$ 1,053,527</u>	<u>\$ -</u>	<u>\$ 52,818</u>	<u>\$ 1,106,345</u>

The accompanying notes are an integral part of these financial statements

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**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Operating Fund

Statement C-3

Statement of Revenues, Expenditures, and Changes in  
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property taxes	\$ 113,225	\$ 113,225	\$ 118,717	\$ 5,492
Intergovernmental revenue:				
Federal flowthrough	100,000	100,000	114,065	14,065
Federal direct	6,829	6,829	9,549	2,720
State flowthrough	-	-	-	-
State direct	20,801,124	20,799,084	20,675,682	(123,402)
Transportation distribution	-	-	-	-
Charges for services	5,000	5,000	3,972	(1,028)
Investment income	10,000	10,000	6,783	(3,217)
Miscellaneous	800	800	1,804	1,004
<i>Total revenues</i>	<u>21,036,978</u>	<u>21,034,938</u>	<u>20,930,572</u>	<u>(104,366)</u>
<i>Expenditures:</i>				
Current:				
Instruction	13,562,407	13,449,435	12,747,047	702,388
Support services - students	2,131,485	2,151,572	2,118,594	32,978
Support services - instruction	410,660	280,171	269,930	10,241
Support services - general administration	547,486	597,447	580,335	17,112
Support services - school administration	1,532,587	1,530,796	1,521,214	9,582
Central services	824,058	887,297	864,402	22,895
Operation and maintenance of plant	2,542,711	2,969,206	2,694,685	274,521
Student transportation	-	-	-	-
Other support services	12,818	177,984	4,393	173,591
Capital Outlay	7,800	13,488	7,715	5,773
<i>Total expenditures</i>	<u>21,572,012</u>	<u>22,057,396</u>	<u>20,808,315</u>	<u>1,249,081</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(535,034)</u>	<u>(1,022,458)</u>	<u>122,257</u>	<u>1,144,715</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	528,229	1,015,653	-	(1,015,653)
Proceeds from sale of capital assets	6,805	6,805	1,394	(5,411)
<i>Total other financing sources (uses)</i>	<u>535,034</u>	<u>1,022,458</u>	<u>1,394</u>	<u>(1,021,064)</u>
<i>Net change in fund balance</i>	-	-	123,651	123,651
<i>Fund balance - beginning of year</i>	-	-	1,495,021	1,495,021
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,618,672</u>	<u>\$ 1,618,672</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 123,651
Adjustments to revenues for taxes and intergovernmental revenue				120,717
Adjustments to expenditures for supplies and payroll expenditures				<u>(568,139)</u>
Net change in fund balance (GAAP Basis)				<u>\$ (323,771)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**

Statement C-4

Portales Municipal School District No. 1

Pupil Transportation Fund

Statement of Revenues, Expenditures, and Changes in  
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Transportation distribution	1,074,095	1,064,005	1,064,005	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,074,095</u>	<u>1,064,005</u>	<u>1,064,005</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	1,074,095	1,064,005	1,064,005	-
Other support services	-	-	-	-
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	<u>1,074,095</u>	<u>1,064,005</u>	<u>1,064,005</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-5

Portales Municipal School District No. 1

Instructional Materials Fund

Statement of Revenues, Expenditures, and Changes in  
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	153,881	188,932	190,227	1,295
State direct	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>153,881</u>	<u>188,932</u>	<u>190,227</u>	<u>1,295</u>
<i>Expenditures:</i>				
Current:				
Instruction	154,899	179,329	134,466	44,863
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Capital Outlay	-	14,145	7,485	6,660
<i>Total expenditures</i>	<u>154,899</u>	<u>193,474</u>	<u>141,951</u>	<u>51,523</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,018)</u>	<u>(4,542)</u>	<u>48,276</u>	<u>52,818</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	1,018	4,542	-	(4,542)
<i>Total other financing sources (uses)</i>	<u>1,018</u>	<u>4,542</u>	<u>-</u>	<u>(4,542)</u>
<i>Net change in fund balance</i>	-	-	48,276	48,276
<i>Fund balance - beginning of year</i>	-	-	4,542	4,542
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,818</u>	<u>\$ 52,818</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 48,276
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 48,276</u>

The accompanying notes are an integral part of these financial statements

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**SUPPORTING SCHEDULES**

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**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Schedule of Deposits  
June 30, 2014

Schedule I

Bank Account Type/ Name	James Polk Stone Community Bank	LGIP	US Bank	Total
Operational - Checking	\$ 179,264	\$ -	\$ -	\$ 179,264
Cafeteria - Checking	674,389	-	-	674,389
Payroll Clearing - Checking	1,411,274	-	-	1,411,274
Capital - Checking	4,498,529	-	-	4,498,529
Accounts Payable Clearing - Checking	11,854	-	-	11,854
Athletic - Checking	79,597	-	-	79,597
Activity - Checking	495,725	-	-	495,725
Operational Investment	-	103	-	103
Athletic - Investment	-	101	-	101
Capital - Investment	-	102	-	102
Activity - Investment	-	101	-	101
Activity - Certificate of Deposit	-	-	24,076	24,076
<b>Total</b>	<b>7,350,632</b>	<b>407</b>	<b>24,076</b>	<b>7,375,115</b>
Reconciling items	(904,662)	-	-	(904,662)
Reconciled balance June 30, 2014	<u>\$ 6,445,970</u>	<u>\$ 407</u>	<u>\$ 24,076</u>	6,470,453

Plus: Petty Cash	320
Less: investments per Exhibit A-1	(306)
Less: agency cash per Exhibit D-1	(497,256)
Less: agency investments per Exhibit D-1	(24,177)
Cash and cash equivalents per Exhibit A-1	<u>\$ 5,949,034</u>

See independent auditors' report

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Cash Reconciliation  
For the Year Ended June 30, 2014

	Operational 11000	Transportation 13000	Instructional Materials 14000	Food Services 21000
Audited Cash June 30, 2013	\$ 1,015,652	\$ -	\$ 4,542	\$ 608,808
Add:				
2013-2014 receipts	21,053,611	1,064,005	190,227	1,363,302
Repayment of loans	479,372	-	-	-
Cash transfers	-	-	-	-
Loans from other funds	-	-	-	-
Bond proceeds	-	-	-	-
Total cash available	<u>22,548,635</u>	<u>1,064,005</u>	<u>194,769</u>	<u>1,972,110</u>
Less:				
2013-2014 expenditures	(21,311,852)	(1,064,005)	(141,951)	(1,297,721)
Repayment of prior year loans	-	-	-	-
Repayment of SEG over payment	(120,165)	-	-	-
Loans to other funds	<u>(1,050,933)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash per PED	<u>65,685</u>	<u>-</u>	<u>52,818</u>	<u>674,389</u>
Add / Less:				
Investments	(103)	-	-	-
Reserve Contingencies*	(1,483)	-	-	-
Held checks	<u>503,537</u>	<u>-</u>	<u>-</u>	<u>15,781</u>
Cash per financial statement	<u>\$ 567,636</u>	<u>\$ -</u>	<u>\$ 52,818</u>	<u>\$ 690,170</u>

\*The New MexiGROW LGIP Reserve Contingency Fund has been written off for the financial statement presentation. The current trustee believes there will be no further distributions.



Athletics 22000	Non-Instructional Support 23000	Federal Flowthrough 24000	Federal Direct 25000	State Flowthrough 27000
\$ 124,954	\$ 506,650	\$ -	\$ 4,179	\$ -
70,181	685,075	1,816,203	50,846	140,089
-	-	-	-	-
-	-	802,517	60,865	187,552
-	-	-	-	-
<u>195,135</u>	<u>1,191,725</u>	<u>2,618,720</u>	<u>115,890</u>	<u>327,641</u>
(115,415)	(671,354)	(2,164,141)	(102,552)	(304,022)
-	-	(454,579)	-	(23,619)
-	-	-	-	-
-	-	-	-	-
<u>79,720</u>	<u>520,371</u>	<u>-</u>	<u>13,338</u>	<u>-</u>
(101)	(24,177)	-	-	-
(23)	(149)	-	-	-
<u>1</u>	<u>1,211</u>	<u>40,720</u>	<u>2,312</u>	<u>3,064</u>
<u>\$ 79,597</u>	<u>\$ 497,256</u>	<u>\$ 40,720</u>	<u>\$ 15,650</u>	<u>\$ 3,064</u>

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Cash Reconciliation  
For the Year Ended June 30, 2014

	State Direct 28000	Bond Building 31100	Public School Capital Outlay 31200	Special Capital Outlay - State 31400
Audited Cash June 30, 2013	\$ -	\$ 128,237	\$ -	\$ -
Add:				
2013-2014 receipts	28,663	889	-	41,444
Repayment of loans	-	-	-	-
Cash transfers	-	-	-	-
Loans from other funds	-	-	-	-
Bond proceeds	-	2,750,000	-	-
Total cash available	<u>28,663</u>	<u>2,879,126</u>	<u>-</u>	<u>41,444</u>
Less:				
2013-2014 expenditures	(26,640)	(187,921)	-	(41,444)
Repayment of prior year loans	(1,173)	-	-	-
Repayment of SEG over payment	-	-	-	-
Loans to other funds	-	-	-	-
Cash per PED	<u>850</u>	<u>2,691,205</u>	<u>-</u>	<u>-</u>
Add / Less:				
Investments	-	(102)	-	-
Reserve Contingencies*	-	(1,489)	-	-
Held checks	-	-	-	-
Cash per financial statement	<u>\$ 850</u>	<u>\$ 2,689,614</u>	<u>\$ -</u>	<u>\$ -</u>

\*The New MexiGROW LGIP Reserve Contingency Fund has been written off for the financial statement presentation. The current trustee believes there will be no further distributions.

Capital Improvements SB-9 31700	Education Technology Equipment Act 31900	Debt Service 41000	Ed Tech Debt Service 43000	Total
\$ 1,132,609	\$ -	\$ 1,195,858	\$ 921	\$ 4,722,410
884,516	-	1,757,292	103,815	29,250,158
-	-	-	-	479,372
-	-	921	-	921
-	-	-	-	1,050,934
-	450,000	-	-	3,200,000
<u>2,017,125</u>	<u>450,000</u>	<u>2,954,071</u>	<u>104,736</u>	<u>38,703,795</u>
(860,581)	(412,296)	(2,442,182)	(1,037)	(31,145,114)
-	-	-	-	(479,371)
-	-	-	(921)	(121,086)
-	-	-	-	(1,050,933)
<u>1,156,544</u>	<u>37,704</u>	<u>511,889</u>	<u>102,778</u>	<u>5,907,291</u>
-	-	-	-	(24,483)
-	-	-	-	(3,144)
-	-	-	-	566,626
<u>\$ 1,156,544</u>	<u>\$ 37,704</u>	<u>\$ 511,889</u>	<u>\$ 102,778</u>	<u>\$ 6,446,290</u>
Cash balance above				\$ 6,446,290
Less: agency cash per Exhibit D-1				<u>(497,256)</u>
Cash per Exhibit B-1				<u>\$ 5,949,034</u>
Investment balance above				24,483
Less: agency investment per Exhibit D-1				<u>(24,177)</u>
Investment per Exhibit B-1				<u>\$ 306</u>

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Schedule of Collateral Pledged by Depository for Public Funds  
June 30, 2014

Schedule III

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market/Par Value June 30, 2014</u>
<b>James Polk Stone Community Bank</b>				
	FMAC	4/19/2017	30769QAAB	\$ 1,112,523
	FNMA Call Only 04/03/15	4/3/2018	3135G0VU4	689,597
	Hobbs NM SD #16 BQ Call GO*	9/15/2019	433866EC0	100,000
	Lea Cnty NM PSD #8 Eunice BQ GO*	1/15/2015	521513BPS	450,000
	Lea Cnty NM PSD #8 Eunice BQ GO*	1/15/2016	521513BQ3	100,000
	Los Alamos NM Public School GO*	8/1/2015	54422NBT2	300,000
	Lovington NM Muni SD #1 BQ GO*	10/1/2015	547473DD7	915,000
	Portales NM Muni SD #1 BQ GO*	7/1/2014	736151BR1	145,000
	Roswell NM ISD BQ GO*	8/1/2015	77855OHW6	185,000
	<b>Total James Polk Stone Community Bank</b>			<u>3,997,120</u>
	Name and location of safekeeper for above pledged collateral: The Independent Bankersbank			
	<b>Total Pledged Collateral</b>			<u>\$ 3,997,120</u>

\* As per NMAC 2.2.2.10 (N) (4), the value of collateral consisting of obligations of the State of New Mexico, its agencies, institutions, counties, municipalities or other subdivisions shall be par value.

STATE OF NEW MEXICO

Schedule IV

Portales Municipal School District No. 1  
 Schedule of Changes in Assets and Liabilities-Agency Funds  
 For the Year Ended June 30, 2014

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>
Administration	\$ 115,434	\$ 106,069	\$ 79,540	\$ 141,963
High School	127,393	262,198	258,129	131,462
Junior High School	37,247	53,463	49,061	41,649
Brown Elementary	25,762	27,200	32,533	20,429
James Elementary	18,584	16,408	17,119	17,873
Lindsey-Steiner Elementary	12,982	38,361	41,134	10,209
Valencia Elementary	51,464	63,239	51,883	62,820
Portales High School Daycare	117,784	117,985	140,741	95,028
	<u>\$ 506,650</u>	<u>\$ 684,923</u>	<u>\$ 670,140</u>	<u>\$ 521,433</u>
Totals				
				<u>Capital assets, net of accumulated depreciation of \$57,205</u>
				138,114
				<u>Total agency assets per Exhibit D-1</u>
				\$ 659,547
				Accounts payable
				\$ 10,379
				Accrued payroll
				1,212
				Due to student organizations
				<u>647,956</u>
				<u>Total agency liabilities per Exhibit D-1</u>
				\$ 659,547

See independent auditors' report

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**COMPLIANCE SECTION**



**Accounting & Consulting Group, LLP**  
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***

**INDEPENDENT AUDITORS' REPORT**

Hector H. Balderas  
New Mexico State Auditor and  
Board of Education  
Office of Management and Budget  
Portales Municipal School District No. 1  
Portales, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the General Fund and major special revenue funds of the Portales Municipal School District No. 1 (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District presented as supplementary information, and have issued our report thereon dated November 4, 2014.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We considered the deficiency described in the accompanying schedule of findings and questioned costs as item FS 2014-001 to be a material weakness.



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. We considered the deficiency described in the accompanying schedule of findings and questioned costs as item FS 2014-002 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items FS 2013-002, FS 2014-003, FS 2014-004, FS 2014-005, FS 2014-006, and FA 2014-001.

### **District's Responses to Findings**

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. 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 results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Accounting & Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Albuquerque, NM  
November 4, 2014

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**FEDERAL FINANCIAL ASSISTANCE**



**Accounting & Consulting Group, LLP**  
Certified Public Accountants

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

Hector H. Balderas  
New Mexico State Auditor and  
Board of Education  
Office of Management and Budget  
Portales Municipal School District No. 1  
Portales, New Mexico

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

We have audited Portales Municipal School District No. 1'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 the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditors' 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, 2014.

## Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item FA 2014-001 and FA 2014-002. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## 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.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP  
Albuquerque, NM  
November 4, 2014

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

Federal Grantor or Pass-Through Grantor / Program Title	Passthrough Number	Federal CFDA Number	Federal Expenditures
<b>U.S. Department of Education</b>			
<i>Passed through New Mexico Public Education Department</i>			
Title I - IASA	*	24101	\$ 983,366
Migrant Children Education		24103	128,476
IDEA-B Entitlement		24106	(1) 740,076
IDEA-B Preschool		24109	(1) 18,407
IDEA-B "Risk Pool"		24120	(1) 6,344
English Language Acquisition		24153	84.365A 16,568
Teacher/ Principal Training /Recruiting		24154	84.367A 192,200
Rural & Low Income Schools		24160	84.358B 51,845
Carl D. Perkins Secondary Current		24174	(2) 84.048O 33,514
Carl D. Perkins Secondary Redistribution		24176	(2) 84.048O 5,034
<i>Subtotal - Pass through New Mexico Public Education Department</i>			<u>2,175,830</u>
Direct U.S. Department of Education			
Impact Aid - General Fund		11000	(3) 84.041 9,549
Impact Aid Special Education		25145	(3) 84.041 1,236
<i>Subtotal - Direct U.S. Department of Education</i>			<u>10,785</u>
<b>Total U.S. Department of Education</b>			<u>2,186,615</u>
<b>U.S. Department of Agriculture</b>			
<i>Federal Direct Payments</i>			
Forest Reserve		11000	10.665 114,065
<i>Passed through State of New Mexico</i>			
School Breakfast Program	*	21000	(4) 10.553 448,611
USDA Commodities	*	21000	(4) 10.555 103,366
National School Lunch Program	*	21000	(4) 10.555 884,689
<b>Total U.S. Department of Agriculture</b>			<u>1,550,731</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 3,737,346</u>

\* Denotes Major Federal Financial Assistance Program

() Denotes Cluster

**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

Schedule V

**Notes to Schedule of Expenditures of Federal Awards**

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Portales Municipal School District No.1 and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Subrecipients

The District did not provide any federal awards to subrecipients during the year.

3. Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2014 was \$103,366 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture National School Lunch program, CFDA number 10.555.

**Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:**

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 3,737,346
Total expenditures funded by other sources	<u>27,260,888</u>
Total expenditures	<u><u>\$ 30,998,234</u></u>

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**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2014

**SECTION I – SUMMARY OF AUDIT RESULTS**

*Financial Statements:*

- |  |            |
|--|------------|
| 1. Type of auditors’ report issued   | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weaknesses identified?   | Yes        |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes        |
| c. Noncompliance material to the financial statements?                           | No         |

*Federal Awards:*

- |   |            |
|---|------------|
| 1. Internal control over major programs:  |            |
| a. Material weaknesses identified?  | No         |
| b. Significant deficiencies identified not considered to be material weaknesses?                                      | No         |
| 2. Type of auditors’ report issued on compliance for major programs   | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | Yes        |

4. Identification of major programs:

CFDA Number	Federal Program
10.553 & 10.555 84.010	Child Nutrition Cluster Title I - IASA

- |   |           |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 6. Auditee qualified as low-risk auditee?                                   | No        |

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**FS 2013-002 – Actual Expenditures Exceed Adjusted Budgeted Expenditures (Repeated/Modified) – Other Matter**

*Condition:* The District has over expended its budget in the following fund:

<b>Nonmajor Fund</b>		
Ed Tech Debt Service Fund	\$	(30)

*Criteria:* Section 6.20.2.10 states that all District funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the State of New Mexico Public Education Department for approval. Once adopted, any claims or warrants in excess of budget are a violation of New Mexico State Statute 6-6-6, 1978 Compilation.

*Effect:* The internal controls established by adherence to budgets has been compromised, and excess spending could result.

*Cause:* The District did not request the budget adjustments at year end to alleviate these budget overruns.

*Auditors' Recommendations:* We recommend that the District monitor its budgets closely and prepare budget adjustments as necessary.

*Agency's responses:* The deadline for Budget Adjustment Requests to the NMPED is the beginning of June. The June Roosevelt County Tax Collections were received June 20, 2014. As a result of past due Ed Tech delinquent taxes, this line item was over expended due to unexpected revenues received.

**SECTION II – FINANCIAL STATEMENT FINDINGS (continued)**

**FS 2014-001 – Maintenance of Capital Assets – Material Weakness**

*Condition:* The District is maintaining a capital assets listing, however, during our testwork, the following items were noted:

- The District incorrectly excluded two items from the capital asset listing in the prior year and had to include them in the current year in the amount of \$75,515. The items excluded were an activity bus in the amount of \$65,000 and a copier in the amount of \$10,515. The copier was fully depreciated and incorrectly removed in the prior year.
- The District incorrectly excluded two items from the capital asset listing in the current year in the amount of \$173,755. The items excluded were an activity bus in the amount of \$165,123 and a server in the amount of \$8,632.
- The District did not obtain a written inventory count report, certified as to correctness and signed by the Board of Education.

*Criteria:* Section 2.20.1 of NMAC requires agencies to properly account for capital assets including proper controls over the capital assets and annual inventory.

*Effect:* The lack of proper implementation of controls over capital assets may result in the financial statements being misstated.

*Cause:* The District did not obtain a written inventory count report certified by the Board of Education, and has not properly monitored the additions and deletions causing the capital asset accounting system reports to be incorrectly prepared.

*Auditors' Recommendations:* We recommend that the District have the Board of Education certify an annual inventory count of all assets over \$1,000. This will allow the District to create a complete and accurate capital asset inventory listing. We also recommend that the District implement an internal controls system to manage and monitor the District's capital asset inventory listing and the District's capital outlay expenditures.

*Agency's responses:*

Regarding the first bullet above: The account crosswalk used to import certain account numbers did not include the object code for buses because this was the first time the District had purchased buses. The account number has been added so this will not occur again. The tag number of the copier deleted from inventory was incorrect. When the error was discovered, the correct copier was removed from inventory and the other copier was added back to inventory. In conjunction with the stickered inventory tag number, copiers now have the tag number written on them in permanent ink.

Regarding the second bullet above: The account crosswalk used to import certain account numbers did not include the object code for buses because this was the first time the District had purchased buses. The account number has been added so this will not occur again

Regarding the third bullet above: The District will now have the written inventory count report presented to the Board of Education for certification of correctness and a signature.

**SECTION II – FINANCIAL STATEMENT FINDINGS (continued)**

**FS 2014-002 – Lack of Entity-Wide Controls – Significant Deficiency**

*Condition:* During our process of understanding the District and its environment, we noted instances where elements of the District's internal control framework were nonexistent or deficient. The District's monitoring element was not documented, sufficiently designed, or implemented as we noted the following:

- Lack of proper access restriction over the Employee Database Master File and review of changes made. The Employee Database Master File is accessible by Payroll personnel and the Finance Director and no review of changes made are being done to ensure the file is accurate and complete and a change could be made without the approval or knowledge of management.
- Lack of review by management to ensure payroll runs are accurate and valid. The only review of payroll expenditures is performed by the payroll clerk who will also investigate any discrepancies.

*Criteria:* The COSO Internal Control Integrated Framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication and monitoring. With these elements in place, the District can maximize its potential for achieving its performance targets and reduce the risk of loss of resources.

*Effect:* Without all of the five elements of the COSO Internal Control Integrated Framework present, the District is exposing itself to the risk of misappropriation of assets and does not have set processes in place to maximize the resources of the District to achieve the goals set forth by the District.

*Cause:* With the changes in management positions during the year, the District has not had the opportunity to update, implement, or change internal controls and processes to address all financial reporting aspects of the District.

*Auditors' Recommendations:* We recommend that the District incorporate all five elements of the COSO Internal Control Integrated Framework in their organization. In particular, there should be a mechanism in place to document the monitoring of the internal controls in place. We recommend that internal controls be addressed at both the entity level and activity level. We recommend that key management personnel attend a training class on internal control procedures, internal control implementation, and internal control monitoring. We also recommend the District work with their software company to implement new features which allow monitoring of changes to the payroll master file to be emailed to management.

*Agency's Response:* The five elements of the COSO Internal Control Integrated Framework will be implemented in the internal control structure and manual. New software monitoring procedures have been implemented. Management will also attend professional development on internal controls.

**SECTION II – FINANCIAL STATEMENT FINDINGS (continued)**

**FS 2014-003 – Travel Stipends – Other Matter**

*Condition:* During review of payroll, it was noted that the District pays a flat travel stipend to 31 employees. The travel stipends are not included on the employee's W-2, instead the employee is paid as a vendor. The District does not monitor actual miles traveled by each employee.

*Criteria:* IRS Publication 15 categorizes advances, reimbursements, and charges for employee's expenses into two categories, accountable or nonaccountable plan.

The accountable plan the employee must meet three criteria; must have paid or incurred deductible expenses while performing services as the District's employee, they must substantiate the expenses to the District within a reasonable time frame, and they must return amounts in excess of substantiated amounts within a reasonable time frame. Amounts paid under the accountable plan are not considered wages and are not subject to income, social security, Medicare, and FUTA taxes.

The nonaccountable plan does not require the employee to substantiate the expenses to the District, nor does it require return of excess amounts. Payments made under a nonaccountable plan are considered wages and are treated as supplemental wages subject to income, social security, Medicare, and FUTA taxes.

The District may reimburse employees by travel days, miles, or some other fixed allowance, however the amounts may not exceed the rates established by the Federal Government. The established mileage rate for automobiles for 2013 was \$0.565 per mile and \$0.56 per mile in 2014.

*Effect:* The District may have over paid employees for travel, beyond the \$0.565 / \$0.56 per mile allowed. The District may be required to pay employer and employee portions of income, social security, Medicare, and FUTA taxes.

*Cause:* The District did not properly research IRS Publication 15 as to the correct ways in which employees can be reimbursed travel expenditures.

*Auditors' Recommendations:* If the District does not plan to add the stipends to the employees' wages subject to taxes, then the District needs to have each employee substantiate the miles they drive while performing work for the District. If the District deems it necessary to continue to provide stipends instead of having employees track mileage, then the District will need to add the travel stipends to the employees' wages subject to taxes.

*Agency's Response:* Travel stipends will be added to their wages and make them subject to taxes.

**SECTION II – FINANCIAL STATEMENT FINDINGS (continued)**

**FS 2014-004 – Missing I-9 Forms – Other Matter**

*Condition:* During our testwork of payroll transactions we noted the following:

- In 3 out of 10 transactions tested, the District did not have an I-9 on file for the employee

*Criteria:* Per the Immigration Reform and Control Act of 1986, Public Law 99-603 (8 USC 1324a), requires that employers verify the identify and employment authorization of individuals they hire for employment to preclude the unlawful hiring, or recruiting or referring for a fee, of aliens who are not authorized to work in the United States. The failure of the employer to ensure proper completion of the I-9 form for each employee may result in the imposition of civil or criminal penalties. Employers must retain each employee's completed Form I-9 for as long as the individual works for the employer.

*Effect:* The District may be subject to the imposition of civil or criminal penalties, as the District did not properly document the verification of the identity and employment authorization of each new employee (both citizen and noncitizen) hired after November 6, 1986, to work in the United States.

*Cause:* The District's employees did not follow District policy to obtain new employees I-9 Forms or to ensure that all employees whom sign a yearly contract have an I-9 Form on file.

*Auditors' Recommendations:* We recommend the District implement a process to ensure that all current employees have an I-9 Form filled out and documented in the employee file stored at the District.

*Agency's responses:* I-9s will be collected on all employees.

**FS 2014-005 – Meal Charge Policy – Other Matter**

*Condition:* During our walkthrough and testwork of the school lunch receipting process it was noted that the District is allowing students to charge more than 5 meals past their available balance.

*Criteria:* Per District policy E-3400 Meal Charges, no more than 5 meals may be charged past available balance.

*Effect:* The District is not following its own policy, which may expose the District to the risk of misappropriation of assets and does not have set processes in place to maximize the resources of the District to achieve the goals set forth by the District.

*Cause:* The District has not properly implemented the policy to deny meals to staff that have exceeded allowable charges. The District, although not allowed to deny meals to students, should provide cold sack lunches in the place of regular school lunches.

*Auditors' Recommendations:* We recommend the District implement a process to ensure that employees in charge of monitoring meal charges are encouraged to report charges past allowable to the proper personnel to get the staff to pay off negative meal accounts. Also, the District should serve children sack lunches in place of regular school lunches when students are past the 5 meal limit charge.

*Agency's responses:* Policy will be re-evaluated and changed or revised if deemed necessary by the Board of Education.

**SECTION II – FINANCIAL STATEMENT FINDINGS (continued)**

**FS 2014-006 – Posting of District Activity in an Agency Fund – Other Matter**

*Condition:* During testwork, the following was noted:

- The District accounted for \$0.44 per mile usage for the use of the District vehicle, such as employees using the District vehicles for training, however the District recorded these revenues in an agency fund and not in the operational fund as some of the vehicles are owned by the District and the related expenses for fuel and maintenance are charged to the operational fund.

*Criteria:* NMAC 6.20.2.22 states that fixed assets related to specific proprietary or trust funds shall be accounted for in those funds. All other fixed assets shall be accounted for in the general fixed asset account group. PSAB Supplement 3, Uniform Chart of Accounts states that if the District legally owns the resources accounted for in the student activity funds, they should be accounted for in the General or Special Revenue Fund types.

*Effect:* The District incorrectly posted revenue generated by District activities to an agency fund and not in the operational fund where the related expenses occurred.

*Cause:* The District was separating the revenues generated by using the District vehicles in order to purchase replacement capital items for the District without using any operational funding.

*Auditors' Recommendation:* We recommend the that the District record the revenue generated by the use of District vehicles in the operational fund, or another approved fund, where the related fuel and maintenance expenditures are incurred and record revenue generated by the agency owned vehicles in the agency funds.

*Agency's Response:* The revenues for the mileage are being separated in the appropriate account based on where the vehicle was purchased.

**SECTION III – FEDERAL AWARD FINDINGS**

**FA 2014-001 – Excluded Parties List – Noncompliance**

*Federal program information:*

CFDA number and title: 10.553 & 10.555 Child Nutrition Cluster  
84.010 Title I - IASA  
Federal award number and year: 21000 / 2014  
24101 / 2014  
Funding agency: U.S. Department of Agriculture  
U.S. Department of Education  
Pass through entity: New Mexico Public Education Department

*Condition:* During our review of the procurement process, for all major programs tested, it was noted the District does not reference the Excluded Parties List System contracts of goods or services in which more than \$25,000 is expended.

*Criteria:* The OMB A-133 stipulates non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. “Covered Transactions” include those procurement contracts for goods and services awarded under a nonprocurement transaction that is expected to equal or exceed \$25,000 or meet other certain specified criteria.

*Questioned Costs:* None

*Effect:* The District could be contracting with vendors for services or goods that are included on the suspension and debarment listing which potentially decrease federal funding received since this is considered non-compliance.

*Cause:* The District has not implemented checking the System of Award Management (SAM) website into their purchasing process.

*Auditors’ Recommendation:* We recommend that the District implement procedures to ensure all vendors for services and goods over \$25,000 be verified that they do not exist on the suspension and debarment listing.

*Agency’s Response:* All vendors are now being researched on the SAM government website when the W-9 is received, but before the vendor is entered into the Financial Accounting Software.



**SECTION III – FEDERAL AWARD FINDINGS (continued)**

**FA 2014-002 – Participation of Private School Children – Noncompliance**

Federal program information:

CFDA number and title: 84.010 Title I - IASA  
Federal award number and year: 24101 / 2014  
Funding agency: U.S. Department of Education  
Pass through entity: New Mexico Public Education Department

*Condition:* During our review of special tests and provisions related to the Title I IASA, it was noted the District did not notify all private schools in the surrounding area of potential funds available for the Title I IASA funding.

*Criteria:* The OMB A-133 Compliance Supplement Part 3-Compliance Requirements N- Special Tests and Provision, stipulates that, after timely and meaningful consultation with private school officials, the district must provide equitable services to eligible private school children, their teachers, and their families.

*Questioned Costs:* None

*Effect:* The lack of notification of possible additional educational assistance available to children of private schools could potentially hurt the growth of childhood development. The District is not in compliance of the Title I IASA requirements.

*Cause:* The District was not aware that the private school needed to be communicated with every year.

*Auditors' Recommendation:* We recommend that the District implement a process to review the compliance requirements of the federal grants they receive in order to verify that they are in compliance with any requirements including the notification of all private schools in the surrounding area of federal grants that could be available to them.

*Agency's Response:* The private school in the area will be notified of the Title I funds available in the District each year.

**SECTION IV – PRIOR YEAR AUDIT FINDINGS**

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

**FS 2013-002 (13-02) Actual expenditures exceed adjusted budgeted expenditures (significant deficiency and non-compliance) – Repeated and Modified**

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

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**STATE OF NEW MEXICO**  
Portales Municipal School District No. 1  
Other Disclosures  
June 30, 2014

**OTHER DISCLOSURES**

**Exit Conference**

An exit conference was held on November 4, 2014. In attendance were the following:

**Representing Portales Municipal School District No. 1:**

Johnnie S. Cain - Superintendent  
Sarah Marquez – Director of Finance  
Inez Rodriguez – Board Vice President  
Dr. Alan Garrett – Board Member  
Curt Jaynes – Community Member/ Parent

**Representing Accounting & Consulting Group, LLP:**

Alan Bowers, CPA - Manager

**Auditor Prepared Financial Statements**

Accounting and Consulting Group, LLP prepared the GAAP-basis financial statements and footnotes of Portales Municipal School District No. 1 from the original books and records provided to them by the management of the District. The responsibility for the financial statements remains with the District.