



State of New Mexico

Portales Municipal School District No. 1

Annual Financial Report

For the Year Ended June 30, 2015

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Portales Municipal School District No. 1
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June 30, 2015

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STATE OF NEW MEXICO
Portales Municipal School District No. 1
Official Roster
June 30, 2015

<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

Administrative Officials

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

Timothy Keller
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, 2015, 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, 2015, 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, 2015, and the respective changes in financial position and, the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund, and the combining financial statements for the General Fund of the District as of June 30, 2015, 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 32 and Schedules I and II and the Notes to the Required Supplementary Information on pages 86 through 89 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 III through VI 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 III through VI 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 III through VI 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 and Schedule VII 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 October 27, 2015, 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
October 27, 2015



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, 2015. 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.

Financial Highlights

Key financial highlights for the fiscal year 2015 are as follows:

- ❖ The District has successfully implemented and maintained the financial reporting processes as required by the Governmental Accounting Standards Board Statement No. 34.
- ❖ The most significant highlight for the District was the ability to clear up 8 of the 9 findings from the prior year. The final finding is requiring a Board policy change that should be completed by December 2015.
- ❖ June 30, 2015 also had a highlight for cash flow in regard to the amount due from the NMPED for outstanding requests for reimbursement. In 2014, the amount owed was \$1,050,934 but for 2015 the amount owed was \$476,517, a decrease of \$574,416 or 54.66%. This was due in large part of submitting two reimbursement requests a month instead of one.
- ❖ The District did successfully pass an Educational Technology Bond for \$600,000 in October 2014 for technology needs in the District.
- ❖ The District's net position decreased by \$34,785,662 or 88.22 % primarily due to the requirement for reporting the Net Pension Liability of \$35,245,285.
- ❖ Revenues increased by \$93,008 or 0.31%. This is mostly attributed to an increase in the State Equalization Guarantee (SEG) of \$417,448 or 2.01%.
- ❖ Expenditures increased by \$969,025 or 3.30%. This was largely due to new programs the District is offering to students and increases in operating expenses such as electric, gas, and water.



PORTALES MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ending June 30, 2015



- ❖ The Finance Office Manual of Procedures was updated and sent to all staff in August 2014. This living document is updated every year and sent to all District staff to keep everyone up to date on the Finance Procedures in the District.

About the Portales Community

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

We are located about 17 miles south of Cannon Air Force Base (CAFB) which is home to the Special Operations Squadron. Located on the western side of Portales is Eastern New Mexico University (ENMU) which recorded a record enrollment of 5,946 students in the fall of 2015. 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 2015 for Roosevelt County was 7.0%, higher than the national average of 5.3% for June 2015. 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 2014-15 from preschool to 12th grade was 2,793. The District has 6 grade level schools with the following breakdown:

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

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



PORTALES MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ending June 30, 2015



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 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 2014 tax year was \$252,728,106. This is an increase of \$7,711,699 from the 2013 value of \$245,016,437 which is a 3.15% 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
2014	2.75

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.

This year the District passed GO Bonds for \$2,750,000. The proceeds are used for student Chromebooks for PARCC testing, a new maintenance building, and many repairs in the District.

This year the District passed an Educational Technology Bond for \$600,000. 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 (the next election will be in 2017). These funds are used for remodeling, furnishings, equipment, maintenance, and technology around the District. Along with several NM Department of Transportation (NMDOT) awards, the District was able to use SB9 funding for parking lot improvements at several campuses. SB9 funds were also used to replace drinking fountains in one school, repaired intercom and fire alarm systems in several schools, replaced carpet in several classrooms, and updated the network infrastructure at several schools. Additional preventive maintenance preserves the high quality of District grounds and facilities.



PORTALES MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ending June 30, 2015



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

About the Portales Municipal Schools Accounting and Finance Office

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

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

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

Starting in September 2010, the Board of Education appointed an Audit Committee to provide greater public transparency in the accounting operations. The committee consists of two parent representatives, a community member with an accounting background, two Board members, and two ex-officio members: the Superintendent and the 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. February 2015, the Director of Finance passed certification for this requirement.



PORTALES MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ending June 30, 2015



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 2015?" 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, 2015



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 2015 and 2014.

Table 1-Statement of Net Position Comparison 2015 to 2014

Portales Municipal Schools			
Statement of Net Position Comparison			
2015 to 2014			
	June 30, 2015	June 30, 2014	Variance
Assets:			
Current Assets			
Cash & cash equivalents	\$ 4,525,770	\$ 5,949,034	\$ (1,423,264)
Investments	2,091	306	1,785
Receivables:			
Property Taxes	170,771	144,178	26,593
Due from other governments	610,033	1,174,199	(564,166)
Inventory	25,063	17,290	7,773
Total current assets	5,333,728	7,285,007	(1,951,279)
Noncurrent Assets			
Restricted Assets:			
Cash and cash equivalents	113,884	-	113,884
Investments	295,929	-	295,929
Capital Assets	64,806,731	64,072,111	734,620
Less: accumulated depreciation	(22,075,545)	(20,705,187)	(1,370,358)
Total noncurrent assets	43,140,999	43,366,924	(225,925)
Deferred outflows of resources			
Employer contributions subsequent to the measurement date	2,223,580	-	2,223,580
Total deferred outflows of resources	2,223,580	-	2,223,580
Total Assets and Deferred Outflows of Resources	\$50,698,307	\$ 50,651,931	\$ 46,376
Liabilities:			
Current Liabilities			
Accounts Payables	\$ 120,861	\$ 202,928	\$ (82,067)
Due to PED	-	192	(192)
Accrued payroll	571,144	565,414	5,730
Accrued interest	98,553	100,069	(1,516)
Accrued compensated absences	96,180	72,229	23,951
Current portion of bonds payable	1,765,000	1,860,000	(95,000)
Non-current Liabilities			
Accrued compensated absences	2,664	33,818	(31,154)
Bonds payable	7,220,000	8,385,000	(1,165,000)
Net pension liability	31,874,486	-	31,874,486
Total Liabilities	\$41,748,888	\$ 11,219,650	\$ 30,529,238
Deferred Inflows of Resources:			
Change in proportion	930,431	-	930,431
Actuarial experience	474,820	-	474,820
Investment experience	2,897,549	-	2,897,549
Total Deferred Outflows	\$ 4,302,800	\$ -	\$ 4,302,800
Net Position:			
Net investment in capital assets	\$35,266,500	\$ 35,828,143	\$ (561,643)
Restricted for:			
Debt Service	490,863	766,889	(276,026)
Capital projects	3,239,226	1,242,160	1,997,066
Special revenue	895,315	729,039	166,276
Unrestricted	(35,245,285)	866,050	(36,111,335)
Total Net Position	\$ 4,646,619	\$ 39,432,281	\$ (34,785,662)
Total liabilities and net position	\$50,698,307	\$ 50,651,931	\$ 46,376



PORTALES MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ending June 30, 2015



The Statement of Net Position has changed a little from last year due to GASB 67 & 68. Cash and cash equivalents are broken up under current assets and noncurrent assets. Deferred outflows of resources and deferred inflows of resources are two new categories on the statement. The biggest difference from last year is the Net pension liability that we are required to show on our audit reports.

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 under June 30, 2014.

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, 2015. Notice there has been a decrease of \$100,046 in Operating Grants and Contributions. There has also been an increase on the State Equalization Guarantee of \$417,448.

The biggest difference on the Statement of Activities from last year is the Restatement of the Beginning Balance. This is due to the pension liability from the Statement of Net Position required by GASB 67.

As you can see from Table 2, most Revenues have increased from the prior year. We have increased spending in students and instruction, but have decreased sending in administration.

The Net Change in Net position is \$35,179,424 due to the pension liability restatement.



PORTALES MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
 For the Fiscal Year Ending June 30, 2015



Table 2-Statement of Activities Comparison 2015 to 2014

Portales Municipal Schools			
Statement of Activities Comparison			
2015 to 2014			
	June 30, 2015	June 30, 2014	Variance
Program Revenues:			
Charges for Services	\$ 241,147	\$ 214,378	\$ 26,769
Operating Grants and Contributions	5,207,325	5,307,371	(100,046)
Capital Grants and Contributions	380,387	978,342	(597,955)
General Revenues:			
Property Taxes:			
Levied for operating programs	122,015	116,504	5,511
Levied for debt services	2,036,741	1,812,078	224,663
Levied for capital projects	494,502	471,886	22,616
Total Property Taxes	2,653,258	2,400,468	252,790
State Equalization Guarantee	21,211,320	20,793,872	417,448
Investment Income	15,851	12,788	3,063
Miscellaneous Income	91,337	1,645	89,692
Transfers to agency funds	(850)	-	(850)
Gain (Loss) on disposition of assets	(7,138)	(3,194)	(3,944)
Special item - donated asset	6,200	159	6,041
Total Revenues	\$ 29,798,837	\$ 29,705,829	\$ 339,757
Program Expenses:			
Instruction	\$ 16,557,581	\$ 16,063,431	\$ 494,150
Support Services-Students	3,048,126	2,828,883	219,243
Support Services-Instruction	366,679	338,932	27,747
Support Services-General Administration	675,445	718,189	(42,744)
Support Services-School Administration	1,747,070	1,974,559	(227,489)
Total Support Services	5,837,320	5,860,563	(23,243)
Central Services	929,832	922,981	6,851
Operation and Maintenance of Plant	3,961,722	3,403,037	558,685
Student Transportation	1,071,697	1,136,404	(64,707)
Other support services	48,344	22,461	25,883
Food Services	1,578,348	1,545,189	33,159
Bond Interest Paid	-	91,543	(91,543)
Interest and other charges	306,017	276,227	29,790
Total Expenses	\$ 30,290,851	\$ 29,321,836	\$ 945,782
Changes in Net Position	\$ (492,024)	\$ 383,993	\$ (876,017)
Restatement for Beginning Balance	\$ (34,293,638)	\$ (40,000)	\$ (34,253,638)
Net Position - Beginning	39,432,281	39,482,050	\$ (49,769)
Net Position - Ending	\$ 4,646,619	\$ 39,826,043	\$ (35,179,424)



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 2015, 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. This year the general fund includes operational (11000), transportation (13000), and instructional materials (14000). As of June 30, 2015, the spendable fund balance of the general fund was \$494,488 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 \$611,857 due to the decrease in funding based on student count.

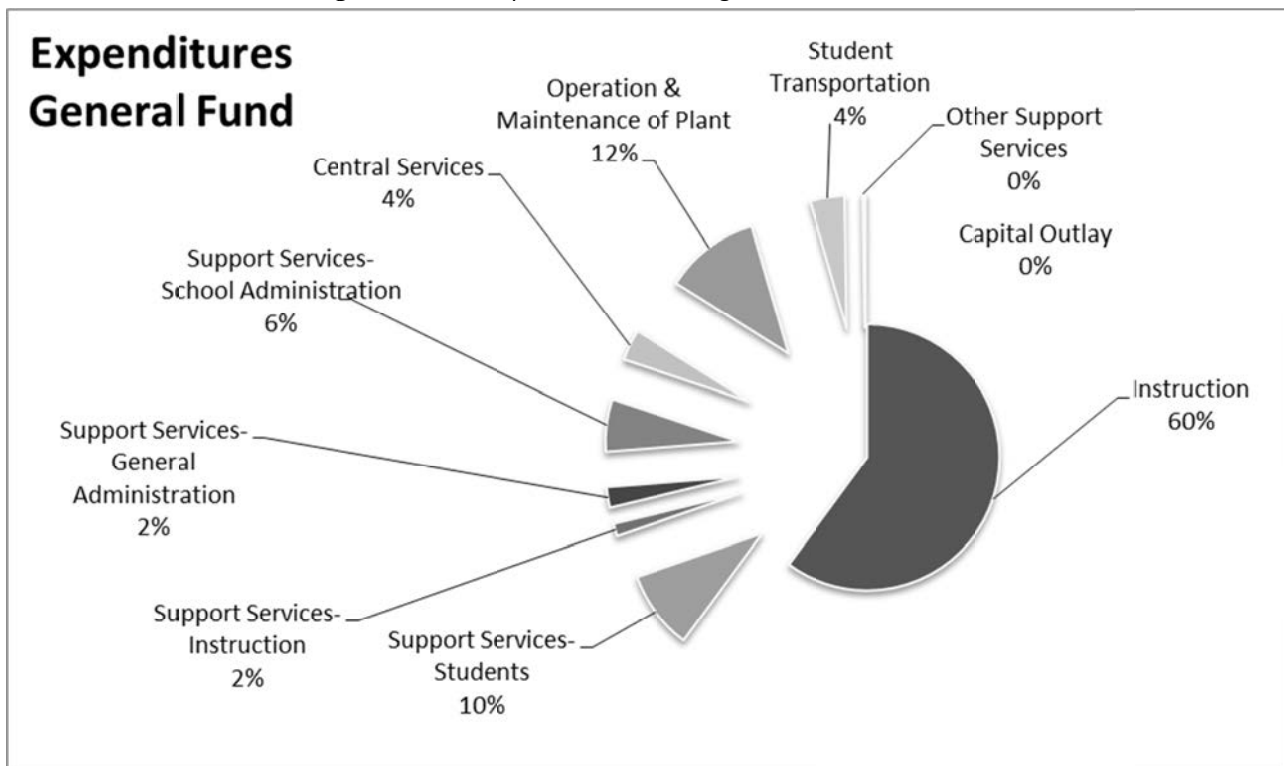
The General Fund began the year with an initial budget of \$22,612,556 and ended with a final budget of \$22,717,582. The General Fund is predominately funded by revenues from the New Mexico State Equalization Guarantee Formula (SEG). This fund pays for teaching staff, teaching support staff, special 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. \$23,321,769 was expended in the year ending June 30, 2015. This resulted in using \$550,841 in fund balance.



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 46 of the financial statements (see Figure 1). This expenditure totaled \$14,015,377 and represented 60% of all General Fund expenditures. Expenditures included in this function are regular and special education teachers and assistants, employee benefits, payroll taxes, school supplies, professional development, miscellaneous instructional related contract services, and athletics. Approximately 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 20% of General Fund expenditures. Expenditures included in this function are school principals, instructional assistants, program coordinators, counselors, school nurses, librarians, special education ancillary staff, and contract special education ancillary staff.

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



PORTALES MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ending June 30, 2015



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

2014-15 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, 2015: 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 2015			
Fund Type	Final Budget	Actual Expenditures	Variance
General Fund (11000, 13000, 14000)	\$ 22,770,928	\$ 23,321,769	\$ (550,841)
Food Services (21000)	\$ 1,282,089	\$ 1,293,856	\$ (11,767)
Title I (24101)	\$ 1,066,683	\$ 972,275	\$ 94,408
PARCC Readiness Special Revenue (27108)	\$ 149,773	\$ 149,772	\$ 1

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 51 and additional information is located in the financial statement footnotes. For the year ending June 30, 2015, agency funds show assets of \$640,067.



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, 2015 to June 30, 2014

Fixed Asset Comparison		
Asset Type	Balance June 30, 2015	Balance June 30, 2014
Land	\$ 787,173	\$ 677,173
Building and Improvements	57,115,931	56,217,321
Equipment and Vehicles	6,903,627	7,177,617
Construction in Progress	-	-
Total Capital Assets	\$ 64,806,731	\$ 64,072,111
Less: Accumulated Depreciation	(22,075,545)	(20,705,187)
Capital Assets, net	\$ 42,731,186	\$ 43,366,924
Net Change in Capital Assets	\$ (635,738)	

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 \$2.75 million, 2014 Bond was issued for the purpose of Chromebooks for student use for PARCC testing and securing a bus barn to house the District’s three activity buses.

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, 2015 (see Table 5).



Table 5-Long-term Debt as of June 30, 2015

Long-term Debt			
Date of Issue	Amount of Issue	Balance as of June 30, 2015	Due Within One Year
2008	4,500,000	450,000	450,000
2009	1,700,000	1,525,000	1,000,000
2010	1,900,000	1,900,000	-
2011	1,400,000	1,400,000	100,000
2013 - Ed Tech	450,000	360,000	90,000
2014	2,750,000	2,750,000	-
2014 - Ed Tech (Taxable)	325,000	325,000	67,750
2014 - Ed Tech (Tax Exempt)	275,000	275,000	57,250
Total Long-term Debt	\$ 13,300,000	\$ 8,985,000	\$ 1,765,000

2014-2015 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:

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



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For the Fiscal Year Ending June 30, 2015



public school student equal access to programs and services appropriate to his or her educational needs regardless of geographic location or local economic conditions. (April 2012)

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

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

The Instructional Materials Fund distribution is allocated to school districts based on NMPED federal mineral leasing funds. Of each allocation, 50% is restricted to the requisition of materials listed in the 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 \$2,047,689 to provide students lunch and breakfast. As of October 2014, 61% of the District students are qualified to receive meals at free or reduced prices under the Federal Free and Reduced Lunch Program.

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

The District receives federal Title program grants to support additional instruction for schools with high poverty, professional development for teachers, and bilingual programs. The District receives IDEA B



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MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ending June 30, 2015



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 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. Roosevelt County collects County, City, and School District taxes and distributes them to each fund once per month except in December and June when the taxes are distributed twice to close out the calendar year and the fiscal year.

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

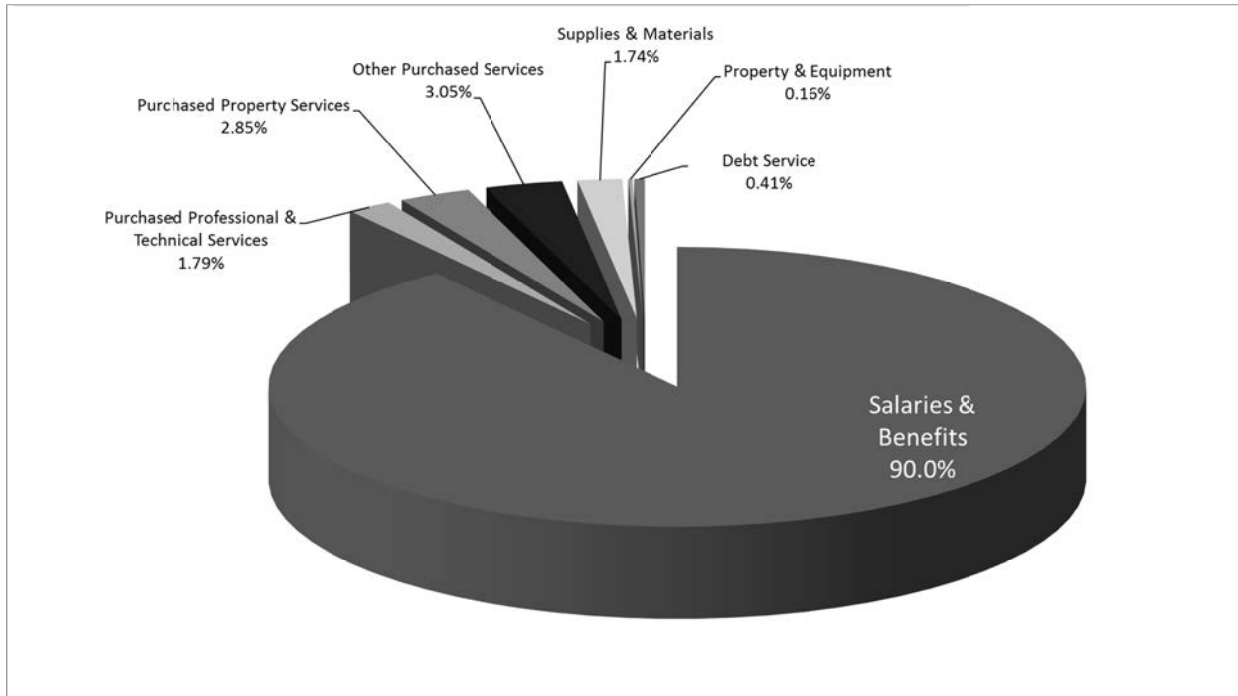
Information about the 2014-15 Operating Budget

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.



Here is a breakdown of the percentages of the budget for 2014-15 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 increasing Operational fund revenues due to increases in the SEG unit value (see Table 6).

The 2014-15 budget was built on the \$4,005.75 initial unit value which had stayed level from the prior year.



PORTALES MUNICIPAL SCHOOLS
 MANAGEMENT DISCUSSION AND ANALYSIS
 For the Fiscal Year Ending June 30, 2015



Table 6-History of the Unit Value in New Mexico

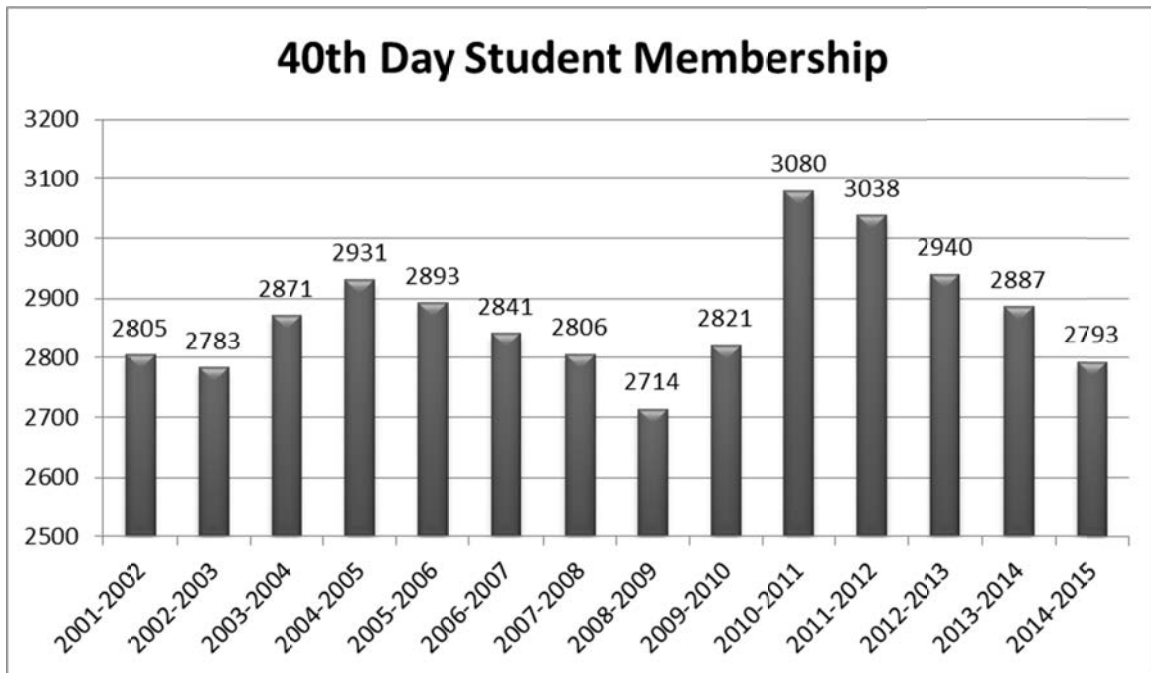
History of the Unit Value in New Mexico			
<u>School Year</u>	<u>Initial Unit Value</u>	<u>Final Unit Value</u>	
1999-2000	\$2,460.00	\$2,460.00	¹
2000-2001	\$2,632.32	\$2,647.56	¹
2001-2002	\$2,868.72	\$2,871.01	¹
2002-2003	\$2,896.01	\$2,889.89	²
2003-2004	\$2,977.23	\$2,976.20	³
2004-2005	\$3,035.15	\$3,068.70	
2005-2006	\$3,165.02	\$3,198.01	
2006-2007	\$3,444.35	\$3,446.44	
2007-2008	\$3,645.77	\$3,674.26	
2008-2009	\$3,892.47	\$3,871.79	
2009-2010	\$3,862.79	\$3,792.65	^{4,5}
2010-2011	\$3,814.04	\$3,712.17	^{6,7}
2011-2012	\$3,585.97	\$3,598.87	
2012-2013	\$3,668.18	\$3,673.54	
2013-2014	\$3,817.55	\$4,005.75	
2014-2015	\$4,005.75	\$4,007.75	

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	
4	The final unit value included a decrease of \$1.03 under the initial unit value due to 90% At Risk Save harmless funding and additional Growth Units included in operating budgets which were greater than the amounts used to establish initial unit value.
5	The initial unit value includes \$256.39 in federal funds from the Federal American Recovery and Reinvestment Act of 2009
6	The final unit value includes \$334.59 in Federal ARRA funds.
7	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 in the District has been unit value increases. We had a decrease on the 40th day enrollment for 2014-15. Since 2010-2011, we have had decreases in student enrollment numbers (see Figure 2).



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



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

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

The District Audit and Bond Rating Information

Over the past seven years, PMSD has made progress toward limiting the number of findings for each audit, as well as, timely submission of the audit report to the New Mexico State Auditor's Office (see Table 6). The 2005 audit was submitted on time, but due to a change in staff, PMSD requested a new audit from a new auditor. This is the reason that the 2005 audit was 465 days late. The 2006 audit could



PORTALES MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
For the Fiscal Year Ending June 30, 2015



not be filled until after the 2005 audit was accepted by the State Auditor’s office which is why it was 229 days late. Since that time, the audit submission time has improved. The total number of findings has decreased significantly from 2005. This is due to the efforts of the financial management team that was created in 2006 and has since changed to the current staff in 2011. Due to cross training efforts, putting policies in place, and professional development opportunities, the financial management team is a stellar group of individuals who strive to do their jobs efficiently and effectively. We are pleased to announce that of the 9 findings from the 2014, 8 were cleared immediately. The final finding is requiring a Board Policy change that is in process.

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
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
2014	Unqualified	9	11/15/2014	11/12/2014	-3

Board Elections and Capital Program Sales and Elections

As shown in Table 7, PMSD had a GO Bond and Educational Technology Bond sale in the 2014 fiscal year. The new Five Year Facilitates Master Plan was completed in 2013 to let the community know what needs the District has for the GO Bond sale. GO bond funds are for major construction and major renovation projects in the district.



Table 7-PMSD public elections

PMSD Public Elections				
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.

Conclusion

The challenge for the District finance team goes beyond meeting the professional standards for fiscal operations represented in this annual audit for 2014-15. 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



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For the Fiscal Year Ending June 30, 2015



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, 2015

	<u>Primary Government Governmental Activities</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 4,525,770
Investments	2,091
Receivables:	
Property taxes	170,771
Due from other governments	610,033
Inventory	25,063
Total current assets	5,333,728
Noncurrent assets	
Restricted assets:	
Cash and cash equivalents	113,884
Investments	295,929
Capital assets	64,806,731
Less: accumulated depreciation	(22,075,545)
Total noncurrent assets	43,140,999
Total assets	48,474,727
Deferred outflows of resources	
Employer contributions subsequent to the measurement date	2,223,580
Total deferred outflows of resources	2,223,580
Total assets and deferred outflows of resources	\$ 50,698,307

The accompanying notes are an integral part of these financial statements

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 120,861
Accrued payroll	571,144
Accrued interest	98,553
Accrued compensated absences	96,180
Current portion of bonds payable	<u>1,765,000</u>
Total current liabilities	<u>2,651,738</u>
Noncurrent liabilities	
Accrued compensated absences	2,664
Bonds payable	7,220,000
Net pension liability	<u>31,874,486</u>
Total noncurrent liabilities	<u>39,097,150</u>
Total liabilities	<u>41,748,888</u>
Deferred inflows of resources	
Change in proportion	930,431
Actuarial experience	474,820
Investment experience	<u>2,897,549</u>
Total deferred inflows of resources	<u>4,302,800</u>
Net position	
Net investment in capital assets	35,266,500
Restricted for:	
Debt service	490,863
Capital projects	3,239,226
Special revenue	895,315
Unrestricted	<u>(35,245,285)</u>
Total net position	<u>4,646,619</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 50,698,307</u></u>

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Statement of Activities
For the Year Ended June 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
Governmental Activities:			
Instruction	\$ 16,557,581	\$ 62,384	\$ 1,800,771
Support services - students	3,048,126	11,484	331,509
Support services - instruction	366,679	1,382	39,879
Support services - general administration	675,445	2,545	73,460
Support services - school administration	1,747,070	6,582	190,008
Central services	929,832	3,503	101,127
Operation and maintenance of plant	3,961,722	14,927	430,870
Student transportation	1,071,697	-	991,975
Other support services	48,344	-	-
Food services operations	1,578,348	138,340	1,247,726
Interest and other charges	306,017	-	-
<i>Total governmental activities</i>	<u>\$ 30,290,861</u>	<u>\$ 241,147</u>	<u>\$ 5,207,325</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

Transfers to agency fund

Loss on disposition of assets

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>
\$ 230,821	\$ (14,463,605)
42,492	(2,662,641)
5,112	(320,306)
9,416	(590,024)
24,355	(1,526,125)
12,962	(812,240)
55,229	(3,460,696)
-	(79,722)
-	(48,344)
-	(192,282)
-	(306,017)
<u>\$ 380,387</u>	<u>(24,462,002)</u>

122,015
2,036,741
494,502
21,211,320
15,851
91,337
(850)
(7,138)
6,200
<u>23,969,978</u>
<u>(492,024)</u>
39,432,281
<u>(34,293,638)</u>
<u>5,138,643</u>
<u>\$ 4,646,619</u>

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund 11000, 13000, 14000	Food Services Special Revenue Fund 21000	Title I - IASA Special Revenue Fund 24101
<i>Assets</i>			
Cash and cash equivalents	\$ 619,593	\$ 678,403	\$ 18,866
Restricted cash and cash equivalents	-	-	-
Investments	987	-	-
Restricted investments	-	-	-
Receivables:			
Property taxes	7,846	-	-
Due from other governments	-	-	209,122
Inventory	-	25,063	-
Due from other funds	476,518	-	-
	<u>1,104,944</u>	<u>703,466</u>	<u>227,988</u>
<i>Total assets</i>	<u>\$ 1,104,944</u>	<u>\$ 703,466</u>	<u>\$ 227,988</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 88,519	\$ 308	\$ 417
Accrued payroll	516,662	17,461	18,866
Accrued compensated absences	-	-	-
Due to other funds	-	-	208,705
	<u>605,181</u>	<u>17,769</u>	<u>227,988</u>
<i>Total liabilities</i>	<u>605,181</u>	<u>17,769</u>	<u>227,988</u>
<i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	5,275	-	-
Unavailable revenue - grants	-	-	-
	<u>5,275</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflows of resources</i>	<u>5,275</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>			
Nonspendable:			
Inventory	-	25,063	-
Spendable:			
Restricted for:			
Instructional materials	81,901	-	-
Food services	-	660,634	-
Extracurricular activities	-	-	-
Education	-	-	-
Capital acquisitions and improvements	-	-	-
Debt service	-	-	-
Unassigned	412,587	-	-
	<u>494,488</u>	<u>685,697</u>	<u>-</u>
<i>Total fund balances</i>	<u>494,488</u>	<u>685,697</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,104,944</u>	<u>\$ 703,466</u>	<u>\$ 227,988</u>

The accompanying notes are an integral part of these financial statements

PARCC Readiness Special Revenue Fund 27108	Bond Building Capital Projects Fund 31100	Capital Improvements SB-9 Capital Projects Fund 31700	Other Governmental Funds	Total
\$ -	\$ 1,249,164	\$ 1,436,711	\$ 523,033	\$ 4,525,770
-	-	-	113,884	113,884
-	990	-	114	2,091
-	-	-	295,929	295,929
-	-	31,915	131,010	170,771
149,772	-	125,194	125,945	610,033
-	-	-	-	25,063
-	-	-	-	476,518
<u>\$ 149,772</u>	<u>\$ 1,250,154</u>	<u>\$ 1,593,820</u>	<u>\$ 1,189,915</u>	<u>\$ 6,220,059</u>
\$ -	\$ 8,711	\$ 8,327	\$ 14,579	\$ 120,861
-	-	-	18,155	571,144
-	-	-	3,448	3,448
149,772	-	-	118,041	476,518
<u>149,772</u>	<u>8,711</u>	<u>8,327</u>	<u>154,223</u>	<u>1,171,971</u>
-	-	21,453	87,840	114,568
149,772	-	125,194	-	274,966
<u>149,772</u>	<u>-</u>	<u>146,647</u>	<u>87,840</u>	<u>389,534</u>
-	-	-	-	25,063
-	-	-	-	81,901
-	-	-	-	660,634
-	-	-	15,065	15,065
-	-	-	18,921	18,921
-	1,241,443	1,438,846	412,290	3,092,579
-	-	-	501,576	501,576
(149,772)	-	-	-	262,815
<u>(149,772)</u>	<u>1,241,443</u>	<u>1,438,846</u>	<u>947,852</u>	<u>4,658,554</u>
<u>\$ 149,772</u>	<u>\$ 1,250,154</u>	<u>\$ 1,593,820</u>	<u>\$ 1,189,915</u>	<u>\$ 6,220,059</u>

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STATE OF NEW MEXICO

Portales Municipal School District No. 1

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2015

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$ 4,658,554
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	42,731,186
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	114,568
Grant revenues not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities	274,966
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds	
Deferred outflows related to employer contribution subsequent to measurement date	2,223,580
Deferred inflows related to changes in proportion	(930,431)
Deferred inflows related to actuarial experience	(474,820)
Deferred inflows related to investment experience	(2,897,549)
Liabilities, including bonds payable, and net pension liability are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences not due and payable	(95,396)
Accrued interest payable	(98,553)
Bonds payable	(8,985,000)
Net pension liability	(31,874,486)
	<hr/>
Total net position - governmental funds	<u>\$ 4,646,619</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, 2015

	General Fund 11000, 13000, 14000	Food Services Special Revenue Fund 21000	Title I - IASA Special Revenue Fund 24101
<i>Revenues</i>			
Property taxes	\$ 120,544	\$ -	\$ -
Intergovernmental revenue			
Federal flowthrough	111,220	1,136,130	972,983
Federal direct	9,703	6,253	-
Local sources	-	-	-
State flowthrough	196,713	-	-
State direct	21,211,384	105,343	-
Transportation distribution	991,975	-	-
Charges for services	31,585	138,340	-
Investment income	6,044	1,366	-
Miscellaneous	91,337	-	-
<i>Total revenues</i>	<u>22,770,505</u>	<u>1,387,432</u>	<u>972,983</u>
<i>Expenditures</i>			
Current			
Instruction	14,036,078	-	732,244
Support services - students	2,244,202	-	706
Support services - instruction	358,580	-	2,587
Support services - general administration	584,283	-	34,434
Support services - school administration	1,485,575	-	183,116
Central services	884,049	-	-
Operation and maintenance of plant	2,718,407	-	-
Student transportation	991,975	-	-
Other support services	45,661	-	-
Food services operations	-	1,342,981	-
Capital outlay	10,001	18,137	19,896
Debt service			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	-	-
<i>Total expenditures</i>	<u>23,358,811</u>	<u>1,361,118</u>	<u>972,983</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(588,306)</u>	<u>26,314</u>	<u>-</u>
<i>Other financing sources (uses)</i>			
Proceeds from sale of capital assets	1,785	-	-
Transfers in	-	-	-
Transfers (out)	(25,336)	-	-
Bond proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>(23,551)</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(611,857)	26,314	-
<i>Fund balances - beginning</i>	<u>1,106,345</u>	<u>659,383</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 494,488</u>	<u>\$ 685,697</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

PARCC Readiness Special Revenue Fund 27108	Bond Building Capital Projects Fund 31100	Capital Improvements SB-9 Capital Projects Fund 31700	Other Governmental Funds	Total
\$ -	\$ -	\$ 488,513	\$ 2,012,495	\$ 2,621,552
-	-	-	936,690	3,157,023
-	-	-	115,532	131,488
-	-	-	1,000	1,000
-	-	240,193	446,447	883,353
-	-	-	42,500	21,359,227
-	-	-	-	991,975
-	-	-	71,222	241,147
-	4,924	2,894	623	15,851
-	-	-	-	91,337
-	4,924	731,600	3,626,509	29,493,953
95,545	-	-	830,814	15,694,681
-	-	-	475,020	2,719,928
-	-	-	1,389	362,556
-	-	4,899	51,848	675,464
-	-	-	139,903	1,808,594
-	-	-	-	884,049
-	497,043	320,016	168,787	3,704,253
-	-	-	21,526	1,013,501
-	-	-	-	45,661
-	-	-	116,254	1,459,235
54,227	897,547	221,941	98,259	1,320,008
-	-	-	1,860,000	1,860,000
-	-	-	291,994	291,994
-	10,000	-	15,539	25,539
149,772	1,404,590	546,856	4,071,333	31,865,463
(149,772)	(1,399,666)	184,744	(444,824)	(2,371,510)
-	-	-	-	1,785
-	-	-	25,336	25,336
-	-	-	(850)	(26,186)
-	-	-	600,000	600,000
-	-	-	624,486	600,935
(149,772)	(1,399,666)	184,744	179,662	(1,770,575)
-	2,641,109	1,254,102	768,190	6,429,129
\$ (149,772)	\$ 1,241,443	\$ 1,438,846	\$ 947,852	\$ 4,658,554

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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, 2015

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

Net change in fund balances - total governmental funds	\$ (1,770,575)
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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	1,320,008
Donated asset	6,200
Depreciation expense	(1,953,023)
Book value of capital assets disposed	(8,923)

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	31,706
--	--------

Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense

District pension contribution	2,223,580
Pension expense	(1,883,648)

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	(600,000)
Decrease in accrued compensated absences not due and payable	6,169
Decrease in accrued interest payable	1,516
Principal payments on bonds	1,860,000

Change in net position of governmental activities	\$ (492,024)
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STATE OF NEW MEXICO
Portales Municipal School District No. 1
General Fund (11000,13000,14000)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 118,950	\$ 118,950	\$ 120,967	\$ 2,017
Intergovernmental revenue				
Federal flowthrough	100,000	100,000	111,220	11,220
Federal direct	9,549	9,549	9,703	154
State flowthrough	144,513	195,326	196,713	1,387
State direct	21,200,161	21,210,677	21,211,384	707
Transportation distribution	948,278	991,975	991,975	-
Charges for services	3,500	3,500	31,585	28,085
Investment Income	10,000	10,000	6,044	(3,956)
Miscellaneous	77,605	77,605	91,337	13,732
<i>Total revenues</i>	<u>22,612,556</u>	<u>22,717,582</u>	<u>22,770,928</u>	<u>53,346</u>
<i>Expenditures</i>				
Current				
Instruction	13,892,469	14,287,389	14,015,377	272,012
Support services - students	2,262,290	2,278,530	2,244,202	34,328
Support services - instruction	254,308	360,675	358,580	2,095
Support services - general administration	589,989	627,730	582,955	44,775
Support services - school administration	1,537,762	1,498,635	1,485,242	13,393
Central services	880,461	888,973	883,865	5,108
Operation and maintenance of plant	2,562,646	2,844,552	2,702,837	141,715
Student transportation	948,278	991,975	991,975	-
Other support services	105,475	97,629	46,735	50,894
Capital Outlay	4,399	13,431	10,001	3,430
<i>Total expenditures</i>	<u>23,038,077</u>	<u>23,889,519</u>	<u>23,321,769</u>	<u>567,750</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(425,521)</u>	<u>(1,171,937)</u>	<u>(550,841)</u>	<u>621,096</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	423,021	1,169,437	-	(1,169,437)
Transfers in	-	-	-	-
Transfers (out)	-	-	(25,336)	(25,336)
Proceeds from sale of capital assets	2,500	2,500	1,785	(715)
<i>Total other financing sources (uses)</i>	<u>425,521</u>	<u>1,171,937</u>	<u>(23,551)</u>	<u>(1,195,488)</u>
<i>Net change in fund balance</i>	-	-	(574,392)	(574,392)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,671,490</u>	<u>1,671,490</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,097,098</u>	<u>\$ 1,097,098</u>
Net change in fund balance (Non-GAAP budgetary basis)				\$ (574,392)
Adjustments to revenues for taxes and intergovernmental revenue				(423)
Adjustments to expenditures for supplies and payroll expenditures				(37,042)
Net change in fund balance (GAAP Basis)				<u>\$ (611,857)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Food Services Special Revenue Fund (21000)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	1,225,000	1,225,000	1,136,130	(88,870)
Federal direct	-	-	6,253	6,253
State flowthrough	-	-	-	-
State direct	5,000	5,000	-	(5,000)
Charges for services	142,000	142,000	138,340	(3,660)
Investment income	1,300	1,300	1,366	66
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,373,300</u>	<u>1,373,300</u>	<u>1,282,089</u>	<u>(91,211)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	1,834,556	1,834,556	1,245,877	588,679
Capital outlay	185,740	213,133	47,979	165,154
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>2,020,296</u>	<u>2,047,689</u>	<u>1,293,856</u>	<u>753,833</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(646,996)</u>	<u>(674,389)</u>	<u>(11,767)</u>	<u>662,622</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	646,996	674,389	-	(674,389)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>646,996</u>	<u>674,389</u>	<u>-</u>	<u>(674,389)</u>
<i>Net change in fund balance</i>	-	-	(11,767)	(11,767)
<i>Fund balance - beginning of year</i>	-	-	690,170	690,170
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 678,403</u>	<u>\$ 678,403</u>
Net change in fund balance (Non-GAAP budgetary basis)				\$ (11,767)
Adjustments to revenues for federal flowthrough grants				105,343
Adjustments to expenditures for food service				<u>(67,262)</u>
Net change in fund balance (GAAP Basis)				<u>\$ 26,314</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 (24101)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	935,229	1,111,194	1,066,683	(44,511)
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>935,229</u>	<u>1,111,194</u>	<u>1,066,683</u>	<u>(44,511)</u>
<i>Expenditures</i>				
Current				
Instruction	710,755	853,761	731,628	122,133
Support services	223,383	236,342	220,751	15,591
Central services	-	-	-	-
Operation and maintenance of plant	1,091	1,091	-	1,091
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	20,000	19,896	104
Bond issuance cost	-	-	-	-
<i>Total expenditures</i>	<u>935,229</u>	<u>1,111,194</u>	<u>972,275</u>	<u>138,919</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>94,408</u>	<u>94,408</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>	<u>-</u>	<u>-</u>	<u>94,408</u>	<u>94,408</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(284,247)</u>	<u>(284,247)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (189,839)</u>	<u>\$ (189,839)</u>
Net change in fund balance (Non-GAAP budgetary basis)				\$ 94,408
Adjustments to revenues for federal flowthrough grants				(93,700)
Adjustments to expenditures for instruction and payroll expenditures				(708)
Net change in fund balance (GAAP Basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-4

Portales Municipal School District No. 1
 PARCC Readiness Special Revenue Fund (27108)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	149,773	-	(149,773)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>149,773</u>	<u>-</u>	<u>(149,773)</u>
<i>Expenditures</i>				
Current				
Instruction	-	92,758	92,758	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	57,015	57,014	1
<i>Total expenditures</i>	<u>-</u>	<u>149,773</u>	<u>149,772</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(149,772)</u>	<u>(149,772)</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>	-	-	(149,772)	(149,772)
<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>\$ (149,772)</u>	<u>\$ (149,772)</u>
Net change in fund balance (Non-GAAP budgetary basis)				\$ (149,772)
No adjustments for revenues				-
No adjustments for expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (149,772)</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
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2015

Exhibit D-1

<i>Current Assets</i>	
Cash and cash equivalents	\$ 467,346
Investments	<u>24,021</u>
<i>Total current assets</i>	<u>491,367</u>
<i>Noncurrent Assets</i>	
Capital assets, net of accumulated depreciation of \$81,480	<u>148,700</u>
<i>Total noncurrent assets</i>	<u>148,700</u>
<i>Total assets</i>	<u><u>\$ 640,067</u></u>
<i>Current Liabilities</i>	
Accounts payable	\$ 4,816
Accrued payroll	1,824
Due to student organizations	<u>633,427</u>
<i>Total liabilities</i>	<u><u>\$ 640,067</u></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
Notes to Financial Statements
June 30, 2015

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, 2015, the District adopted GASB Statements No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* (“GASB 68”), and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68* (“GASB 71”). These two Statements are required to be implemented at the same time. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governments through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit plan, plan assets are also legally protected from creditors of the plan members.

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Notes to Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result of the implementation of GASB 68, the government recognized a net pension liability (“NPL”) measured as of a date no later than the end of its prior fiscal year. If the government employer makes a contribution to the pension plan subsequent to the measurement date but prior to the end of the current fiscal year, GASB 68 requires the government to recognize that contribution as a deferred outflow of resources. In addition, GASB 68 requires the recognition of deferred outflows of resources and deferred inflows of resources for changes in the NPL that arise from other types of events, but does not require the government to recognize beginning deferred outflows of resources or deferred inflows of resources if the amounts are not practical to estimate. At transition to Statement 68, Statement 71 requires the employer or nonemployer contributing entity to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability but before the start of the government’s fiscal year, thus avoiding possible understatement of an employer or nonemployer contributing entity’s beginning net position and expense in the initial period of implementation. This pronouncement has materially impacted the financial statements and additional disclosures are included in the notes to the financial statements to highlight the effects.

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.

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.

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Notes to Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

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.

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

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Notes to Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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 *Food Service Special Revenue 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.

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.

PARCC Readiness Special Revenue Fund is used to provide funding for infrastructure upgrades related to Partnership for Assessment of Readiness for College and Careers (PARCC) Readiness based upon supporting materials provided by the District to NMPED. To be used for the network mapping and performance assessments as submitted to NMPED by the District. The funding was made available through the state of New Mexico legislature, laws of 2014, HB55, Chapter 66, Section 47, Item no. 3 as a capital project.

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Notes to Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

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.

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Notes to Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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 2015 is considered “measurable and available” and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2015. 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. 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. 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.

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

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Notes to Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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 two types of items, which arises under the modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the items, unavailable revenue - property taxes and unavailable revenue - grants, are 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 \$114,568 related to property taxes and \$274,966 related to grants considered "unavailable." In addition, the District has three types of items present on the Statement of Net Position which arise due to the implementation of GASB Statement No. 68 and the related net pension liability. Accordingly, the items, change in proportion \$930,431, actuarial experience \$474,820 and investment experience \$2,897,549, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred Outflows of Resources: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The District has one type of item that qualifies for reporting in this category. Accordingly, the item employer contributions subsequent to measurement date in the amount of \$2,223,580. This amount is reported in the Statement of Net Position. This amount is deferred and recognized as outflows of resources the next period.

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 a limit of 100 days 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, 2015

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.

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, 2015, the nonspendable fund balance in the food service fund is made up of inventory in the amount of \$25,063 that is not in spendable form.

Restricted and Committed Fund Balance: At June 30, 2015, the restricted fund balance on the governmental funds balance sheet is made up of \$776,521 restricted for instructional materials, food services, extracurricular activities and education to the students of the District, \$3,092,579 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 \$501,576 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, 2015

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, 2015, the District had unspent bond proceeds of \$1,520,314.
- 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 56-57 and 93-95.
- 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, net pension liability, 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 \$21,211,320 in state equalization guarantee distributions during the year ended June 30, 2015.

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 \$2,653,258 in tax revenues in the government-wide financial statements during the year ended June 30, 2015. 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, 2015

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 \$991,975 in transportation distributions during the year ended June 30, 2015.

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, 2015 totaled \$196,713.

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 \$240,193 in state SB-9 matching during the year ended June 30, 2015.

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 did not receive any Public School Capital Outlay matching during the year ended June 30, 2015.

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, 2015

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, 2015

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, 2015, 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	\$ (425,521)	\$ (1,171,937)
Food Service Special Revenue Fund	\$ (646,996)	\$ (674,389)
Title I - IASA Special Revenue Fund	\$ -	\$ -
PARCC Readiness Special Revenue Fund	\$ -	\$ -
Bond Building Capital Projects Fund	\$ (2,726,802)	\$ (2,691,206)
Capital Improvements SB-9 Capital Projects Fund	\$ (1,277,500)	\$ (1,156,544)
Other Governmental Funds	\$ (1,428,964)	\$ (1,345,429)

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, 2015

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, 2015.

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 V 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, 2015, \$5,651,922 of the District's bank balances of \$5,651,922 was exposed to custodial credit risk. \$3,039,728 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the District's name, and \$2,612,194 was uninsured and uncollateralized.

	James Polk Stone Community	US Bank	Total
Amount of deposits	\$ 5,901,922	\$ 24,131	\$ 5,926,053
FDIC coverage	(250,000)	(24,131)	(274,131)
Total uninsured public funds	<u>5,651,922</u>	<u>-</u>	<u>5,651,922</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>3,039,728</u>	<u>-</u>	<u>3,039,728</u>
Uninsured and uncollateralized	<u>\$ 2,612,194</u>	<u>\$ -</u>	<u>\$ 2,612,194</u>
Collateral requirement (50%)	\$ 2,825,961	\$ -	\$ 2,825,961
Pledged securities	3,039,728	-	3,039,728
Over (under) collateralized	<u>\$ 213,767</u>	<u>\$ -</u>	<u>\$ 213,767</u>

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Notes to Financial Statements
June 30, 2015

NOTE 3. Deposits and Investments (continued)

The collateral pledged is listed on Schedule V 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, 2015. Funds 24101 through 24186 are federal funds and 27108 through 27155 are nonfederal funds. The following individual funds had negative cash balances as of June 30, 2015:

24101	Title I IASA	\$ 189,839
24103	Title I Migrant	18,416
24106	Entitlement IDEA-B	25,420
24109	Preschool IDEA-B	306
24120	IDEA-B "Risk Pool"	486
24153	English Language Acquisition	2,346
24154	Teacher/Principal Training/Recruiting	15,667
24160	Rural & Low-Income Schools	6,902
24174	Carl D. Perkins Secondary Current	521
24186	USHHA/CDC School Health	174
27108	PARCC Readiness	149,772
27114	New Mexico Reads to Lead	10,335
27155	Breakfast for Elementary Students	22,557
	Total	<u>\$ 442,741</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	\$ 4,525,770
Restricted cash per Exhibit A-1	113,884
Investments per Exhibit A-1	2,091
Restricted investments Exhibit A-1	295,929
Cash - Statement of Fiduciary Assets and Liabilities per Exhibit D-1	467,346
Investments - Statement of Fiduciary Assets and Liabilities per Exhibit D-1	<u>24,021</u>
Total cash and cash equivalents	5,429,041
Add: outstanding checks	1,474,061
Less: deposits in transit	(564,635)
Less: petty cash	(320)
Less: investments held in New MexiGROW LGIP	(2,281)
Less: restricted investments with NMFA	(113,884)
Less: restricted cash and cash equivalents with NMFA	<u>(295,929)</u>
Bank balance of deposits	<u>\$ 5,926,053</u>

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Notes to Financial Statements
June 30, 2015

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.

In addition, the District has investments which are considered restricted held in U.S. Treasury Money Market Mutual Funds at the Bank of Albuquerque in connection with New Mexico Finance Authority (NMFA) loans.

As of June 30, 2015 the District had the following investments and maturities:

<u>Investment Type</u>	<u>Weighted Average Maturities (F)</u>	<u>Fair Value</u>	<u>Rating</u>
New MexiGROW LGIP	77.7	\$ 2,281	AAAm **
Less: agency investments			
New MexiGROW LGIP		(190)	
Investments per Exhibit A-1		<u>2,091</u>	
U.S. Treasury Money Market Mutual Funds	>365 days	\$ 409,813	Aaa *

* Based on Moody's Rating

** Based on Standard & Poor's rating

At June 30, 2015 there was \$113,884 of U.S. Treasury Money Market Mutual funds classified as restricted cash and cash equivalents at exhibit B-1.

The investments are listed on Schedule III 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 held by NMFA is 99% 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, 2015

NOTE 4. Accounts Receivable

Accounts receivable as of June 30, 2015, are as follows:

Governmental Activities:

	<u>General Fund</u>	<u>Food Service</u>	<u>Title I</u>	<u>PARCC Readiness</u>
Property taxes receivable	\$ 7,846	\$ -	\$ -	\$ -
Due from other governments:				
Federal sources	-	-	209,122	-
State sources	-	-	-	149,772
	<u>7,846</u>	<u>-</u>	<u>209,122</u>	<u>149,772</u>
Totals	<u>\$ 7,846</u>	<u>\$ -</u>	<u>\$ 209,122</u>	<u>\$ 149,772</u>
	<u>Capital Improvements SB-9</u>	<u>Other Governmental Funds</u>	<u>Total</u>	
Property taxes receivable	\$ 31,915	\$ 131,010	\$ 170,771	
Due from other governments:				
Federal sources	-	87,077	296,199	
State sources	125,194	38,868	313,834	
	<u>157,109</u>	<u>256,955</u>	<u>780,804</u>	
Totals	<u>\$ 157,109</u>	<u>\$ 256,955</u>	<u>\$ 780,804</u>	

The above receivables are deemed 100% collectible.

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$114,568 and grant revenue in the amount of \$274,966 that was 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, 2015

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, 2015 is as follows:

<u>Due from Other Funds</u>		<u>Due to Other Funds</u>		<u>Amount</u>
11000	Operational	24101	Title I - IASA	\$ 208,705
11000	Operational	24103	Migrant Children Education	18,905
11000	Operational	24106	Entitlement IDEA-B	32,667
11000	Operational	24109	IDEA-B Preschool	308
11000	Operational	24120	IDEA-B "Risk Pool"	486
11000	Operational	24153	English Language Acquisition	2,346
11000	Operational	24154	Teacher/Principal Training/Recruiting	16,864
11000	Operational	24160	Rural & Low Income Schools	6,902
11000	Operational	24174	Carl D. Perkins Secondary Current	521
11000	Operational	24186	USHHA/CDC School Health	174
11000	Operational	27108	PARCC Readiness	149,772
11000	Operational	27114	New Mexico Reads to Lead	13,443
11000	Operational	27149	PreK Initiative	2,868
11000	Operational	27155	Breakfast for Elementary Students	22,557
		Total		\$ 476,518

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 is as follows:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
Operational Fund (11000)	Title XIX Medicaid (25153)	\$ 25,336
GRADS Plus (28203)	Agency Funds	850
	Total	\$ 26,186

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Notes to Financial Statements
June 30, 2015

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2015, 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, 2015 appear in the Statement of Net Position as follows:

Governmental activities:	Balance June 30, 2014	Adjustments	Additions	Deletions	Balance June 30, 2015
Capital assets not being depreciated:					
Land	\$ 677,173	\$ -	\$ 110,000	\$ -	\$ 787,173
Total capital assets not being depreciated	<u>677,173</u>	<u>-</u>	<u>110,000</u>	<u>-</u>	<u>787,173</u>
Capital assets being depreciated:					
Buildings and improvements	56,217,321	-	898,610	-	57,115,931
Equipment and vehicles	7,177,617	-	317,598	591,588	6,903,627
Total capital assets being depreciated	<u>63,394,938</u>	<u>-</u>	<u>1,216,208</u>	<u>591,588</u>	<u>64,019,558</u>
Less accumulated depreciation:					
Buildings and improvements	15,943,864	2,537	1,494,772	-	17,441,173
Equipment and vehicles	4,761,323	(5,274)	458,251	579,928	4,634,372
Total accumulated depreciation	<u>20,705,187</u>	<u>(2,737)</u>	<u>1,953,023</u>	<u>579,928</u>	<u>22,075,545</u>
Total capital assets, net of depreciation	<u>\$ 43,366,924</u>	<u>\$ 2,737</u>	<u>\$ (626,815)</u>	<u>\$ 11,660</u>	<u>\$ 42,731,186</u>

The District received a donated asset with a fair market value of \$6,200 for the year ended June 30, 2015.

Depreciation expense for the year ended June 30, 2015 was charged to the following functions:

Governmental Activities

Direct instruction	\$ 1,092,945
Support services-students	161,931
Support services-instruction	24,995
General administration	48,245
School administration	111,427
Central services	58,064
Operation and maintenance of plant	266,747
Student transportation	58,196
Other support services	2,683
Food service operations	<u>127,790</u>
Total	<u>\$ 1,953,023</u>

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Notes to Financial Statements
June 30, 2015

NOTE 6. Capital Assets (continued)

Capital assets, net of accumulated depreciation, at June 30, 2015 appear in the Statement of Fiduciary Assets and Liabilities as follows:

Agency Activities:	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets being depreciated:				
Buildings and improvements	\$ 6,982	\$ -	\$ -	\$ 6,982
Equipment and vehicles	188,337	34,861	-	223,198
	<u>195,319</u>	<u>34,861</u>	<u>-</u>	<u>230,180</u>
Total capital assets being depreciated				
Less accumulated depreciation:				
Buildings and improvements	256	279	-	535
Equipment and vehicles	56,949	23,996	-	80,945
	<u>57,205</u>	<u>24,275</u>	<u>-</u>	<u>81,480</u>
Total accumulated depreciation				
Total capital assets, net of depreciation	<u>\$ 138,114</u>	<u>\$ 10,586</u>	<u>\$ -</u>	<u>\$ 148,700</u>

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Notes to Financial Statements
June 30, 2015

NOTE 7. Long-term Debt

General obligation bonds 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, 2015 are for governmental activities.

Bonds outstanding at June 30, 2015 are comprised of the following:

	<u>Series 2008</u>	<u>Series 2009</u>	<u>Series 2010</u>
Original Issue:	\$ 4,500,000	\$ 1,700,000	\$ 1,900,000
Principal:	January 15	February 1	February 15
Interest:	January 15	February 1	February 15
	July 15	August 1	August 15
Interest Rates:	3.25%-4.00%	3.00%	3.00%-3.125%
Maturity Date:	January 2016	February 2017	February 2018
	<u>Series 2011</u>	<u>ED Tech Bond 2013</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
	<u>ED Tech Bond 2014 (Taxable)</u>	<u>ED Tech Bond 2014 (Tax-Exempt)</u>	
Original Issue:	\$ 325,000	\$ 275,000	
Principal:	August 1	August 1	
Interest:	February 1	February 1	
	August 1	August 1	
Interest Rates:	0.37%-2.031%	0.9237%-1.6437%	
Maturity Date:	August 2018	August 2018	

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Notes to Financial Statements
June 30, 2015

NOTE 7. Long-term Debt (continued)

During the year ended June 30, 2015, the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
General Obligation Bonds Series 2002	\$ 145,000	\$ -	\$ 145,000	\$ -	\$ -
General Obligation Bonds Series 2002B	125,000	-	125,000	-	-
General Obligation Bonds Series 2008	1,850,000	-	1,400,000	450,000	450,000
General Obligation Bonds Series 2009	1,625,000	-	100,000	1,525,000	1,000,000
General Obligation Bonds Series 2010	1,900,000	-	-	1,900,000	-
General Obligation Bonds Series 2011	1,400,000	-	-	1,400,000	100,000
Ed Tech General Obligation Bond Series 2013	450,000	-	90,000	360,000	90,000
General Obligation Bonds Series 2014	2,750,000	-	-	2,750,000	-
Ed Tech General Obligation Bond Series 2014 (Taxable)	-	325,000	-	325,000	67,750
Ed Tech General Obligation Bond Series 2014 (Tax-Exempt)	-	275,000	-	275,000	57,250
Total Bonds	10,245,000	600,000	1,860,000	8,985,000	1,765,000
Compensated Absences	106,047	88,977	96,180	98,844	96,180
Total Long-Term Debt	\$ 10,351,047	\$ 688,977	\$ 1,956,180	\$ 9,083,844	\$ 1,861,180

The annual requirements to amortize the general obligation bonds outstanding as of June 30, 2015, including interest payments, are as follows:

Fiscal Year Ending	Principal	Interest	Total Debt Service
2016	\$ 1,765,000	\$ 248,406	\$ 2,013,406
2017	1,865,000	195,211	2,060,211
2018	1,590,000	142,460	1,732,460
2019	1,015,000	95,610	1,110,610
2020	100,000	70,678	170,678
2021-2025	1,350,000	277,875	1,627,875
2026-2029	1,300,000	55,958	1,355,958
	<u>\$ 8,985,000</u>	<u>\$ 1,086,198</u>	<u>\$ 10,071,198</u>

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, 2015, compensated absences decreased \$6,169 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, 2015

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, 2015, there have been no claims that have exceeded insurance coverage.

NOTE 9. Pension Plan – Educational Retirement Board

General Information about the Pension Plan

Plan description. ERB was created by the state's Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees' Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico legislature has the authority to set or amend contribution rates.

ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at www.nmerb.org.

Benefits provided. A member's retirement benefit is determined by a formula which includes three component parts: the member's final average salary (FAS), the number of years of service credit, and a 0.0235 multiplier. The FAS is the average of the member's salaries for the last five years of service or any other consecutive five-year period, whichever is greater. A brief summary of Plan coverage provisions follows:

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member's age and earned service credit add up to the sum of 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Notes to Financial Statements
June 30, 2015

NOTE 9. Pension Plan- Educational Retirement Board (Continued)

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date is as follows: the member's age and earned service credit add up to the sum of 80 or more; the member is at least sixty- seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100% survivor's benefit; or single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit.

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the Cola would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

Contributions. The contribution requirements of plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$2,223,580 for the year ended June 30, 2015.

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Notes to Financial Statements
June 30, 2015

NOTE 9. Pension Plan- Educational Retirement Board (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. At June 30, 2015, the District reported a liability of \$31,874,486 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2014, the District's proportion was 0.5586 percent, which was a decrease of 0.02 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$1,883,648. At the June 30, 2015, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 474,820
Net difference between projected and actual earnings on pension plan investments	-	2,897,549
Changes in proportion and differences between District contributions and proportionate share of contribution	-	930,431
District's contributions subsequent to the measurement date	2,223,580	-
Total	\$ 2,223,580	\$ 4,302,800

\$2,223,580 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of June 30, 2014, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$	(1,212,319)
2017		(1,212,319)
2018		(1,153,767)
2019		(724,395)
2020		-
Thereafter		-

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Notes to Financial Statements
June 30, 2015

NOTE 9. Pension Plan- Educational Retirement Board (Continued)

Actuarial assumptions. As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. Specifically, the liabilities measured as of June 30, 2014 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.10% during the fiscal year ending June 30, 2014 and 10.7% thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on April 26, 2013 in conjunction with the six-year experience study period ending June 30, 2012.

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years. The actuarial methods and assumptions used to determine contributions rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary Increases	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of age and service rates
Mortality	90% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2014 using Scale AA (one year setback for females)

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2014 and 2013 for 30-year return assumptions are summarized in the following table:

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Notes to Financial Statements
June 30, 2015

NOTE 9. Pension Plan- Educational Retirement Board (Continued)

Asset Class	2014 Long-Term Expected Real Rate of Return	2013 Long-Term Expected Real Rate of Return
Cash	1.50%	0.75%
Treasuries	2.00%	1.00%
IG Corp Credit	3.50%	3.00%
MBS	2.25%	2.50%
Core Bonds	2.53%	2.04%
TIPS	2.50%	1.50%
High Yield Bonds	4.50%	5.00%
Bank Loans	5.00%	5.00%
Global Bonds (Unhedged)	1.25%	0.75%
Global Bonds (Hedged)	1.38%	0.93%
EMD External	5.00%	4.00%
EMD Local Currency	5.75%	5.00%
Large Cap Equities	6.25%	6.75%
Small/Mid Cap	6.25%	7.00%
International Equities (Unhedged)	7.25%	7.75%
International Equities (Hedged)	7.50%	8.00%
Emerging International Equities	9.50%	9.75%
Private Equity	8.75%	9.00%
Private Debt	8.00%	8.50%
Private Real Assets	7.75%	8.00%
Real Estate	6.25%	6.00%
Commodities	5.00%	5.00%
Hedge Funds Low Vol	5.50%	4.75%
Hedge Funds Mod Vol	5.50%	6.50%

Discount rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2014 and June 30, 2013. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB's defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2014. In particular, the table presents the (employer's) net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension	\$ 43,368,916	\$ 31,874,486	\$ 22,273,601

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Notes to Financial Statements
June 30, 2015

NOTE 9. Pension Plan- Educational Retirement Board (Continued)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2014 and June 30, 2013 which are publicly available at www.nmerb.org.

Payables to the pension plan. Portales Municipal School District remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2015 the District owed the ERB \$604,032 for the contributions withheld in the month of June 2015.

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.

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, 2015

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, 2015, 2014, and 2013 were \$480,164, \$305,639, and \$274,800, 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, 2015:

Major Fund

PARCC Readiness (27108)	\$149,722
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- B. Excess of expenditures over appropriations. The District did not have any funds with excess of expenditures over appropriations for the year ended June 30, 2015.
- 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, 2015.

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Notes to Financial Statements
June 30, 2015

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, 2015 that are to continue into the following fiscal year. These projects are as follows:

	Expected total project	estimate for FY 14-15	estimate for FY 16-17
Stadium with ENMU	1,000,000	500,000	500,000
Total Commitments		\$ 500,000	\$ 500,000

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 June 9, 2014 with automatic yearly renewal, for the joint use and responsibility of the Portales High School baseball field, Wheeler Park girls' softball field, the Bill Wahlman tennis courts, Lindsey Elementary School, and Steiner Park Property.

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, 2015 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, 2015

NOTE 15. Joint Powers Agreements (Continued)

City of Portales and the Portales Police Department and the District are in agreement, as of May 12, 2014, to provide law enforcement and related services to the public schools. In addition a School Resource Officer program will be initiated. The School Resource Officer shall act as an instructor for specialized short term programs. The School Resource Officer shall remain an employee of the City of Portales. This agreement will continue until terminated by either party upon 30 days written notice. The City is responsible for all funds received from the District and the District is responsible for all funds disbursed to the City.

NOTE 16. Restricted Net Position

The government-wide statement of net position reports \$4,625,404 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 56-57 and 93-95.

NOTE 17. Net Position Restatement

The District has a prior period adjustment of (\$34,293,638) which was required for implementation of GASB Statement No. 68. The adjustment reflects a beginning net pension liability of (\$36,318,505) and a beginning of deferred outflow of resources- employer contributions subsequent to the measurement date of \$2,024,867.

NOTE 18. Subsequent Events

The date to which events occurring after June 30, 2015, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is October 27, 2015, which is the date on which the financial statements were issued.

NOTE 19. Subsequent Pronouncements

In February 2015, GASB Statement No. 72 *Fair Value Measurement and Application*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The District will implement this standard during the fiscal year ended June 30, 2016. The District is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the District.

In June 2015, GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not effect the District's financial statements.

In June 2015, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The District expects this pronouncement to have a material effect on the financial statements.

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Notes to Financial Statements
June 30, 2015

NOTE 19. Subsequent Pronouncements (continued)

In June 2015, GASB Statement No. 76 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The District will implement this standard during the fiscal year ended June 30, 2016. The District expects the pronouncement to have a material effect on the financial statements.

In August 2015, GASB Statement No. 77 *Tax Abatement Disclosures*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The District will implement this standard during the fiscal year ended June 30, 2017. The District is still evaluating how this pronouncement will effect the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO

Schedule I

Portales Municipal School District No.1
 Schedule of Proportionate Share of the Net Pension Liability
 Educational Retirement Board (ERB) Pension Plan
 Last 10 Fiscal Years*

	2015
Portales Municipal School District No.1 proportion of the net pension liability (asset)	0.5586%
Portales Municipal School District No.1 proportionate share of the net pension liability (asset	\$ 31,874,486
Portales Municipal School District No.1 covered-employee payroll	15,400,040
Portales Municipal School District No.1 proportionate share of the net pension liability (asset as a percentage of its covered-employee payroll	207%
Plan fiduciary net position as a percentage of the total pension liability	66.34%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Portales Municipal School District No.1 will present information for those years for which information is available.

See independent auditor's report
 See notes to required supplementary information

STATE OF NEW MEXICO
Portales Municipal School District No.1
Schedule of Contributions
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

Schedule II

	2015
Contractually required contribution	\$ 2,223,580
Contributions in relation to the contractually required contribution	2,223,580
Contribution deficiency (excess)	\$ -
Portales Municipal School District No.1 covered-employee payroll	15,997,856
Contribution as a percentage of covered-employee payroll	13.90%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Portales Municipal School District No.1 will present information for those years for which information is available.

See independent auditor's report
See notes to required supplementary information

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STATE OF NEW MEXICO
Portales Municipal School District No.1
Notes to Required Supplementary Information
June 30, 2015

Changes of benefit terms.

The COLA and retirement eligibility benefits changes in recent years are described in the Benefits Provided subsection of the financial statement note disclosure Pension Plan – Educational Retirement Board, General Information on the Pension Plan.

Changes of assumptions.

Per the ERB FY14 annual audit Management Discussion and Analysis, ERB conducts an actuarial experience study every two years. The actuarial experience study, presented to the Board of Trustees on April 26, 2013, compiled data for the six-year period ending June 30, 2013.

1. Fiscal year 2014 and 2013 valuation assumptions that changed based on this study:
 - a. Lower wage inflation from 4.75% to 4.25%
 - b. Lower payroll growth from 3.75% to 3.50%
 - c. Minor changes to demographic assumptions
 - d. Population growth per year from 0.75% to 0.50%
2. Assumptions that were not changed:
 - a. Investment return will remain at 7.75%
 - b. Inflation will remain at 3.00%

See also the *Actuarial Assumptions* subsection of the financial statement note disclosure *Pension Plan – Educational Retirement Board, General Information on the Pension Plan*

See independent auditor's report

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

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STATE OF NEW MEXICO
Portales Municipal School District No. 1
Nonmajor Governmental Fund Descriptions
June 30, 2015

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.

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).

Entitlement IDEA-B (24106) – To account for federal sources to assist 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 .

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.

USHHA/CDC School Health (24186) – To account for funds used to promote adolescent health through school-based Human Immunodeficiency Virus (HIV) / sexually transmitted infections prevention and school-based surveillance program in the state of New Mexico as part of the Youth Resiliency Project. Authorized by U.S. Centers for Disease Control (5-U87PS004195-02).

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Nonmajor Governmental Fund Descriptions
June 30, 2015

Special Revenue Funds (continued)

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.

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.

Golden Apple Foundation (26163) – The purpose of this fund is to account for a program designed to improve the quality of education for all children through recognition, recruitment, and professional development of outstanding teachers. This funding is provided by a private grant with Wells Fargo Golden Apple Foundation Teacher Partner Grant and authorized by the New Mexico Public Education Department.

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.

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, 2nd 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.

PreK Initiative (27149) – To account for funds received to prepare children for success in school, begin to close the achievement gap between students, and help meet the vision of a seamless education system — Pre-Kindergarten through higher education. Authority for the creation of this fund is the New Mexico Public Education Department.

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Nonmajor Governmental Fund Descriptions
June 30, 2015

Special Revenue Funds (continued)

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.

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.

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

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 21st 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, 2015

	Special Revenue		
	Athletics 22000	Migrant Children Education 24103	Entitlement IDEA-B 24106
<i>Assets</i>			
Cash and cash equivalents	\$ 14,951	\$ 489	\$ 7,247
Restricted cash and cash equivalents	-	-	-
Investments	114	-	-
Restricted investments	-	-	-
Receivables:			
Property taxes	-	-	-
Due from other governments	-	20,857	36,929
	-	20,857	36,929
<i>Total assets</i>	\$ 15,065	\$ 21,346	\$ 44,176
<i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ -	\$ 1,952	\$ 814
Accrued payroll	-	489	7,247
Accrued compensated absences	-	-	3,448
Due to other funds	-	18,905	32,667
	-	18,905	32,667
<i>Total liabilities</i>	-	21,346	44,176
<i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	-	-	-
	-	-	-
<i>Total deferred inflows of resources</i>	-	-	-
<i>Fund balances</i>			
<i>Spendable:</i>			
<i>Restricted for:</i>			
Extracurricular activities	15,065	-	-
Education	-	-	-
Capital acquisitions and improvements	-	-	-
Debt service	-	-	-
	-	-	-
<i>Total fund balances</i>	15,065	-	-
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 15,065	\$ 21,346	\$ 44,176

The accompanying notes are an integral part of these financial statements

Special Revenue

IDEA-B Preschool 24109	IDEA-B "Risk Pool" 24120	English Language Acquisition 24153	Teacher/ Principal Training /Recruiting 24154	Rural & Low Income Schools 24160
\$ 2	\$ -	\$ -	\$ 1,197	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
308	486	2,346	18,554	6,902
<u>\$ 310</u>	<u>\$ 486</u>	<u>\$ 2,346</u>	<u>\$ 19,751</u>	<u>\$ 6,902</u>
\$ -	\$ -	\$ -	\$ 1,690	\$ -
2	-	-	1,197	-
-	-	-	-	-
308	486	2,346	16,864	6,902
310	486	2,346	19,751	6,902
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ 310	\$ 486	\$ 2,346	\$ 19,751	\$ 6,902

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue		
	Carl D. Perkins Secondary Current 24174	Carl D. Perkins Secondary Redistribution 24176	USHHA/CDC School Health 24186
<i>Assets</i>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	-	-	-
Investments	-	-	-
Restricted investments	-	-	-
Receivables:			
Property taxes	-	-	-
Due from other governments	521	-	174
<i>Total assets</i>	\$ 521	\$ -	\$ 174
 <i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	-	-	-
Accrued compensated absences	-	-	-
Due to other funds	521	-	174
<i>Total liabilities</i>	521	-	174
 <i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	-	-	-
<i>Total deferred inflows of resources</i>	-	-	-
 <i>Fund balances</i>			
<i>Spendable:</i>			
<i>Restricted for:</i>			
Extracurricular activities	-	-	-
Education	-	-	-
Capital acquisitions and improvements	-	-	-
Debt service	-	-	-
<i>Total fund balances</i>	-	-	-
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 521	\$ -	\$ 174

The accompanying notes are an integral part of these financial statements

Special Revenue

Impact Aid Special Education 25145	Title XIX Medicaid 25153	Golden Apple Foundation 26163	Dual Credit Instructional Materials 27103	2012 G.O. Bond Student Library Fund 27107
\$ 17,909	\$ 4,059	\$ 12	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 17,909</u>	<u>\$ 4,059</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	3,059	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>3,059</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>	<u>-</u>
-	-	-	-	-
17,909	1,000	12	-	-
-	-	-	-	-
-	-	-	-	-
<u>17,909</u>	<u>1,000</u>	<u>12</u>	<u>-</u>	<u>-</u>
<u>\$ 17,909</u>	<u>\$ 4,059</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue		
	New Mexico Reads to Lead 27114	PreK Initiative 27149	Breakfast for Elementary Students 27155
	27114	27149	27155
<i>Assets</i>			
Cash and cash equivalents	\$ 3,108	\$ 3,053	\$ -
Restricted cash and cash equivalents	-	-	-
Investments	-	-	-
Restricted investments	-	-	-
Receivables:			
Property taxes	-	-	-
Due from other governments	13,443	2,868	22,557
	13,443	2,868	22,557
<i>Total assets</i>	\$ 16,551	\$ 5,921	\$ 22,557
 <i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	3,108	3,053	-
Accrued compensated absences	-	-	-
Due to other funds	13,443	2,868	22,557
	13,443	2,868	22,557
<i>Total liabilities</i>	16,551	5,921	22,557
 <i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	-	-	-
	-	-	-
<i>Total deferred inflows of resources</i>	-	-	-
 <i>Fund balances</i>			
<i>Spendable:</i>			
<i>Restricted for:</i>			
Extracurricular activities	-	-	-
Education	-	-	-
Capital acquisitions and improvements	-	-	-
Debt service	-	-	-
	-	-	-
<i>Total fund balances</i>	-	-	-
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 16,551	\$ 5,921	\$ 22,557

The accompanying notes are an integral part of these financial statements

Special Revenue

2010 GOB Instructional Materials 27171	Workforce Readiness 27179	Next Generation Assessments 27185	GRADS Child Care 28189	GRADS - Instruction 28190
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	GRADS Plus 28203	Special Capital Outlay - State 31400	Education Technology Equipment Act 31900
<i>Assets</i>			
Cash and cash equivalents	\$ -	\$ -	\$ 12,600
Restricted cash and cash equivalents	-	-	113,884
Investments	-	-	-
Restricted investments	-	-	295,929
Receivables:			
Property taxes	-	-	-
Due from other governments	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 422,413</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ -	\$ -	\$ 10,123
Accrued payroll	-	-	-
Accrued compensated absences	-	-	-
Due to other funds	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>10,123</u>
<i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>			
<i>Spendable:</i>			
<i>Restricted for:</i>			
Extracurricular activities	-	-	-
Education	-	-	-
Capital acquisitions and improvements	-	-	412,290
Debt service	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>412,290</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 422,413</u>

The accompanying notes are an integral part of these financial statements

Debt Service

Debt Service 41000	Ed Tech Debt Service 43000	Total Nonmajor Governmental Funds
\$ 232,892	\$ 225,514	\$ 523,033
-	-	113,884
-	-	114
-	-	295,929
117,236	13,774	131,010
-	-	125,945
<u>\$ 350,128</u>	<u>\$ 239,288</u>	<u>\$ 1,189,915</u>
\$ -	\$ -	\$ 14,579
-	-	18,155
-	-	3,448
-	-	118,041
-	-	154,223
<u>78,526</u>	<u>9,314</u>	<u>87,840</u>
<u>78,526</u>	<u>9,314</u>	<u>87,840</u>
-	-	15,065
-	-	18,921
-	-	412,290
<u>271,602</u>	<u>229,974</u>	<u>501,576</u>
<u>271,602</u>	<u>229,974</u>	<u>947,852</u>
<u>\$ 350,128</u>	<u>\$ 239,288</u>	<u>\$ 1,189,915</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, 2015

	Special Revenue		
	Athletics	Migrant Children	Entitlement IDEA-B
	22000	24103	24106
<i>Revenues</i>			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental revenue:			
Federal flowthrough	-	132,368	521,063
Federal direct	-	-	-
Local sources	-	-	-
State flowthrough	-	-	-
State direct	-	-	-
Charges for services	71,222	-	-
Investment income	158	-	-
<i>Total revenues</i>	71,380	132,368	521,063
<i>Expenditures</i>			
Current:			
Instruction	136,013	34,574	84,936
Support services - students	-	90,079	279,291
Support services - instruction	-	-	-
Support services - general administration	-	4,634	18,969
Support services - school administration	-	886	128,587
Operation and maintenance of plant	-	-	-
Student transportation	-	-	5,590
Food services operations	-	-	-
Capital outlay	-	2,195	3,690
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	-	-
<i>Total expenditures</i>	136,013	132,368	521,063
<i>Excess (deficiency) of revenues over expenditures</i>	(64,633)	-	-
<i>Other financing sources (uses)</i>			
Transfers in	-	-	-
Transfers (out)	-	-	-
Bond proceeds	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-
<i>Net change in fund balances</i>	(64,633)	-	-
<i>Fund balances - beginning</i>	79,698	-	-
<i>Fund balances - end of year</i>	\$ 15,065	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

Special Revenue

IDEA-B Preschool 24109	IDEA-B "Risk Pool" 24120	English Language Acquisition 24153	Teacher/ Principal Training /Recruiting 24154	Rural & Low Income Schools 24160
\$ -	\$ -	\$ -	\$ -	\$ -
10,198	486	14,633	165,379	59,529
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>10,198</u>	<u>486</u>	<u>14,633</u>	<u>165,379</u>	<u>59,529</u>
10,198	486	13,378	150,758	45,277
-	-	-	-	4,283
-	-	-	-	-
-	-	287	5,916	1,887
-	-	968	8,705	757
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	7,325
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>10,198</u>	<u>486</u>	<u>14,633</u>	<u>165,379</u>	<u>59,529</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, 2015

	Special Revenue		
	Carl D. Perkins Secondary Current 24174	Carl D. Perkins Secondary Redistribution 24176	USHHA/CDC School Health 24186
<i>Revenues</i>			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental revenue:			
Federal flowthrough	33,034	-	-
Federal direct	-	-	3,738
Local sources	-	-	-
State flowthrough	-	-	-
State direct	-	-	-
Charges for services	-	-	-
Investment income	-	-	-
<i>Total revenues</i>	<u>33,034</u>	<u>-</u>	<u>3,738</u>
<i>Expenditures</i>			
Current:			
Instruction	4,138	-	1,944
Support services - students	-	-	1,794
Support services - instruction	-	-	-
Support services - general administration	-	-	-
Support services - school administration	-	-	-
Operation and maintenance of plant	-	-	-
Student transportation	-	-	-
Food services operations	-	-	-
Capital outlay	28,896	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	-	-
<i>Total expenditures</i>	<u>33,034</u>	<u>-</u>	<u>3,738</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>			
Transfers in	-	-	-
Transfers (out)	-	-	-
Bond proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-
<i>Fund balances - beginning</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Impact Aid Special Education 25145	Title XIX Medicaid 25153	Golden Apple Foundation 26163	Dual Credit Instructional Materials 27103	2012 G.O. Bond Student Library Fund 27107
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
12,382	99,412	-	-	-
-	-	1,000	-	-
-	-	-	15,587	21,472
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>12,382</u>	<u>99,412</u>	<u>1,000</u>	<u>15,587</u>	<u>21,472</u>
3,047	8,525	988	15,587	-
4,764	94,809	-	-	-
-	-	-	-	1,389
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>7,811</u>	<u>103,334</u>	<u>988</u>	<u>15,587</u>	<u>1,389</u>
<u>4,571</u>	<u>(3,922)</u>	<u>12</u>	<u>-</u>	<u>20,083</u>
-	25,336	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>25,336</u>	<u>-</u>	<u>-</u>	<u>-</u>
4,571	21,414	12	-	20,083
<u>13,338</u>	<u>(20,414)</u>	<u>-</u>	<u>-</u>	<u>(20,083)</u>
<u>\$ 17,909</u>	<u>\$ 1,000</u>	<u>\$ 12</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, 2015

	Special Revenue		
	New Mexico Reads to Lead 27114	PreK Initiative 27149	Breakfast for Elementary Students 27155
	27114	27149	27155
<i>Revenues</i>			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental revenue:			
Federal flowthrough	-	-	-
Federal direct	-	-	-
Local sources	-	-	-
State flowthrough	129,700	162,259	116,254
State direct	-	-	-
Charges for services	-	-	-
Investment income	-	-	-
<i>Total revenues</i>	129,700	162,259	116,254
<i>Expenditures</i>			
Current:			
Instruction	129,700	146,323	-
Support services - students	-	-	-
Support services - instruction	-	-	-
Support services - general administration	-	-	-
Support services - school administration	-	-	-
Operation and maintenance of plant	-	-	-
Student transportation	-	15,936	-
Food services operations	-	-	116,254
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	-	-
<i>Total expenditures</i>	129,700	162,259	116,254
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-
<i>Other financing sources (uses)</i>			
Transfers in	-	-	-
Transfers (out)	-	-	-
Bond proceeds	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-
<i>Net change in fund balances</i>	-	-	-
<i>Fund balances - beginning</i>	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

Special Revenue

2010 GOB Instructional Materials 27171	Workforce Readiness 27179	Next Generation Assessments 27185	GRADS Child Care 28189	GRADS - Instruction 28190
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,175	-	-	-	-
-	-	-	4,000	7,500
-	-	-	-	-
-	-	-	-	-
<u>1,175</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>7,500</u>
-	17,442	-	4,000	7,500
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	17,442	-	4,000	7,500
<u>1,175</u>	<u>(17,442)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,175</u>	<u>(17,442)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,175)</u>	<u>17,442</u>	<u>-</u>	<u>-</u>	<u>-</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, 2015

	Special Revenue	Capital Projects	
	GRADS Plus	Special Capital	Education
	28203	Outlay - State	Technology
	31400	Equipment Act	31900
<i>Revenues</i>			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental revenue:			
Federal flowthrough	-	-	-
Federal direct	-	-	-
Local sources	-	-	-
State flowthrough	-	-	-
State direct	16,000	15,000	-
Charges for services	-	-	-
Investment income	-	-	65
<i>Total revenues</i>	<u>16,000</u>	<u>15,000</u>	<u>65</u>
<i>Expenditures</i>			
Current:			
Instruction	16,000	-	-
Support services - students	-	-	-
Support services - instruction	-	-	-
Support services - general administration	-	-	-
Support services - school administration	-	-	-
Operation and maintenance of plant	-	-	168,787
Student transportation	-	-	-
Food services operations	-	-	-
Capital outlay	-	15,000	41,153
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	-	15,539
<i>Total expenditures</i>	<u>16,000</u>	<u>15,000</u>	<u>225,479</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(225,414)</u>
<i>Other financing sources (uses)</i>			
Transfers in	-	-	-
Transfers (out)	(850)	-	-
Bond proceeds	-	-	600,000
<i>Total other financing sources (uses)</i>	<u>(850)</u>	<u>-</u>	<u>600,000</u>
<i>Net change in fund balances</i>	(850)	-	374,586
<i>Fund balances - beginning</i>	<u>850</u>	<u>-</u>	<u>37,704</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 412,290</u>

The accompanying notes are an integral part of these financial statements

<u>Debt Service</u>		
Debt Service 41000	Ed Tech Debt Service 43000	Total Nonmajor Governmental Funds
\$ 1,776,527	\$ 235,968	\$ 2,012,495
-	-	936,690
-	-	115,532
-	-	1,000
-	-	446,447
-	-	42,500
-	-	71,222
241	159	623
<u>1,776,768</u>	<u>236,127</u>	<u>3,626,509</u>
-	-	830,814
-	-	475,020
-	-	1,389
17,835	2,320	51,848
-	-	139,903
-	-	168,787
-	-	21,526
-	-	116,254
-	-	98,259
1,770,000	90,000	1,860,000
274,944	17,050	291,994
-	-	15,539
<u>2,062,779</u>	<u>109,370</u>	<u>4,071,333</u>
<u>(286,011)</u>	<u>126,757</u>	<u>(444,824)</u>
-	-	25,336
-	-	(850)
-	-	600,000
-	-	624,486
<u>(286,011)</u>	<u>126,757</u>	<u>179,662</u>
<u>557,613</u>	<u>103,217</u>	<u>768,190</u>
<u>\$ 271,602</u>	<u>\$ 229,974</u>	<u>\$ 947,852</u>

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STATE OF NEW MEXICO

Statement B-1

Portales Municipal School District No. 1
Athletics Special Revenue Fund (22000)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015

	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	70,000	70,000	71,222	1,222
Investment income	300	300	158	(142)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>70,300</u>	<u>70,300</u>	<u>71,380</u>	<u>1,080</u>
<i>Expenditures</i>				
Current				
Instruction	147,077	147,020	136,013	11,007
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	3,000	3,000	-	3,000
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>150,077</u>	<u>150,020</u>	<u>136,013</u>	<u>14,007</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(79,777)</u>	<u>(79,720)</u>	<u>(64,633)</u>	<u>15,087</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	79,777	79,720	-	(79,720)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>79,777</u>	<u>79,720</u>	<u>-</u>	<u>(79,720)</u>
<i>Net change in fund balance</i>	-	-	(64,633)	(64,633)
<i>Fund balance - beginning of year</i>	-	-	79,698	79,698
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,065</u>	<u>\$ 15,065</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (64,633)
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (64,633)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-2

Portales Municipal School District No. 1
 Migrant Children Education Special Revenue Fund (24103)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	127,750	134,909	124,753	(10,156)
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	127,750	134,909	124,753	(10,156)
<i>Expenditures</i>				
Current				
Instruction	4,198	35,359	32,658	2,701
Support services	123,552	97,300	95,556	1,744
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	2,250	2,195	55
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	127,750	134,909	130,409	4,500
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(5,656)	(5,656)
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Net change in fund balance</i>	-	-	(5,656)	(5,656)
<i>Fund balance - beginning of year</i>	-	-	(12,760)	(12,760)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (18,416)	\$ (18,416)
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (5,656)
Adjustments to revenues for federal grants				7,615
Adjustments to expenditures for payroll expenditures				(1,959)
Net change in fund balance (GAAP Basis)				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-3

Portales Municipal School District No. 1
 Entitlement IDEA-B Special Revenue Fund (24106)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	610,216	988,228	866,034	(122,194)
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>610,216</u>	<u>988,228</u>	<u>866,034</u>	<u>(122,194)</u>
<i>Expenditures</i>				
Current				
Instruction	123,495	304,496	103,812	200,684
Support services	479,521	671,467	426,068	245,399
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	3,200	6,575	5,590	985
Food services operations	-	-	-	-
Capital outlay	4,000	5,690	3,690	2,000
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>610,216</u>	<u>988,228</u>	<u>539,160</u>	<u>449,068</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>326,874</u>	<u>326,874</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>	-	-	326,874	326,874
<i>Fund balance - beginning of year</i>	-	-	(352,294)	(352,294)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (25,420)</u>	<u>\$ (25,420)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 326,874
Adjustments to revenues for federal grants				(344,971)
Adjustments to expenditures for payroll expenditures				18,097
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 (24109)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	23,081	46,799	9,890	(36,909)
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>23,081</u>	<u>46,799</u>	<u>9,890</u>	<u>(36,909)</u>
<i>Expenditures</i>				
Current				
Instruction	23,081	23,081	10,201	12,880
Support services	-	23,718	-	23,718
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>23,081</u>	<u>46,799</u>	<u>10,201</u>	<u>36,598</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(311)</u>	<u>(311)</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>(311)</u>	<u>(311)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (306)</u>	<u>\$ (306)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (311)
Adjustments to revenues for federal grants				308
Adjustments to expenditures for payroll expenditures				3
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-5

Portales Municipal School District No. 1
 IDEA-B "Risk Pool" Special Revenue Fund (24120)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	644	-	(644)
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>644</u>	<u>-</u>	<u>(644)</u>
<i>Expenditures</i>				
Current				
Instruction	-	644	486	158
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>644</u>	<u>486</u>	<u>158</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(486)</u>	<u>(486)</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>	-	-	(486)	(486)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (486)</u>	<u>\$ (486)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (486)
Adjustments to revenues for federal grants				486
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-6

Portales Municipal School District No. 1
 English Language Acquisition Special Revenue Fund (24153)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	14,924	17,245	14,287	(2,958)
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>14,924</u>	<u>17,245</u>	<u>14,287</u>	<u>(2,958)</u>
<i>Expenditures</i>				
Current				
Instruction	13,631	15,906	13,378	2,528
Support services	1,293	1,339	1,255	84
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>14,924</u>	<u>17,245</u>	<u>14,633</u>	<u>2,612</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(346)</u>	<u>(346)</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>	-	-	(346)	(346)
<i>Fund balance - beginning of year</i>	-	-	(2,000)	(2,000)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,346)</u>	<u>\$ (2,346)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (346)
Adjustments to revenues for federal grants				346
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 (24154)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	145,951	196,786	228,897	32,111
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	145,951	196,786	228,897	32,111
<i>Expenditures</i>				
Current				
Instruction	140,675	173,925	149,576	24,349
Support services	5,276	22,861	15,896	6,965
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	145,951	196,786	165,472	31,314
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	63,425	63,425
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Net change in fund balance</i>	-	-	63,425	63,425
<i>Fund balance - beginning of year</i>	-	-	(79,092)	(79,092)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (15,667)	\$ (15,667)
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 63,425
Adjustments to revenues for federal grants				(63,518)
Adjustments to expenditures for payroll expenditures				93
Net change in fund balance (GAAP Basis)				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-8

Portales Municipal School District No. 1
 Rural & Low-Income Schools Special Revenue Fund (24160)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	56,267	69,469	62,805	(6,664)
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>56,267</u>	<u>69,469</u>	<u>62,805</u>	<u>(6,664)</u>
<i>Expenditures</i>				
Current				
Instruction	54,233	52,757	46,036	6,721
Support services	2,034	9,382	6,927	2,455
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	7,330	7,325	5
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>56,267</u>	<u>69,469</u>	<u>60,288</u>	<u>9,181</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>2,517</u>	<u>2,517</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>	-	-	2,517	2,517
<i>Fund balance - beginning of year</i>	-	-	(9,419)	(9,419)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,902)</u>	<u>\$ (6,902)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 2,517
Adjustments to revenues for federal grants				(3,276)
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

Statement B-9

Portales Municipal School District No. 1
 Carl D. Perkins Secondary Current Special Revenue Fund (24174)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	27,691	33,464	51,119	17,655
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	27,691	33,464	51,119	17,655
<i>Expenditures</i>				
Current				
Instruction	22,691	4,568	4,138	430
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	5,000	28,896	28,896	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	27,691	33,464	33,034	430
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	18,085	18,085
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Net change in fund balance</i>	-	-	18,085	18,085
<i>Fund balance - beginning of year</i>	-	-	(18,606)	(18,606)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (521)	\$ (521)
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 18,085
Adjustments to revenues for federal grants				(18,085)
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-10

Portales Municipal School District No. 1
 Carl D. Perkins Secondary Redistribution Special Revenue Fund (24176)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	2,426	2,426	3,384	958
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,426</u>	<u>2,426</u>	<u>3,384</u>	<u>958</u>
<i>Expenditures</i>				
Current				
Instruction	2,426	2,426	-	2,426
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>2,426</u>	<u>2,426</u>	<u>-</u>	<u>2,426</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>3,384</u>	<u>3,384</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>	-	-	3,384	3,384
<i>Fund balance - beginning of year</i>	-	-	(3,384)	(3,384)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 3,384
Adjustments to revenues for federal grants				(3,384)
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
 USHHA/CDC School Health Special Revenue Fund (24186)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	5,000	3,564	(1,436)
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	5,000	3,564	(1,436)
<i>Expenditures</i>				
Current				
Instruction	-	3,185	1,944	1,241
Support services	-	1,815	1,794	21
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	5,000	3,738	1,262
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(174)	(174)
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Net change in fund balance</i>	-	-	(174)	(174)
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (174)	\$ (174)
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (174)
Adjustments to revenues for federal grants				174
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-12

Portales Municipal School District No. 1
 Impact Aid Special Education Special Revenue Fund (25145)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	10,000	10,000	12,382	2,382
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>10,000</u>	<u>10,000</u>	<u>12,382</u>	<u>2,382</u>
<i>Expenditures</i>				
Current				
Instruction	23,000	15,000	3,047	11,953
Support services	338	8,338	4,764	3,574
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>23,338</u>	<u>23,338</u>	<u>7,811</u>	<u>15,527</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(13,338)</u>	<u>(13,338)</u>	<u>4,571</u>	<u>17,909</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	13,338	13,338	-	(13,338)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>13,338</u>	<u>13,338</u>	<u>-</u>	<u>(13,338)</u>
<i>Net change in fund balance</i>	-	-	4,571	4,571
<i>Fund balance - beginning of year</i>	-	-	13,338	13,338
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,909</u>	<u>\$ 17,909</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 4,571
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 4,571</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
 Title XIX Medicaid Special Revenue Fund (25153)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	225,000	225,000	139,863	(85,137)
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>225,000</u>	<u>225,000</u>	<u>139,863</u>	<u>(85,137)</u>
<i>Expenditures</i>				
Current				
Instruction	18,000	18,000	8,525	9,475
Support services	210,041	207,000	94,062	112,938
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>228,041</u>	<u>225,000</u>	<u>102,587</u>	<u>122,413</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,041)</u>	<u>-</u>	<u>37,276</u>	<u>37,276</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	3,041	-	-	-
Transfers in	-	-	25,336	25,336
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,041</u>	<u>-</u>	<u>25,336</u>	<u>25,336</u>
<i>Net change in fund balance</i>	-	-	62,612	62,612
<i>Fund balance - beginning of year</i>	-	-	(58,553)	(58,553)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,059</u>	<u>\$ 4,059</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 62,612
Adjustments to revenues for federal grants				(40,451)
Adjustments to expenditures for payroll expenditures				(747)
Net change in fund balance (GAAP Basis)				<u>\$ 21,414</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-14

Portales Municipal School District No. 1
 Golden Apple Foundation Special Revenue Fund (26163)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	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>1,000</u>	<u>1,000</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	1,000	988	12
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>1,000</u>	<u>988</u>	<u>12</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>12</u>	<u>12</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>	-	-	12	12
<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>\$ 12</u>	<u>\$ 12</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 12
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 12</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-15

Portales Municipal School District No. 1
 Dual Credit Instructional Materials Special Revenue Fund (27103)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	15,589	16,961	1,372
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>15,589</u>	<u>16,961</u>	<u>1,372</u>
<i>Expenditures</i>				
Current				
Instruction	-	15,589	15,587	2
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>15,589</u>	<u>15,587</u>	<u>2</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>1,374</u>	<u>1,374</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>	-	-	1,374	1,374
<i>Fund balance - beginning of year</i>	-	-	(1,374)	(1,374)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 1,374
Adjustments to revenues for state grants				(1,374)
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-16

Portales Municipal School District No. 1
 2012 G.O. Bond Student Library Fund Special Revenue Fund (27107)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	97	4,188	21,472	17,284
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>97</u>	<u>4,188</u>	<u>21,472</u>	<u>17,284</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	97	4,188	4,030	158
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>97</u>	<u>4,188</u>	<u>4,030</u>	<u>158</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>17,442</u>	<u>17,442</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>	-	-	17,442	17,442
<i>Fund balance - beginning of year</i>	-	-	(17,442)	(17,442)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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)				<u>\$ 20,083</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-17

Portales Municipal School District No. 1
 New Mexico Reads to Lead Special Revenue Fund (27114)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	130,000	130,000	147,395	17,395
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>130,000</u>	<u>130,000</u>	<u>147,395</u>	<u>17,395</u>
<i>Expenditures</i>				
Current				
Instruction	130,000	130,000	129,656	344
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>130,000</u>	<u>130,000</u>	<u>129,656</u>	<u>344</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>17,739</u>	<u>17,739</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>	-	-	17,739	17,739
<i>Fund balance - beginning of year</i>	-	-	(28,074)	(28,074)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,335)</u>	<u>\$ (10,335)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 17,739
Adjustments to revenues for state grants				(17,695)
Adjustments to expenditures for payroll expenditures				(44)
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
 PreK Initiative Special Revenue Fund (27149)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	200,000	200,000	159,391	(40,609)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>200,000</u>	<u>200,000</u>	<u>159,391</u>	<u>(40,609)</u>
<i>Expenditures</i>				
Current				
Instruction	180,000	180,000	143,270	36,730
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	20,000	20,000	15,936	4,064
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>200,000</u>	<u>200,000</u>	<u>159,206</u>	<u>40,794</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>185</u>	<u>185</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>185</u>	<u>185</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>\$ 185</u>	<u>\$ 185</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 185
Adjustments to revenues for state grants				2,868
Adjustments to expenditures for payroll expenditures				(3,053)
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-19

Portales Municipal School District No. 1
 Breakfast for Elementary Students Special Revenue Fund (27155)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	125,357	93,697	(31,660)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>125,357</u>	<u>93,697</u>	<u>(31,660)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	125,357	116,254	9,103
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>125,357</u>	<u>116,254</u>	<u>9,103</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(22,557)</u>	<u>(22,557)</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>	-	-	(22,557)	(22,557)
<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>\$ (22,557)</u>	<u>\$ (22,557)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (22,557)
Adjustments to revenues for state grants				22,557
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-20

Portales Municipal School District No. 1
 2010 GOB Instructional Materials Special Revenue Fund (27171)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	2,543	2,543
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	2,543	2,543
<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	-	-	-	-
Total expenditures	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	2,543	2,543
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Net change in fund balance</i>	-	-	2,543	2,543
<i>Fund balance - beginning of year</i>	-	-	(2,543)	(2,543)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 2,543
Adjustments to revenues for state grants				(1,368)
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				\$ 1,175

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-21

Portales Municipal School District No. 1
 Workforce Readiness Special Revenue Fund (27179)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	92,645	92,645
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	92,645	92,645
<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	-	-	-	-
Total expenditures	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	92,645	92,645
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Net change in fund balance</i>	-	-	92,645	92,645
<i>Fund balance - beginning of year</i>	-	-	(92,645)	(92,645)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 92,645
Adjustments to revenues for state grants				(92,645)
Adjustments to expenditures for general supplies				(17,442)
Net change in fund balance (GAAP Basis)				\$ (17,442)

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 (27185)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	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>-</u>	<u>42,409</u>	<u>42,409</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>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>	-	-	(42,409)	(42,409)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 (28189)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	4,000	4,000	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>4,000</u>	<u>4,000</u>	<u>-</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>-</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>	<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 B-24

Portales Municipal School District No. 1
 GRADS - Instruction Special Revenue Fund (28190)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variations
	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 (28203)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	16,000	16,000	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	16,000	16,000	-
<i>Expenditures</i>				
Current				
Instruction	-	16,000	16,000	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	16,000	16,000	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	(850)	(850)
Bond proceeds	-	-	-	-
Total other financing sources (uses)	-	-	(850)	(850)
<i>Net change in fund balance</i>	-	-	(850)	(850)
<i>Fund balance - beginning of year</i>	-	-	850	850
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ -	\$ -
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)				\$ (850)

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 (31100)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	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	1,200	1,200	4,924	3,724
Miscellaneous	-	-	-	-
Total revenues	1,200	1,200	4,924	3,724
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	400,000	610,000	508,632	101,368
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	2,328,002	2,042,059	905,507	1,136,552
Debt service				
Bond issuance cost	-	40,347	30,347	10,000
Total expenditures	2,728,002	2,692,406	1,444,486	1,247,920
<i>Excess (deficiency) of revenues over expenditures</i>	(2,726,802)	(2,691,206)	(1,439,562)	1,251,644
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	2,726,802	2,691,206	-	(2,691,206)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
Total other financing sources (uses)	2,726,802	2,691,206	-	(2,691,206)
<i>Net change in fund balance</i>	-	-	(1,439,562)	(1,439,562)
<i>Fund balance - beginning of year</i>	-	-	2,689,716	2,689,716
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 1,250,154	\$ 1,250,154
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (1,439,562)
No adjustments to revenues				-
Adjustments to expenditures for capital outlay				39,896
Net change in fund balance (GAAP Basis)				\$ (1,399,666)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-27

Portales Municipal School District No. 1
 Special Capital Outlay- State Capital Projects Fund (31400)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	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	15,000	76,393	15,000	(61,393)
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>15,000</u>	<u>76,393</u>	<u>15,000</u>	<u>(61,393)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	15,000	76,393	15,000	61,393
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>15,000</u>	<u>76,393</u>	<u>15,000</u>	<u>61,393</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-28

Portales Municipal School District No. 1
 Capital Improvements SB-9 Capital Projects Fund (31700)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 481,802	\$ 481,802	\$ 490,210	\$ 8,408
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	247,303	652,175	371,994	(280,181)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	4,000	4,000	2,894	(1,106)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>733,105</u>	<u>1,137,977</u>	<u>865,098</u>	<u>(272,879)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	4,819	14,819	4,899	9,920
Central services	-	-	-	-
Operation and maintenance of plant	904,925	946,539	346,681	599,858
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	1,100,861	1,333,163	233,351	1,099,812
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,010,605</u>	<u>2,294,521</u>	<u>584,931</u>	<u>1,709,590</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,277,500)</u>	<u>(1,156,544)</u>	<u>280,167</u>	<u>1,436,711</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,277,500	1,156,544	-	(1,156,544)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,277,500</u>	<u>1,156,544</u>	<u>-</u>	<u>(1,156,544)</u>
<i>Net change in fund balance</i>	-	-	280,167	280,167
<i>Fund balance - beginning of year</i>	-	-	1,156,544	1,156,544
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,436,711</u>	<u>\$ 1,436,711</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 280,167
Adjustments to revenues for taxes				(133,498)
Adjustments to expenditures for capital outlay expenditures				<u>38,075</u>
Net change in fund balance (GAAP Basis)				<u>\$ 184,744</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
 Education Technology Equipment Act Capital Projects Fund (31900)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	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	-	200	65	(135)
Miscellaneous	-	-	-	-
Total revenues	-	200	65	(135)
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	22,983	397,761	165,036	232,725
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	30,703	200,143	41,153	158,990
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	59,181	637,904	215,356	422,548
<i>Excess (deficiency) of revenues over expenditures</i>	(59,181)	(637,704)	(215,291)	422,413
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	59,181	37,704	-	(37,704)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bond proceeds	-	600,000	600,000	-
Total other financing sources (uses)	59,181	637,704	600,000	(37,704)
<i>Net change in fund balance</i>	-	-	384,709	384,709
<i>Fund balance - beginning of year</i>	-	-	37,704	37,704
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 422,413	\$ 422,413
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 384,709
No adjustments to revenues				-
Adjustments to expenditures for operation and maintenance expenditures				(10,123)
Net change in fund balance (GAAP Basis)				\$ 374,586

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-30

Portales Municipal School District No. 1

Debt Service Fund (41000)

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 2,044,944	\$ 2,044,944	\$ 1,783,541	\$ (261,403)
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	400	400	241	(159)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,045,344</u>	<u>2,045,344</u>	<u>1,783,782</u>	<u>(261,562)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	21,495	28,495	17,835	10,660
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	2,921,839	2,253,794	1,770,000	483,794
Interest	274,944	274,944	274,944	-
<i>Total expenditures</i>	<u>3,218,278</u>	<u>2,557,233</u>	<u>2,062,779</u>	<u>494,454</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,172,934)</u>	<u>(511,889)</u>	<u>(278,997)</u>	<u>232,892</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,172,934	511,889	-	(511,889)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,172,934</u>	<u>511,889</u>	<u>-</u>	<u>(511,889)</u>
<i>Net change in fund balance</i>	-	-	(278,997)	(278,997)
<i>Fund balance - beginning of year</i>	-	-	511,889	511,889
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 232,892</u>	<u>\$ 232,892</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (278,997)
Adjustments to revenues for taxes				(7,014)
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ (286,011)</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
 Ed Tech Debt Service Fund (43000)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 104,490	\$ 238,956	\$ 231,947	\$ (7,009)
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	159	159
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>104,490</u>	<u>238,956</u>	<u>232,106</u>	<u>(6,850)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support services	1,045	4,045	2,320	1,725
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	189,648	316,733	90,000	226,733
Interest	14,490	20,956	17,050	3,906
<i>Total expenditures</i>	<u>205,183</u>	<u>341,734</u>	<u>109,370</u>	<u>232,364</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(100,693)</u>	<u>(102,778)</u>	<u>122,736</u>	<u>225,514</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	100,693	102,778	-	(102,778)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>100,693</u>	<u>102,778</u>	<u>-</u>	<u>(102,778)</u>
<i>Net change in fund balance</i>	-	-	122,736	122,736
<i>Fund balance - beginning of year</i>	-	-	102,778	102,778
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225,514</u>	<u>\$ 225,514</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 122,736
Adjustments to revenues for taxes				4,021
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				<u>\$ 126,757</u>

The accompanying notes are an integral part of these financial statements

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GENERAL FUND

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Combining Balance Sheet
General Fund
June 30, 2015

Statement C-1

	Operating 11000	Pupil Transportation 13000	Instructional Materials 14000	Total
<i>Assets</i>				
Cash and cash equivalents	\$ 532,136	\$ -	\$ 87,457	\$ 619,593
Investments	987	-	-	987
Receivables:				
Property taxes	7,846	-	-	7,846
Due from other funds	476,518	-	-	476,518
<i>Total assets</i>	\$ 1,017,487	\$ -	\$ 87,457	\$ 1,104,944
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 82,963	\$ -	\$ 5,556	\$ 88,519
Accrued payroll	516,662	-	-	516,662
<i>Total liabilities</i>	599,625	-	5,556	605,181
 <i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	5,275	-	-	5,275
<i>Total deferred inflows of resources</i>	5,275	-	-	5,275
 <i>Fund Balances</i>				
<i>Spendable:</i>				
<i>Restricted for:</i>				
Instructional materials	-	-	81,901	81,901
Unassigned	412,587	-	-	412,587
<i>Total fund balances</i>	412,587	-	81,901	494,488
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	 \$ 1,017,487	 \$ -	 \$ 87,457	 \$ 1,104,944

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, 2015

Statement C-2

	Operating 11000	Pupil Transportation 13000	Instructional Materials 14000	Total
<i>Revenues:</i>				
Property taxes	\$ 120,544	\$ -	\$ -	\$ 120,544
Intergovernmental revenue:				
Federal flowthrough	111,220	-	-	111,220
Federal direct	9,703	-	-	9,703
State flowthrough	-	-	196,713	196,713
State direct	21,211,384	-	-	21,211,384
Transportation distribution	-	991,975	-	991,975
Charges for services	31,585	-	-	31,585
Investment income	6,044	-	-	6,044
Miscellaneous	91,337	-	-	91,337
<i>Total revenues</i>	<u>21,581,817</u>	<u>991,975</u>	<u>196,713</u>	<u>22,770,505</u>
<i>Expenditures:</i>				
Current:				
Instruction	13,868,448	-	167,630	14,036,078
Support services - students	2,244,202	-	-	2,244,202
Support services - instruction	358,580	-	-	358,580
Support services - general administration	584,283	-	-	584,283
Support services - school administration	1,485,575	-	-	1,485,575
Central services	884,049	-	-	884,049
Operation and maintenance plant	2,718,407	-	-	2,718,407
Student transportation	-	991,975	-	991,975
Other support services	45,661	-	-	45,661
Capital Outlay	10,001	-	-	10,001
<i>Total expenditures</i>	<u>22,199,206</u>	<u>991,975</u>	<u>167,630</u>	<u>23,358,811</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(617,389)</u>	<u>-</u>	<u>29,083</u>	<u>(588,306)</u>
<i>Other financing sources (uses):</i>				
Proceeds from sale of capital assets	1,785	-	-	1,785
Transfers (out)	(25,336)	-	-	(25,336)
<i>Total other financing sources (uses)</i>	<u>(23,551)</u>	<u>-</u>	<u>-</u>	<u>(23,551)</u>
<i>Net change in fund balances</i>	(640,940)	-	29,083	(611,857)
<i>Fund balances - beginning of year</i>	<u>1,053,527</u>	<u>-</u>	<u>52,818</u>	<u>1,106,345</u>
<i>Fund balances - end of year</i>	<u>\$ 412,587</u>	<u>\$ -</u>	<u>\$ 81,901</u>	<u>\$ 494,488</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-3

Portales Municipal School District No. 1

Operating Fund (11000)

Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property taxes	\$ 118,950	\$ 118,950	\$ 120,967	\$ 2,017
Intergovernmental revenue:				
Federal flowthrough	100,000	100,000	111,220	11,220
Federal direct	9,549	9,549	9,703	154
State flowthrough	-	-	-	-
State direct	21,200,161	21,210,677	21,211,384	707
Charges for services	3,500	3,500	31,585	28,085
Investment income	10,000	10,000	6,044	(3,956)
Miscellaneous	77,605	77,605	91,337	13,732
<i>Total revenues</i>	<u>21,519,765</u>	<u>21,530,281</u>	<u>21,582,240</u>	<u>51,959</u>
<i>Expenditures:</i>				
Current:				
Instruction	13,718,677	14,039,245	13,853,303	185,942
Support services - students	2,262,290	2,278,530	2,244,202	34,328
Support services - instruction	254,308	360,675	358,580	2,095
Support services - general administration	589,989	627,730	582,955	44,775
Support services - school administration	1,537,762	1,498,635	1,485,242	13,393
Central services	880,461	888,973	883,865	5,108
Operation and maintenance of plant	2,562,646	2,844,552	2,702,837	141,715
Other support services	105,475	97,629	46,735	50,894
Capital Outlay	4,399	13,431	10,001	3,430
<i>Total expenditures</i>	<u>21,916,007</u>	<u>22,649,400</u>	<u>22,167,720</u>	<u>481,680</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(396,242)</u>	<u>(1,119,119)</u>	<u>(585,480)</u>	<u>533,639</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	393,742	1,116,619	-	(1,116,619)
Transfers (out)	-	-	(25,336)	(25,336)
Proceeds from sale of capital assets	2,500	2,500	1,785	(715)
<i>Total other financing sources (uses)</i>	<u>396,242</u>	<u>1,119,119</u>	<u>(23,551)</u>	<u>(1,142,670)</u>
<i>Net change in fund balance</i>	-	-	(609,031)	(609,031)
<i>Fund balance - beginning of year</i>	-	-	1,618,672	1,618,672
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,009,641</u>	<u>\$ 1,009,641</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (609,031)
Adjustments to revenues for taxes and intergovernmental revenue				(423)
Adjustments to expenditures for supplies and payroll expenditures				(31,486)
Net change in fund balance (GAAP Basis)				<u>\$ (640,940)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Pupil Transportation Fund (13000)
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015

Statement C-4

	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	948,278	991,975	991,975	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>948,278</u>	<u>991,975</u>	<u>991,975</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	948,278	991,975	991,975	-
Other support services	-	-	-	-
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	<u>948,278</u>	<u>991,975</u>	<u>991,975</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				<u>-</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

Statement C-5

Portales Municipal School District No. 1

Instructional Materials Fund (14000)

Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	144,513	195,326	196,713	1,387
State direct	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>144,513</u>	<u>195,326</u>	<u>196,713</u>	<u>1,387</u>
<i>Expenditures:</i>				
Current:				
Instruction	173,792	248,144	162,074	86,070
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	-	-	-	-
<i>Total expenditures</i>	<u>173,792</u>	<u>248,144</u>	<u>162,074</u>	<u>86,070</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(29,279)</u>	<u>(52,818)</u>	<u>34,639</u>	<u>87,457</u>
<i>Other financing sources (uses):</i>				
Designated cash balance (budgeted increase in cash)	29,279	52,818	-	(52,818)
<i>Total other financing sources (uses)</i>	<u>29,279</u>	<u>52,818</u>	<u>-</u>	<u>(52,818)</u>
<i>Net change in fund balance</i>	-	-	34,639	34,639
<i>Fund balance - beginning of year</i>	-	-	52,818	52,818
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,457</u>	<u>\$ 87,457</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 34,639
No adjustments to revenues				-
Adjustments to expenditures for instructional materials				<u>(5,556)</u>
Net change in fund balance (GAAP Basis)				<u>\$ 29,083</u>

The accompanying notes are an integral part of these financial statements

SUPPORTING SCHEDULES

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STATE OF NEW MEXICO
Portales Municipal School District No. 1
Schedule of Deposits
June 30, 2015

Schedule III

Bank Account Type/ Name	James Polk Stone Community Bank	LGIP	US Bank	NMFA	Total
Operational - Checking	\$ 274,341	\$ -	\$ -	\$ -	\$ 274,341
Cafeteria - Checking	660,942	-	-	-	660,942
Payroll Clearing - Checking	1,423,488	-	-	-	1,423,488
Capital - Checking	3,007,109	-	-	-	3,007,109
Accounts Payable Clearing - Checking	55,670	-	-	-	55,670
Athletic - Checking	14,951	-	-	-	14,951
Activity - Checking	465,421	-	-	-	465,421
Operational Investment	-	987	-	-	987
Athletic - Investment	-	114	-	-	114
Capital - Investment	-	990	-	-	990
Activity - Investment	-	190	-	-	190
Activity - Certificate of Deposit	-	-	24,131	-	24,131
Ed Tech Bond - Tax-Exempt	-	-	-	230,222	230,222
Ed Tech Bond - Taxable	-	-	-	179,591	179,591
Total	5,901,922	2,281	24,131	409,813	6,338,147
Reconciling items	(909,126)	-	(300)	-	(909,426)
Reconciled balance June 30, 2015	<u>\$ 4,992,796</u>	<u>\$ 2,281</u>	<u>\$ 23,831</u>	<u>\$ 409,813</u>	<u>5,428,721</u>

Plus: Petty Cash	320
Less: investments per Exhibit A-1	(2,091)
Less: restricted investments per Exhibit A-1	(295,929)
Less: restricted cash per Exhibit A-1	(113,884)
Less: agency cash per Exhibit D-1	(467,346)
Less: agency investments per Exhibit D-1	(24,021)
Cash and cash equivalents per Exhibit A-1	<u>\$ 4,525,770</u>

See independent auditors' report

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Cash Reconciliation
For the Year Ended June 30, 2015

	Operational 11000	Transportation 13000	Instructional Materials 14000	Food Services 21000
Audited Cash June 30, 2014	\$ 567,636	\$ -	\$ 52,818	\$ 690,170
Add:				
2014-2015 receipts	21,582,154	991,975	196,713	1,282,089
Repayment of loans	520,049	-	-	-
Loans from other funds	-	-	-	-
Bond proceeds	-	-	-	-
Total cash available	<u>22,669,839</u>	<u>991,975</u>	<u>249,531</u>	<u>1,972,259</u>
Less:				
2014-2015 expenditures	(22,172,129)	(991,975)	(162,074)	(1,311,317)
Repayment of prior year loans	-	-	-	-
Repayment of SEG over payment	-	-	-	-
Loans to other funds	<u>(476,518)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash per PED	<u>21,192</u>	<u>-</u>	<u>87,457</u>	<u>660,942</u>
Add / Less:				
Restricted cash	-	-	-	-
Held checks	<u>510,944</u>	<u>-</u>	<u>-</u>	<u>17,461</u>
Cash per financial statement	<u><u>\$ 532,136</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 87,457</u></u>	<u><u>\$ 678,403</u></u>

See independent auditors' report

Athletics 22000	Non-Instructional Support 23000	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000
\$ 79,597	\$ 497,256	\$ 40,720	\$ 15,650	\$ -
71,251	663,876	2,431,416	152,245	1,000
-	-	-	-	-
-	-	287,878	-	-
-	-	-	-	-
<u>150,848</u>	<u>1,161,132</u>	<u>2,760,014</u>	<u>167,895</u>	<u>1,000</u>
(135,897)	(695,609)	(1,916,775)	(111,145)	(988)
-	-	(843,239)	(37,841)	-
-	-	-	-	-
-	-	-	-	-
<u>14,951</u>	<u>465,523</u>	<u>-</u>	<u>18,909</u>	<u>12</u>
-	-	-	-	-
-	1,823	27,801	3,059	-
<u>\$ 14,951</u>	<u>\$ 467,346</u>	<u>\$ 27,801</u>	<u>\$ 21,968</u>	<u>\$ 12</u>

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Cash Reconciliation
For the Year Ended June 30, 2015

	State Flowthrough 27000	State Direct 28000	Bond Building 31100	Special Capital Outlay - State 31400
Audited Cash June 30, 2014	\$ 3,064	\$ 850	\$ 2,689,614	\$ -
Add:				
2014-2015 receipts	576,513	27,500	3,047	15,000
Repayment of loans	-	-	-	-
Loans from other funds	188,640	-	-	-
Bond proceeds	-	-	-	-
Total cash available	<u>768,217</u>	<u>28,350</u>	<u>2,692,661</u>	<u>15,000</u>
Less:				
2014-2015 expenditures	(577,603)	(27,500)	(1,443,497)	(15,000)
Repayment of prior year loans	(190,614)	(850)	-	-
Repayment of SEG over payment	-	-	-	-
Loans to other funds	-	-	-	-
Cash per PED	<u>-</u>	<u>-</u>	<u>1,249,164</u>	<u>-</u>
Add / Less:				
Restricted cash	-	-	-	-
Held checks	<u>6,161</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash per financial statement	<u>\$ 6,161</u>	<u>\$ -</u>	<u>\$ 1,249,164</u>	<u>\$ -</u>

See independent auditors' report

Capital Improvements SB-9 31700	Education Technology Equipment Act 31900	Debt Service 41000	Ed Tech Debt Service 43000	Total
\$ 1,156,544	\$ 37,704	\$ 511,889	\$ 102,778	\$ 6,446,290
865,098	37	1,783,782	232,106	30,875,802
-	-	-	-	520,049
-	-	-	-	476,518
-	190,215	-	-	190,215
<u>2,021,642</u>	<u>227,956</u>	<u>2,295,671</u>	<u>334,884</u>	<u>38,508,874</u>
(584,931)	(215,356)	(2,062,779)	(109,370)	(32,533,945)
-	-	-	-	(1,072,544)
-	-	-	-	-
-	-	-	-	(476,518)
<u>1,436,711</u>	<u>12,600</u>	<u>232,892</u>	<u>225,514</u>	<u>4,425,867</u>
-	113,884	-	-	113,884
-	-	-	-	567,249
<u>\$ 1,436,711</u>	<u>\$ 126,484</u>	<u>\$ 232,892</u>	<u>\$ 225,514</u>	<u>\$ 5,107,000</u>
Cash balance above				\$ 5,107,000
Less: agency cash per Exhibit D-1				<u>(467,346)</u>
Cash, restricted cash and restricted investments per Exhibit B-1				<u>\$ 4,639,654</u>

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2015

Schedule V

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market June 30, 2015</u>
James Polk Stone Community Bank				
	FMAC	4/19/2017	30769QAAB	\$ 1,075,793
	FHLB CALL QTRLY STEP	5/22/2028	3133834C2	48,591
	Hobbs NM SD #16 BQ Call GO*	9/15/2019	433866EC0	102,392
	Hobbs NM SCH Dist #16 BQ Call GO*	9/15/2021	433866FY1	307,483
	Lea Cnty NM PSD #8 Eunice BQ GO*	1/15/2016	521513BQ3	100,842
	Los Alamos NM Public School GO*	8/1/2015	54422NBT2	300,468
	Lovington NM Muni SD #1 BQ GO*	10/1/2015	547473DD7	918,870
	Roswell NM ISD BQ GO*	8/1/2015	77855OHW6	185,289
	Total James Polk Stone Community Bank			<u>3,039,728</u>
Name and location of safekeeper for above pledged collateral: The Independent Bankersbank				
	Total Pledged Collateral			<u>\$ 3,039,728</u>

See independent auditors' report

STATE OF NEW MEXICO

Schedule VI

Portales Municipal School District No. 1
 Schedule of Changes in Assets and Liabilities-Agency Funds
 For the Year Ended June 30, 2015

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2015</u>
Administration	\$ 141,963	\$ 100,401	\$ 65,322	\$ -	\$ 177,042
High School	131,462	261,150	301,008	-	91,604
Junior High School	41,649	56,905	58,121	-	40,433
Brown Elementary	20,429	21,983	24,596	-	17,816
James Elementary	17,873	16,110	15,507	-	18,476
Lindsey-Steiner Elementary	10,209	36,535	34,311	-	12,433
Valencia Elementary	62,820	56,632	62,762	-	56,690
Portales High School Daycare	95,028	138,325	157,330	850	76,873
Totals	<u>\$ 521,433</u>	<u>\$ 688,041</u>	<u>\$ 718,957</u>	<u>\$ 850</u>	<u>\$ 491,367</u>
Capital assets, net of accumulated depreciation of \$81,480					<u>148,700</u>
Total agency assets per Exhibit D-1					<u>\$ 640,067</u>
Accounts payable					\$ 4,816
Accrued payroll					1,824
Due to student organizations					<u>633,427</u>
Total agency liabilities per Exhibit D-1					<u>\$ 640,067</u>

See independent auditors' report

STATE OF NEW MEXICO

Schedule VII

Portales School District No. 1

Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)

June 30, 2015

RFB/ RFP #	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded	In-State/ Out-of- State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in- state and chose Veteran's preference (Y or N). For federal funds answer N/A	Brief Description of the Scope of Work
14-15-0020	Bid	Airone HVAC	Various	\$ -	1101 S. Aoilene Portales, NM 88130	In state	N	HVAC Supplies and Equipment

See independent auditors' report.

COMPLIANCE SECTION



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

INDEPENDENT AUDITORS' REPORT

Timothy Keller
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, 2015, 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 October 27, 2015.

Internal Control Over Financial Reporting

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

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

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

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item FS 2014-005.

District's Response to Finding

The District's response to the 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 the financial statements and, accordingly, we express no opinion on it.

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
October 27, 2015

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FEDERAL FINANCIAL ASSISTANCE



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

INDEPENDENT AUDITORS' REPORT

Timothy Keller
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, 2015. 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, 2015.

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
October 27, 2015

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Grantor or Pass-Through Grantor / Program Title	Passthrough Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Education			
<i>Passed through New Mexico Public Education Department</i>			
Title I - IASA	24101	84.010	\$ 972,983
Migrant Children Education	24103	84.011	132,368
IDEA-B Entitlement	* 24106	84.027	(1) 521,063
IDEA-B Preschool	* 24109	84.173	(1) 10,198
IDEA-B "Risk Pool"	* 24120	84.027	(1) 486
English Language Acquisition	24153	84.365A	14,633
Teacher/ Principal Training /Recruiting	24154	84.367A	165,379
Rural & Low Income Schools	24160	84.358B	59,529
Carl D. Perkins Secondary Current	24174	84.048O	33,034
<i>Subtotal - Pass through New Mexico Public Education Department</i>			<u>1,909,673</u>
 Direct U.S. Department of Education			
Impact Aid - General Fund	11000	84.041	(2) 9,703
Impact Aid Special Education	25145	84.041	(2) 7,811
<i>Subtotal - Direct U.S. Department of Education</i>			<u>17,514</u>
 Total U.S. Department of Education			 <u>1,927,187</u>
 U.S. Department of Health and Human Services			
<i>Passed through New Mexico Public Education Department</i>			
USHHA/CDC School Health	24186	93.xxx	<u>3,738</u>
 Total U.S. Department of Health and Human Services			 <u>3,738</u>
 U.S. Department of Agriculture			
<i>Federal Direct Payments</i>			
Forest Reserve	11000	10.665	111,220
 <i>Passed through State of New Mexico</i>			
School Breakfast Program	* 21000	10.553	(3) 448,611
USDA Commodities	* 21000	10.555	(3) 105,343
Child Nutrition Cluster	* 21000	10.555	(3) <u>807,164</u>
 Total U.S. Department of Agriculture			 <u>1,472,338</u>
 Total Federal Financial Assistance			 <u><u>\$ 3,403,263</u></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, 2015

Schedule VIII

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. Loans

The District did not expend federal awards related to loans or loan guarantees during the year.

4. Federally Funded Insurance

The District has no federally funded insurance.

5. 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, 2015 was \$105,343 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	\$ 3,403,263
Total expenditures funded by other sources	<u>28,462,200</u>
Total expenditures	<u><u>\$ 31,865,463</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, 2015

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements? | None noted |

Federal Awards:

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 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? | None noted |

4. Identification of major programs:

CFDA Number	Federal Program
10.553 & 10.555 84.027 & 84.173	Child Nutrition Cluster IDEA-B Entitlement, IDEA-B Preschool, IDEA-B “Risk Pool”

- | | |
|---|-----------|
| 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 2014-005 – Meal Charge Policy – Finding that does not rise to the level of significant deficiency

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. The District has taken a new policy to the board and is expected to be approved in November 2015.

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: The current policy E-3400-EFDA *Collection of Money/Food Tickets* will be replaced with new policy E-3400-EFDA *Collection of Money/Meal Charges*. The new policy will have its first reading at the Board of Education meeting on 10/13/15 and should become policy at the next reading on 11/9/15. The Superintendent of Schools will provide the policy to the Board and recommend passage.

The new policy will allow for five (5) charges before collection efforts are made. However, upon the fifth charge, the building administrator may waive the five (5) charge limit and provide written justification to the Food Service Director as to why the limit should be waived. The justification will be completed on a form that provides the student's name, parents/guardians names, addresses and phone numbers. The policy also provides that the principal/designee will contact the parents/guardians of the student by phone and by mail to advise them that the student's account is at the five (5) charge limit and request payment.

Should the building administrator find that a student will most likely meet the criteria for free/reduced lunch, as per the *Eligibility Manual for School Meals* 2015 edition, and the parents/guardians have not completed an application for free/reduced lunch, the building administrator will complete an application on behalf of the student.

ELIGIBLE HOUSEHOLDS THAT HAVE NOT APPLIED

Local school officials may complete an application for a child known to be eligible for meal benefits if the household has not applied. When exercising this option, the school official must complete an application on behalf of the child based on the best household size and income information or Other Source Categorical Eligibility status known to the official.

The source of the information must be noted on the application. Names of household members, the last four digits of the social security number, and the signature of an adult household member need not be secured. These applications are excluded from verification. However, the household must be notified that the child has been certified to receive free or reduced price benefits. This option is intended for limited use in individual situations and must not be used to make eligibility determinations for categories or groups of children. (*Eligibility Manual for School Meals—Determining and Verifying Eligibility*)

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

FS 2014-005 – Meal Charge Policy – Finding that does not rise to the level of significant deficiency (Continued)

The policy will allow for no more than twenty (20) charges even if the building administrator does waive the five (5) charge policy. Parents/guardians will be contacted by phone, if possible, and by mail by the building administrator/designee at the tenth (10th) and fifteenth (15th) charge requesting payment. The building administrator/designee will also advise in writing and by phone, if possible, at the fifteenth (15th) charge that an alternative meal will be served for students in grades K-6 after a twentieth (20th) charge and no meals will be served to students in grades 7-12 after a twentieth (20th) charge unless the charges are paid or a suitable plan for payment has been made with the Food Service Director. Upon a twentieth (20th) charge, the Food Service Director will notify the parents/guardians by phone, if possible, and by certified mail that no more charges will be made unless all charges are paid or suitable arrangements have been made to pay the balance. This letter will also notify parents/guardians that a suitable substitute will be provided to students in grades K-6 until charges are paid or payment arrangements have been made with the Food Service Director.

This replacement policy also states that no adult meals may be charged.

SECTION III – FEDERAL AWARD FINDINGS

NONE NOTED

SECTION IV – PRIOR YEAR AUDIT FINDINGS

FS 2013-002 – Actual Expenditures Exceed Adjusted Budgeted Expenditures – Other Matter- Resolved

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

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

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

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

FS 2014-005 – Meal Charge Policy – Finding that does not rise to the level of significant deficiency – Repeat and Modified

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

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

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

STATE OF NEW MEXICO
Portales Municipal School District No. 1
Other Disclosures
June 30, 2015

OTHER DISCLOSURES

Exit Conference

An exit conference was held on October 27, 2015. 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
Meredith Siefert – Community Member/ Parent
Noelle Bartle – Community Member/ Parent

Representing Accounting & Consulting Group, LLP:

Robert Cordova, CPA - Partner

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.