



STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**

**ANNUAL FINANCIAL REPORT**  
June 30, 2013

**De'Aun Willoughby CPA, PC**  
Certified Public Accountant  
Clovis, New Mexico



STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 Table of Contents  
 For the Year Ended June 30, 2013

---

	<u>Page</u>	
Official Roster.....	5	
Independent Auditor's Report.....	6-7	
<b>FINANCIAL SECTION</b>		
Basic Financial Statements		
Government Wide Financial Statements		
Statement of Net Position.....	9	
Statement of Activities.....	10	
Fund Financial Statements		
Government Funds - Balance Sheet.....	11-14	
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position.....	15	
Statement of Revenues, Expenditures, and Changes in Fund Balances.....		16-19
Reconciliation of Governmental Funds		
Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities.....	20	
<b>General Funds</b>		
<b>Operational-11000</b>		
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	21-22	
<b>Transportation-13000</b>		
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	23	
<b>Instructional Material-14000</b>		
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	24	
<b>Title I-24101</b>		
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget (Budgetary Basis) and Actual.....	25	
<b>IDEA, Part B, Entitlement-24106</b>		
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget (Budgetary Basis) and Actual.....	26	
Statement of Fiduciary Assets and Liabilities-Agency Funds .....	27	
Notes to Financial Statements.....	28-42	

	<u>Page</u>
<b>SUPPLEMENTAL INFORMATION RELATED TO MAJOR FUNDS</b>	
<b>Bond Building-31100</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	44
<b>Senate Bill Nine-31700</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	45
<b>Debt Service-41000</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	46
<b>SUPPLEMENTAL INFORMATION RELATED TO NON MAJOR FUNDS</b>	
<b>Non-major Funds</b>	
Combining Balance Sheet.....	49-52
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	53-56
<b>Food Service-21000</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget (Budgetary Basis) and Actual.....	57
<b>Athletics-22000</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget (Budgetary Basis) and Actual.....	58
<b>Autism Spectrum Disorder Project-24107</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget (Budgetary Basis) and Actual.....	59
<b>Teacher Principal Training-24154</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget (Budgetary Basis) and Actual.....	60
<b>Title XIX Medicaid-25153</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	61
<b>Rural Education Achievement Program-25233</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget (Budgetary Basis) and Actual.....	62
<b>Dual Credit Instructional Materials-27103</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget (Budgetary Basis) and Actual.....	63
<b>2010 GO Library-27106</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget (Budgetary Basis) and Actual.....	64

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 Table of Contents  
 For the Year Ended June 30, 2013

---

	<u>Page</u>
<b>Top Growth Award-27171</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	65
<b>GOB School Bus Purchase-27172</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	66
<b>OTHER SUPPLEMENTAL INFORMATION</b>	
<b>Agency Fund</b>	
Statement of Fiduciary Assets and Liabilities-Agency Funds .....	69
<b>Activity</b>	
Schedule of Fiduciary Assets and Liabilities-Agency Funds .....	70
Cash Reconciliations-All Funds.....	71
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i> .....	72-73
Schedule of Findings and Responses.....	74-75

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
Official Roster  
June 30, 2013

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**BOARD OF EDUCATION**

Bill Denney	President
Gerald Green	Vice-President
Arlan Ponder	Secretary
Ace Wimsatt	Member
Lance Wright	Member

**SCHOOL OFFICIALS**

Travis Dempsey	Superintendent
Charlotte Dees	Business Manager

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101  
(855) 253-4313

Independent Auditor's Report

Mr. Hector Balderas  
State Auditor of the State of New Mexico  
Board Members of the Cloudcroft Municipal Schools

Mr. Balderas and Members of the Board

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Cloudcroft Municipal Schools (District), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, and the budgetary comparisons for the major capital projects and debt service fund presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

### Opinions

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

Management has omitted the Management's Discussion and Analysis which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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 required by 2.2.2.NMAC is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 28, 2013, 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.

 De'Ann Willoughby CPA PC

Clovis, New Mexico  
October 28, 2013

## **FINANCIAL SECTION**



STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 Government-Wide Statement of Net Position  
 June 30, 2013

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 1,659,725
Property Taxes Receivable	30,721
Due from Grantors	47,274
Inventory	3,851
Total Current Assets	<u>1,741,571</u>
Noncurrent Assets	
Capital Assets	18,720,153
Less: Accumulated Depreciation	<u>(5,861,786)</u>
Total Noncurrent Assets	<u>12,858,367</u>
Total Assets	<u>14,599,938</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	61,794
Accrued Interest	26,209
Current Portion of Long-Term Debt	675,000
Total Current Liabilities	<u>763,003</u>
Noncurrent Liabilities	
Bonds and Notes, Net	4,153,801
Total Noncurrent Liabilities	<u>4,153,801</u>
Total Liabilities	<u>4,916,804</u>
<b>NET POSITION</b>	
Invested in Net Capital Assets	8,029,566
Restricted for	
Capital Projects	300,169
Debt Service	753,085
Unrestricted	600,314
Total Net Position	<u>\$ 9,683,134</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 Government-Wide Statement of Activities  
 For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
Instruction	\$ 2,948,756	\$ 14,044	\$ 225,247	\$ 0	\$ (2,709,465)
Support Services-Students	421,360	21,900	26,399	0	(373,061)
Support Services-Instruction	97,550	0	0	0	(97,550)
General Administration	257,062	0	0	0	(257,062)
School Administration	283,914	0	0	0	(283,914)
Central Services	90,714	0	0	0	(90,714)
Operation of Plant	673,139	0	0	0	(673,139)
Transportation	257,300	0	338,225	0	80,925
Food Services	145,632	31,499	73,129	0	(41,004)
Interest on Long-Term Obligations	214,493	0	0	0	(214,493)
Total Governmental Activities	<u>\$ 5,389,920</u>	<u>\$ 67,443</u>	<u>\$ 663,000</u>	<u>\$ 0</u>	<u>(4,659,477)</u>
<b>General Revenues</b>					
Taxes					
Property Taxes, Levied for General Purposes					46,976
Property Taxes, Levied for Capital Projects					311,448
Property Taxes, Levied for Debt Service					779,830
Federal and State aid not restricted to specific purpose					
General					3,528,290
Capital					46,445
Interest and investment earnings					802
Miscellaneous					2,601
Subtotal, General Revenues					<u>4,716,392</u>
Change in Net Position					56,915
Net Position - beginning					<u>9,626,219</u>
Net Position - ending					<u>\$ 9,683,134</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2013

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	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 298,261	\$ 7,483	\$ 10,369
Receivables			
Property Taxes	1,471	0	0
Due From Grantor	0	0	0
Interfund Balances	43,887	0	0
Inventory	0	0	0
<b>Total Assets</b>	<b>\$ <u>343,619</u></b>	<b>\$ <u>7,483</u></b>	<b>\$ <u>10,369</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
Accounts Payable	\$ 56,439	\$ 425	\$ 2,500
Interfund Balances	0	0	0
<b>Total Liabilities</b>	<b><u>56,439</u></b>	<b><u>425</u></b>	<b><u>2,500</u></b>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	7,869
Capital Projects	0	0	0
Debt Service	0	0	0
Assigned-Capital Projects	0	0	0
Unassigned- General Fund	287,180	7,058	0
<b>Total Fund Balances</b>	<b><u>287,180</u></b>	<b><u>7,058</u></b>	<b><u>7,869</u></b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ <u>343,619</u></b>	<b>\$ <u>7,483</u></b>	<b>\$ <u>10,369</u></b>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2013

	Special Revenue		Capital
	Title I 24101	IDEA B	Projects
		Entitlement 24106	Bond Building 31100
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 300,169
Receivables			
Property Taxes	0	0	0
Due From Grantor	14,409	18,716	0
Interfund Balances	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 14,409</u>	<u>\$ 18,716</u>	<u>\$ 300,169</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Accounts Payable	\$ 2,319	\$ 0	\$ 0
Interfund Balances	12,090	18,716	0
Total Liabilities	<u>14,409</u>	<u>18,716</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Capital Projects	0	0	300,169
Debt Service	0	0	0
Assigned-Capital Projects	0	0	0
Unassigned- General Fund	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>300,169</u>
Total Liabilities and Fund Balances	<u>\$ 14,409</u>	<u>\$ 18,716</u>	<u>\$ 300,169</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2013

	<u>Capital Projects</u>		
	Senate Bill Nine 31700	Debt Service 41000	Other Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 280,425	\$ 732,216	\$ 30,802
Receivables			
Property Taxes	8,381	20,869	0
Due From Grantor	0	0	14,149
Interfund Balances	0	0	0
Inventory	0	0	3,851
Total Assets	<u>\$ 288,806</u>	<u>\$ 753,085</u>	<u>\$ 48,802</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Accounts Payable	\$ 111	\$ 0	\$ 0
Interfund Balances	0	0	13,081
Total Liabilities	<u>111</u>	<u>0</u>	<u>13,081</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	3,851
Restricted for, reported in			
Special Revenue Funds	0	0	31,870
Capital Projects	0	0	0
Debt Service	0	753,085	0
Assigned-Capital Projects	288,695	0	0
Unassigned- General Fund	0	0	0
Total Fund Balances	<u>288,695</u>	<u>753,085</u>	<u>35,721</u>
Total Liabilities and Fund Balances	<u>\$ 288,806</u>	<u>\$ 753,085</u>	<u>\$ 48,802</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 GOVERNMENTAL FUNDS  
 Balance Sheet  
 June 30, 2013

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	Total Governmental Funds
	<u>                    </u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,659,725
Receivables	
Property Taxes	30,721
Due From Grantor	47,274
Interfund Balances	43,887
Inventory	3,851
Total Assets	<u>\$ 1,785,458</u>
<b>LIABILITIES AND FUND BALANCE</b>	
Accounts Payable	\$ 61,794
Interfund Balances	43,887
Total Liabilities	<u>105,681</u>
Fund Balances	
Nonspendable-Inventory	3,851
Restricted for, reported in	
Special Revenue Funds	39,739
Capital Projects	300,169
Debt Service	753,085
Assigned-Capital Projects	288,695
Unassigned- General Fund	294,238
Total Fund Balances	<u>1,679,777</u>
Total Liabilities and Fund Balances	<u>\$ 1,785,458</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 Reconciliation of the Governmental Funds  
 Balance Sheet to the Statement of Net Position  
 June 30, 2013

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Total Fund Balance - Governmental Funds \$ 1,679,777

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

The cost of capital assets	\$ 18,720,153	
Accumulated depreciation is	<u>(5,861,786)</u>	12,858,367

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

Bond payable	(4,895,000)	
Accrued Interest	(26,209)	
Bond Issue Costs	238,176	
Accumulated Amortization	<u>(171,977)</u>	<u>(4,855,010)</u>

Total Net Position - Governmental Activities \$ 9,683,134

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2013

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
<b>Revenues</b>			
Property Taxes	\$ 46,976	\$ 0	\$ 0
Investment Income	802	0	0
Fees	0	0	0
State & Local Grants	3,513,262	348,942	26,323
Federal Grants	15,028	0	0
Miscellaneous	2,601	0	0
<b>Total Revenues</b>	<u>3,578,669</u>	<u>348,942</u>	<u>26,323</u>
<b>Expenditures</b>			
Current			
Instruction	2,038,684	0	35,098
Support Service-Students	346,546	0	0
Support Services-Instruction	97,550	0	0
Support Services-General Administration	165,157	0	0
Support Services-School Administration	267,091	0	0
Central Services	87,531	0	0
Operation & Maintenance of Plant	530,683	0	0
Student Transportation	0	257,300	0
Food Services	42,216	0	0
Capital Outlay	0	95,300	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Bond Refunding Costs	0	0	0
<b>Total Expenditures</b>	<u>3,575,458</u>	<u>352,600</u>	<u>35,098</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>3,211</u>	<u>(3,658)</u>	<u>(8,775)</u>
<b>Other Financing Sources (Uses)</b>			
Returned to Grantor	0	(10,717)	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>(10,717)</u>	<u>0</u>
<b>Net Changes in Fund Balance</b>	<u>3,211</u>	<u>(14,375)</u>	<u>(8,775)</u>
<b>Fund Balances at Beginning of Year</b>	<u>283,969</u>	<u>21,433</u>	<u>16,644</u>
<b>Fund Balance End of Year</b>	<u>\$ 287,180</u>	<u>\$ 7,058</u>	<u>\$ 7,869</u>

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2013

	Special Revenue		Capital Projects
	Title I 24101	IDEA B Entitlement 24106	Bond Building 31100
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Investment Income	0	0	0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	100,767	83,500	0
Miscellaneous	0	0	0
<b>Total Revenues</b>	<u>100,767</u>	<u>83,500</u>	<u>0</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	100,767	70,252	58,618
Support Service-Students	0	13,248	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Support Services-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	0	0	16,744
Student Transportation	0	0	0
Food Services	0	0	0
Capital Outlay	0	0	
Debt Service			
Principal	0	0	0
Interest	0	0	0
Bond Refunding Costs	0	0	0
<b>Total Expenditures</b>	<u>100,767</u>	<u>83,500</u>	<u>75,362</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>0</u>	<u>0</u>	<u>(75,362)</u>
<b>Other Financing Sources (Uses)</b>			
Returned to Grantor	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Changes in Fund Balance</b>	0	0	(75,362)
<b>Fund Balances at Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>375,531</u>
<b>Fund Balance End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 300,169</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2013

	Capital Projects		
	Senate Bill Nine 31700	Debt Service 41000	Other Governmental Funds
<b>Revenues</b>			
Property Taxes	\$ 311,448	\$ 779,830	\$ 0
Investment Income	0	0	0
Fees	0	0	67,443
State & Local Grants	46,445	0	7,447
Federal Grants	0	0	106,738
Miscellaneous	0	0	0
Total Revenues	<u>357,893</u>	<u>779,830</u>	<u>181,628</u>
<b>Expenditures</b>			
Current			
Instruction	175,142	0	40,737
Support Service-Students	0	0	50,646
Support Services-Instruction	0	0	0
Support Services-General Administration	3,092	7,795	0
Support Services-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	94,251	0	0
Student Transportation	0	0	0
Food Services	0	0	103,416
Capital Outlay	0	0	0
Debt Service			
Principal	0	720,000	0
Interest	0	229,254	0
Bond Refunding Costs	0	16,403	0
Total Expenditures	<u>272,485</u>	<u>973,452</u>	<u>194,799</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>85,408</u>	<u>(193,622)</u>	<u>(13,171)</u>
Other Financing Sources (Uses)			
Returned to Grantor	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balance	85,408	(193,622)	(13,171)
Fund Balances at Beginning of Year	<u>203,287</u>	<u>946,707</u>	<u>48,892</u>
Fund Balance End of Year	<u>\$ 288,695</u>	<u>\$ 753,085</u>	<u>\$ 35,721</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2013

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	Total Governmental Funds
Revenues	
Property Taxes	\$ 1,138,254
Investment Income	802
Fees	67,443
State & Local Grants	3,942,419
Federal Grants	306,033
Miscellaneous	2,601
Total Revenues	<u>5,457,552</u>
Expenditures	
Current	
Instruction	2,519,298
Support Service-Students	410,440
Support Services-Instruction	97,550
Support Services-General Administration	176,044
Support Services-School Administration	267,091
Central Services	87,531
Operation & Maintenance of Plant	641,678
Student Transportation	257,300
Food Services	145,632
Capital Outlay	95,300
Debt Service	
Principal	720,000
Interest	229,254
Bond Refunding Costs	16,403
Total Expenditures	<u>5,663,521</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(205,969)</u>
Other Financing Sources (Uses)	
Returned to Grantor	<u>(10,717)</u>
Total Other Financing Sources (Uses)	<u>(10,717)</u>
Net Changes in Fund Balance	(216,686)
Fund Balances at Beginning of Year	<u>1,896,463</u>
Fund Balance End of Year	<u>\$ 1,679,777</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 Reconciliation of the Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 To the Statement of Activities  
 June 30, 2013

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Net Change in Fund Balance-Governmental Funds \$ (216,686)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

Depreciation expense	\$ (572,863)	
Capital Outlays	<u>95,300</u>	(477,563)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

720,000

Bond issue costs are amortized in the Statement of Activities but are an expenditure in the governmental funds.

Bond Issue Costs	16,403	
Amortization of Costs	<u>(60,260)</u>	(43,857)

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

Accrued Interest, June 30, 2012	101,230	
Accrued Interest, June 30, 2013	<u>(26,209)</u>	<u>75,021</u>

Changes in Net Position of Governmental Activities \$ 56,915

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
GENERAL FUND-OPERATIONAL-11000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 44,282	\$ 44,282	\$ 45,506	\$ 1,224
Investment Income	700	700	802	102
Fees	23,000	23,000	0	(23,000)
Miscellaneous	6,000	6,000	79,004	73,004
State & Local Grants	3,494,892	3,494,892	3,513,262	18,370
Federal Revenues	0	0	15,028	15,028
Total Revenues	<u>3,568,874</u>	<u>3,568,874</u>	<u>3,653,602</u>	<u>84,728</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	1,481,497	1,496,660	1,482,269	14,391
Employee Benefits	537,647	489,318	479,986	9,332
Professional & Tech Services	12,858	17,858	13,485	4,373
Other Purchased Services	10,000	35,063	34,198	865
Supplies	26,042	29,145	25,585	3,560
Total Instruction	<u>2,068,044</u>	<u>2,068,044</u>	<u>2,035,523</u>	<u>32,521</u>
<b>Support Services-Students</b>				
Personnel Services	188,727	173,855	173,802	53
Employee Benefits	59,892	51,466	46,950	4,516
Professional & Tech Services	146,945	121,674	116,637	5,037
Supplies	8,200	9,171	9,157	14
Total Support Services-Students	<u>403,764</u>	<u>356,166</u>	<u>346,546</u>	<u>9,620</u>
<b>Support Services-Instruction</b>				
Personnel Services	56,838	56,838	56,434	404
Employee Benefits	45,916	45,916	41,116	4,800
Total Support Services-Instruction	<u>102,754</u>	<u>102,754</u>	<u>97,550</u>	<u>5,204</u>
<b>Support Services-General Administration</b>				
Personnel Services	107,611	110,628	110,628	0
Employee Benefits	44,324	41,307	33,172	8,135
Professional & Tech Services	30,500	31,125	11,273	19,852
Other Purchased Services	19,000	51,839	32,869	18,970
Supplies	5,000	5,000	2,861	2,139
Total Support Services-General Administration	<u>\$ 206,435</u>	<u>\$ 239,899</u>	<u>\$ 190,803</u>	<u>\$ 49,096</u>

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
GENERAL FUND-OPERATIONAL-11000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Support Services-School Administration				
Personnel Services	\$ 196,481	\$ 196,481	\$ 194,481	\$ 2,000
Employee Benefits	76,957	76,957	72,610	4,347
Total Support Services-School Administration	<u>273,438</u>	<u>273,438</u>	<u>267,091</u>	<u>6,347</u>
Central Services				
Personnel Services	59,284	59,284	59,284	0
Employee Benefits	27,038	28,938	28,247	691
Total Central Service	<u>86,322</u>	<u>88,222</u>	<u>87,531</u>	<u>691</u>
Operation of Plant				
Personnel Services	159,121	159,573	158,055	1,518
Employee Benefits	89,998	70,948	66,263	4,685
Professional & Tech Services	0	0	0	0
Purchased Property Services	294,300	301,300	211,424	89,876
Other Purchased Services	96,691	84,324	83,786	538
Supplies	17,200	17,265	17,256	9
Total Operation of Plant	<u>657,310</u>	<u>633,410</u>	<u>536,784</u>	<u>96,626</u>
Other Services				
Other Purchased Services	4,019	4,019	0	4,019
Total Other Services	<u>4,019</u>	<u>4,019</u>	<u>0</u>	<u>4,019</u>
Food Services Operations				
Supplies	0	45,000	42,216	2,784
Total Food Services Operations	<u>0</u>	<u>45,000</u>	<u>42,216</u>	<u>2,784</u>
Total Expenditures	<u>3,802,086</u>	<u>3,810,952</u>	<u>3,604,044</u>	<u>206,908</u>
Excess (Deficiency) of Revenues Over Expenditures	(233,212)	(242,078)	49,558	291,636
Cash Balance Beginning of Year	<u>292,590</u>	<u>292,590</u>	<u>292,590</u>	<u>0</u>
Cash Balance End of Year	\$ <u>59,378</u>	\$ <u>50,512</u>	\$ <u>342,148</u>	\$ <u>291,636</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 49,558	
Net change in Taxes Receivables			1,471	
Net change in Accounts Payable			(47,818)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>3,211</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
GENERAL FUND-TRANSPORTATION-13000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 285,906	\$ 348,942	\$ 348,942	\$ 0
Total Revenues	<u>285,906</u>	<u>348,942</u>	<u>348,942</u>	<u>0</u>
<b>Expenditures</b>				
<b>Student Transportation</b>				
Personnel Services	132,838	111,802	107,551	4,251
Employee Benefits	38,340	37,708	34,565	3,143
Purchased Property Services	39,415	10,113	10,113	0
Other Purchased Services	37,080	40,609	40,521	88
Supplies	38,233	64,126	64,125	1
Fixed Assets	0	95,300	95,300	0
Total Student Transportation	<u>285,906</u>	<u>359,658</u>	<u>352,175</u>	<u>7,483</u>
Total Expenditures	<u>285,906</u>	<u>359,658</u>	<u>352,175</u>	<u>7,483</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>(10,716)</u>	<u>(3,233)</u>	<u>7,483</u>
<b>Other Financing Sources (Uses)</b>				
Return to Grantor	0	0	(10,717)	(10,717)
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>(10,717)</u>	<u>(10,717)</u>
Net Change in Cash Balance	0	(10,716)	(13,950)	(3,234)
Cash Balance Beginning of Year	<u>21,433</u>	<u>21,433</u>	<u>21,433</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 21,433</u>	<u>\$ 10,717</u>	<u>\$ 7,483</u>	<u>\$ (3,234)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Net Change in Cash Balance			\$ (13,950)	
Net Change in Accounts Payables			(425)	
Net Change in Fund Balance			<u>\$ (14,375)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 GENERAL FUND-INSTRUCTIONAL MATERIALS-14000  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 26,323	\$ 26,323	\$ 26,323	\$ 0
Total Revenues	<u>26,323</u>	<u>26,323</u>	<u>26,323</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	36,557	36,557	32,952	3,605
Total Instruction	<u>36,557</u>	<u>36,557</u>	<u>32,952</u>	<u>3,605</u>
Total Expenditures	<u>36,557</u>	<u>36,557</u>	<u>32,952</u>	<u>3,605</u>
Excess (Deficiency) of Revenues Over Expenditures	(10,234)	(10,234)	(6,629)	3,605
Cash Balance Beginning of Year	<u>16,998</u>	<u>16,998</u>	<u>16,998</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 6,764</u>	<u>\$ 6,764</u>	<u>\$ 10,369</u>	<u>\$ 3,605</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (6,629)	
Net change in Accounts Payable			<u>(2,146)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (8,775)</u>	

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-TITLE I-24101  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 82,417	\$ 128,089	\$ 104,401	\$ (23,688)
Total Revenues	<u>82,417</u>	<u>128,089</u>	<u>104,401</u>	<u>(23,688)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	32,070	32,070	30,570	1,500
Employee Benefits	18,711	29,220	27,616	1,604
Professional & Tech Services	3,500	3,500	93	3,407
Supplies	10,093	45,256	40,169	5,087
Total Instruction	<u>64,374</u>	<u>110,046</u>	<u>98,448</u>	<u>11,598</u>
Total Expenditures	<u>64,374</u>	<u>110,046</u>	<u>98,448</u>	<u>11,598</u>
Excess (Deficiency) of Revenues Over Expenditures	18,043	18,043	5,953	(12,090)
Cash Balance Beginning of Year	<u>(18,043)</u>	<u>(18,043)</u>	<u>(18,043)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (12,090)</u>	<u>\$ (12,090)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 5,953	
Net change in Due from Grantor			(3,633)	
Net change in Accounts Payable			(2,320)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-IDEA B ENTITLEMENT-24106  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 121,283	\$ 208,479	\$ 86,864	\$ (121,615)
Total Revenues	<u>121,283</u>	<u>208,479</u>	<u>86,864</u>	<u>(121,615)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	41,710	51,607	40,636	10,971
Employee Benefits	15,241	19,062	18,177	885
Professional & Tech Services	10,000	32,196	7,257	24,939
Supplies	15,135	40,340	4,182	36,158
Total Instruction	<u>82,086</u>	<u>143,205</u>	<u>70,252</u>	<u>72,953</u>
<b>Support Services-Students</b>				
Personnel Services	7,500	7,500	0	7,500
Employee Benefits	4,617	4,617	0	4,617
Other Purchased Services	0	10,077	10,076	1
Supplies	5,000	21,000	3,172	17,828
Total Support Services-Students	<u>17,117</u>	<u>43,194</u>	<u>13,248</u>	<u>29,946</u>
Total Expenditures	<u>99,203</u>	<u>186,399</u>	<u>83,500</u>	<u>102,899</u>
Excess (Deficiency) of Revenues Over Expenditures	22,080	22,080	3,364	(18,716)
Cash Balance Beginning of Year	<u>(22,080)</u>	<u>(22,080)</u>	<u>(22,080)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (18,716)</u>	<u>\$ (18,716)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 3,364	
Net Change in Due from Grantor			<u>(3,364)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
Statement of Fiduciary Assets and Liabilities-Agency Fund  
June 30, 2013

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	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 128,821
Total Assets	<u>\$ 128,821</u>
Liabilities	
Deposits Held for Others	\$ 128,821
Total Liabilities	<u>\$ 128,821</u>

The notes to the financial statements are an integral part of this statement.

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Cloudcroft Municipal Schools (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**Financial Reporting Entity**

The District has been in existence since the early nineteen hundreds, and is currently operating under the provisions of the Public School District Code, Chapter 22, of the New Mexico Statutes Annotated, 1978 Compilation. The District operates with a local board of education - superintendent form of government and provides a supervised program of instruction designed to educate students at the elementary and secondary level.

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

The District has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected District members are financially accountable. There are no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the District has a significant relationship.

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

The funds of the District are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follows below:

***Governmental Funds***

Governmental funds are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets and the servicing of general long-term debt.

General Fund - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds.

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

Capital Projects Fund - The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the District.

Debt Service Fund - The Debt Service Fund is used to account for the resources for, and the payment of, principal, interest and related costs.

***Fiduciary Fund Type***

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the District.

The Student Activity Fund, an agency fund, accounts for assets held by the District as an agent for the District organizations. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

**Major Funds**

The District reports the following major governmental funds:

**GENERAL FUND (11000)(13000)(14000)**

The General Fund consist of three sub funds. The first is the operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide text books for students in the District.

**SPECIAL REVENUE FUNDS**

**Title I (24101).** To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the Elementary and Secondary Act of 1965, Chapter I of Title I, as amended, Public Laws 100-297, 20 U.S.C. 2701. The fund was created by the authority of federal grant provisions.

**IDEA B Entitlement (24106).** To account 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 the Individuals with Disabilities Education Act, Part B, Sections 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. The fund was created by the authority of federal grant provisions.

**CAPITAL PROJECT FUNDS**

**Bond Building (31100).** The revenues are derived from a School Building Bond Issue. The expenditures are restricted to major capital improvements.

**Senate Bill Nine (31700).** The revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements and supplies, repairs and maintenance of the school facilities

**DEBT SERVICE FUND (41000).** To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values.

**Measurement Focus and Basis of Accounting**  
***Government-Wide Financial Statements (GWFS)***

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

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflow of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflow of resources resulting from nonexchange transactions are recognized in accordance with the requirement of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

**Program Revenues**

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues include: 1) charges for services to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions including those for transportation, food service, special education and 3) program specific capital grants and contributions.

***Fund Financial Statements (FFS)***  
**Governmental Funds**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity has been eliminated from the district-wide financial statements.

**Revenues**

Ad valorem taxes are susceptible to full accrual on the government wide financial statements. Property Tax revenues recognize revenues net of estimated refunds and uncollectible accounts in the period for which the taxes are levied.

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

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

Expenditures

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

Other Financing Sources (Uses)

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

Basis of Budgeting

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

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

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

1. Prior to April 15, (unless a later date is fixed by the Secretary of Education) the local school board submits to the School Budget and Finance Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAU.

5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the SBFAU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

#### Cash and Cash Equivalents

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

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

#### Investments

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

- (a) bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
- (b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.
- (c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.



STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
Notes to the Financial Statements  
June 30, 2013

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Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

Property Taxes

The County collects the District's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer 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. The County collects such taxes and distributes them to the District on a monthly basis. The District accounts for its share of property taxes in the General, Debt Service and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

Elimination and Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Inventories and Prepaid Items

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Food Service Fund consists of purchased food and non-food items and United States Department of Agriculture (USDA) commodities. Commodities are shown at the USDA procurement cost. Costs are recorded as expenditures at the time individual inventory items are used (consumption method). Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both District-wide and fund financial statements.

Capital Assets

Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

If there are any construction projects funded by the NM Public School Facilities Authority they are included in the appropriate capital projects fund and in the capital assets.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Buildings & Improvements	20-50 Years
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	3-15 Years

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet.

Long-Term Liabilities

For district-wide reporting, the costs associated with the bonds are recognized over the life of the bond. As permitted by GASB Statement No. 34 the amortization of the costs of bonds will be amortized prospectively from the date of adoption of GASB Statement No. 34.

Restricted Net Position

For the Government-Wide Statement of Net Position, net position is reported as restricted when constraints are placed on the use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available it will first be applied to restricted resources.

Fund Balances of Fund Financial Statements

Nonspendable fund balance indicates that portion of fund equity is not spendable such as inventory.

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resources providers, or through enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance is the residual amount that is not restricted or committed.

Interfund Transfers

In governmental funds, transfers should be reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

Deferred Revenue

The District reports deferred revenues on its Statement of Net Position and Fund Balance Sheet. Deferred revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized. Deferred revenues also occur in the fund financial statements when revenue is earned but is not available. The revenue becomes available if received within 30 days of the fiscal year end.

Compensated Absences

All 12-month or full time employees that have been employed 1-9 years are entitled to 10 working days and 10 or more years 15 working days. Vacation time must be taken by December 30th following the school year as it is earned, and it is not accumulative. Prior accrued vacation time not taken by December 30 will be canceled.

Employees will not be paid for vacation days unless the following condition exists. An employee who terminates employment at the end of a contract year should try to use up all accrued vacation days. If this is not possible, the employee shall meet with the Superintendent to explain why the vacation days could not be taken. Upon approval by the Superintendent, the employee will be paid for accrued vacation days based on their daily rate.

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

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

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

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

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
Notes to the Financial Statements  
June 30, 2013

**NOTE B: DEPOSITS AND INVESTMENTS**

The District is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

**1st National Bank**

<u>Name of Account</u>	Balance Per Bank 6/30/13	Reconciled Balance	Type
Operational-Checking	\$ 1,837,593	\$ 1,659,726	Interest Bearing
Activity-Non-budgeted-Checking	131,715	128,819	Interest Bearing
Total Deposited	<u>1,969,308</u>	<u>\$ 1,788,545</u>	
Less: FDIC Coverage	(250,000)		
Uninsured Amount	1,719,308		
50% collateral requirement	859,654		
Pledged securities	<u>1,513,939</u>		
Over (Under) requirement	<u>\$ 654,285</u>		

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

The following securities are pledged at 1st National Bank:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
GNMA II Pool #631831	36291L4Q5	\$ 312,849	06/20/2024	* FHLB
FNMA Pool #MA0538	31417YS40	1,201,090	10/01/2030	FHLB
		<u>\$ 1,513,939</u>		

\* Dallas, TX

**Custodial Credit Risk-Deposits**

<u>Depository Account</u>	Bank Balance
Insured	\$ 250,000
Collateralized:	
Collateral held by the pledging bank in District's name	1,513,939
Uninsured and uncollateralized	205,369
Total Deposits	<u>\$ 1,969,308</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2013 \$205,369 of the District's bank balance of \$1,969,308 was exposed to custodial credit risk.

**NOTE C: INTERFUND BALANCES AND ACTIVITY**

	Title I 24101	IDEA Part B Entitlement 24106	Other Governmental Funds	Total
Loan from General Fund	<u>\$ 12,090</u>	<u>\$ 18,716</u>	<u>\$ 13,081</u>	<u>\$ 43,887</u>

The above loans were to cover shortfalls. They will be paid back within one year.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
Notes to the Financial Statements  
June 30, 2013

**NOTE D: DUE FROM GRANTOR**

Amounts due from other agencies and units of government were as follows as of June 30, 2013:

Federal Agencies	\$	41,547
State Agencies		5,727
Total	\$	<u>47,274</u>

**NOTE E: CAPITAL ASSETS**

Capital Assets Balances and Activity for the fiscal year end is as follows:

	Beginning Balance 6/30/12	Additions	Deletions	Ending Balance 6/30/13
<b>Governmental Activities</b>				
Capital Assets not being Depreciated				
Land	\$ 5,000	\$ 0	\$ 0	\$ 5,000
Total Capital Assets not being Depreciated	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>5,000</u>
Capital Assets, being Depreciated				
Buildings & Improvements	16,962,386	0	0	16,962,386
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	1,657,467	95,300	0	1,752,767
Total Capital Assets being Depreciated	<u>18,619,853</u>	<u>95,300</u>	<u>0</u>	<u>18,715,153</u>
Total Capital Assets	<u>18,624,853</u>	<u>95,300</u>	<u>0</u>	<u>18,720,153</u>
<b>Less Accumulated Depreciation</b>				
Buildings & Improvements	4,180,279	366,080	0	4,546,359
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	1,108,644	206,783	0	1,315,427
Total Accumulated Depreciation	<u>5,288,923</u>	<u>572,863</u>	<u>0</u>	<u>5,861,786</u>
Capital Assets, net	<u>\$ 13,335,930</u>	<u>\$ (477,563)</u>	<u>\$ 0</u>	<u>\$ 12,858,367</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$	429,458
Support Services-Students		10,920
General Administration		81,018
School Administration		16,823
Central Services		3,183
Operation & Maintenance of Plant		31,460
Total depreciation expenses	\$	<u>572,862</u>

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
Notes to the Financial Statements  
June 30, 2013

**NOTE H: LONG TERM DEBT**

A summary of activity in the Long-Term Debt is as follows:

	Beginning Balance 6/30/12	Additions	Reductions	Ending Balance 6/30/13	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 5,615,000	\$ 4,000,000	\$ 4,720,000	\$ 4,895,000	\$ 675,000
Total Bonds	<u>\$ 5,615,000</u>	<u>\$ 4,000,000</u>	<u>\$ 4,720,000</u>	<u>\$ 4,895,000</u>	<u>\$ 675,000</u>

Payments on the general obligation bonds are made by the Debt Service Funds.

General Obligation Bonds.

The following bonds were issued for the purpose of erecting, furnishing, remodeling and making additions to District buildings and improving District grounds. A tax is annually assessed, levied and collected upon all taxable property within the District for the purpose of providing the necessary funds to meet the interest and principal payments as they become due.

Series	Date of Issue	Original Amount	Interest Rate	Balance
2001	03/01/2001	4,500,000	4.0%-5.50%	\$ 0
2002	08/01/2001	1,500,000	3.50%-5.00%	0
2007	11/16/2007	2,500,000	3.65%-4.35%	0
2009	06/16/2009	1,750,000	4.25%	955,000
2013	06/05/2013	3,940,000	2%-3%	3,940,000
				<u>\$ 4,895,000</u>

The annual requirements to amortize the general obligation bonds as of June 30, 2013 including interest payments are as follows:

	Principal	Interest	Total
2014	\$ 675,000	\$ 91,933	\$ 766,933
2015	565,000	109,456	674,456
2016	590,000	97,175	687,175
2017	660,000	83,663	743,663
2018	580,000	70,250	650,250
2019-2022	1,825,000	102,088	1,927,088
	<u>\$ 4,895,000</u>	<u>\$ 554,565</u>	<u>\$ 5,449,565</u>

Reconciliation of Long-Term Debt disclosed in Note H to the Long-Term Debt reported in the Statement of Net Position.

Note H	
Bonds	\$ 4,895,000
Issue Costs/Premium/Discounts on Bond Issues	(238,176)
Accumulated Amortization	171,977
Statement of Net Position	<u>\$ 4,828,801</u>

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 Notes to the Financial Statements  
 June 30, 2013

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Long-Term Per Government Wide Financial Statements	\$ 4,153,801
Current Portion	675,000
Statement of Net Position	<u>\$ 4,828,801</u>

**NOTE I: COMMITMENTS**

The District has various construction commitments for repairs and improvement of facilities on June 30, 2013.

**NOTE J: PENSION PLAN**

**Plan Description**

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

**Funding Policy**

**Member Contributions**

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

**Employer Contributions**

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

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

The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2013, 2012, and 2011, were \$493,190, \$503,206, and \$580,935 respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE I: POST-EMPLOYMENT BENEFITS**

**Plan Description**

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

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

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

**Funding Policy**

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

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



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

The District's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$77,073, \$61,252 and \$71,517 respectively, which equal the required contributions for each year.

**NOTE L: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS**

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are included on each Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

**NOTE M: INSURANCE COVERAGE**

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

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

**NOTE N. SURETY BOND**

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

**NOTE O. JOINT POWERS AGREEMENT**

Cloudcroft Municipal Schools entered into a joint powers agreement with the Region 9 Education Cooperative (REC). The purpose of the agreement is to allow the submission of a consolidated application to the State Department of Education for certain funds granted to the State of New Mexico by the United States Department of Education under the Education of the Handicapped Act, Part B, PL 94142 among others.

There are seven schools that participate in the REC, they are Ruidoso, Capitan, Carrizozo, Cloudcroft, Corona, Hondo and Tularosa. The agreement became effective on July 1, 1995 and is to remain in effect until the end of any fiscal year during which the school gives notice of intent to terminate.

The REC is its own fiscal agent and is responsible for its audit. The financial statements were prepared by an IPA and are available for inspection at the REC office located at 1400 Sudderth Dr. Ruidoso, NM 88345.

**SUPPLEMENTAL INFORMATION RELATED TO  
MAJOR FUNDS**

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 CAPITAL PROJECTS FUND-BOND BUILDING-31100  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Capital Outlay				
Building Improvements	361,907	361,907	75,362	286,545
Total Capital Outlay	<u>361,907</u>	<u>361,907</u>	<u>75,362</u>	<u>286,545</u>
Total Expenditures	<u>361,907</u>	<u>361,907</u>	<u>75,362</u>	<u>286,545</u>
Excess (Deficiency) of Revenues Over Expenditures	(361,907)	(361,907)	(75,362)	286,545
Cash Balance Beginning of Year	<u>375,531</u>	<u>375,531</u>	<u>375,531</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 13,624</u>	<u>\$ 13,624</u>	<u>\$ 300,169</u>	<u>\$ 286,545</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (75,362)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (75,362)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 CAPITAL PROJECT FUND-SENATE BILL NINE-31700  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 302,384	\$ 302,384	\$ 309,201	\$ 6,817
State Grant	0	11,175	46,445	35,270
Total Revenues	<u>302,384</u>	<u>313,559</u>	<u>355,646</u>	<u>42,087</u>
<b>Expenditures</b>				
<b>Support Services-General Administration</b>				
Professional & Tech Services	4,000	4,000	3,092	908
Total Support Services-General Administration	<u>4,000</u>	<u>4,000</u>	<u>3,092</u>	<u>908</u>
<b>Capital Outlay</b>				
Maintenance & Repairs	130,000	102,000	59,657	42,343
Building Improvement	23,625	34,800	12,675	22,125
Other Contract Service	75,000	106,500	88,812	17,688
Software	177,256	153,756	90,950	62,806
Supplies	0	20,000	10,356	9,644
Land Improvements	46,375	46,375	11,563	34,812
Buses	40,000	40,000	0	40,000
Total Capital Outlay	<u>492,256</u>	<u>503,431</u>	<u>274,013</u>	<u>229,418</u>
Total Expenditures	<u>496,256</u>	<u>507,431</u>	<u>277,105</u>	<u>230,326</u>
Excess (Deficiency) of Revenues Over Expenditures	(193,872)	(193,872)	78,541	272,413
Cash Balance Beginning of Year	<u>201,884</u>	<u>201,884</u>	<u>201,884</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 8,012</u>	<u>\$ 8,012</u>	<u>\$ 280,425</u>	<u>\$ 272,413</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Net Change in Cash Balance			\$ 78,541	
Net Change in Taxes Receivable			2,247	
Net Change in Accounts Payables			<u>4,620</u>	
Net Change in Fund Balance			<u>\$ 85,408</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
DEBT SERVICE FUND-41000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 889,087	\$ 889,087	\$ 779,466	\$ (109,621)
Total Revenues	<u>889,087</u>	<u>889,087</u>	<u>779,466</u>	<u>(109,621)</u>
Expenditures				
Support Services-General Administration				
Purchased Services	9,000	9,000	7,794	1,206
Total Support Services-General Administration	<u>9,000</u>	<u>9,000</u>	<u>7,794</u>	<u>1,206</u>
Debt Service				
Principal	660,000	660,000	660,000	0
Interest	229,300	229,300	229,254	46
Bond Refunding Costs	0	76,403	76,403	0
Total Debt Service	<u>889,300</u>	<u>965,703</u>	<u>965,657</u>	<u>46</u>
Total Expenditures	<u>898,300</u>	<u>974,703</u>	<u>973,451</u>	<u>1,252</u>
Excess (Deficiency) of Revenues Over Expenditures	(9,213)	(85,616)	(193,985)	(108,369)
Cash Balance Beginning of Year	<u>926,201</u>	<u>926,201</u>	<u>926,201</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 916,988</u>	<u>\$ 840,585</u>	<u>\$ 732,216</u>	<u>\$ (108,369)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (193,985)	
Net change in Taxes Receivable			363	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (193,622)</u>	

The notes to the financial statements are an integral part of this statement.

**SUPPLEMENTAL INFORMATION RELATED TO  
NON MAJOR FUNDS**

#### **NONMAJOR SPECIAL REVENUE FUNDS**

**Food Services (21000).** To account for revenue and expenditures associated with the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements. Authority for creation of this fund is NMSA 22-13-13.

**Athletics (22000).** To account for revenue and expenditures associated with the District's budgeted athletic activities. (NMAC 6.20.2).

**Autism Spectrum Disorder Project (24107).** To account for revenue and expenditures for assistance with an autism student. Funding authorized by the Individuals with Disabilities Education Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, 101-476, and 102-119. The fund was created by the authority of federal grant provisions.

**Teacher Principal Training (24154).** To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. Elementary and Secondary Education Act of 1965, as amended, Title II, Part A (PL 107-110).

**Title XIX Medicaid (25153).** 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. The fund was created by the authority of federal grant provisions. (Title XIX Social Security Act).

**Rural Education Achievement Program (25233).** To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

**Dual Credit Instructional Materials (27103).** To provide funding to the District to purchase college books for students attending college classes and obtaining dual credits. The fund was created by grant provisions.

**2010 GO Student Library (27106).** To provide funding for the purchase of library books. The fund was created by the authority of state grant provision.

**Top Growth Award (27171).** To account for a grant received for improvement in student assessment scores. The fund was created by the authority of state grant provision.

**GOB School Bus Purchase (27172).** To account for the purchase of a school bus. The fund was created by state grant provisions.



STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2013

	Special Revenue		
	Food Service 21000	Athletics 22000	Autism Spectrum Disorder Project 24107
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 7,227	\$ 0
Due from Grantor	5,935	0	2,487
Inventory	3,851	0	0
Total Assets	<u>\$ 9,786</u>	<u>\$ 7,227</u>	<u>\$ 2,487</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balance	\$ 4,867	\$ 0	\$ 2,487
Total Liabilities	<u>4,867</u>	<u>0</u>	<u>2,487</u>
Fund Balance			
Nonspendable-Inventory	3,851	0	0
Restricted for, reported in Special Revenue Funds	<u>1,068</u>	<u>7,227</u>	<u>0</u>
Total Fund Balance	<u>4,919</u>	<u>7,227</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 9,786</u>	<u>\$ 7,227</u>	<u>\$ 2,487</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2013

	Special Revenue		
	Improving Teacher Quality 24154	Title XIX Medicaid 25153	Rural Education Achievement 25233
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 23,575	\$ 0
Due from Grantor	0	0	3,037
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 23,575</u>	<u>\$ 3,037</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Interfund Balance	\$ 0	\$ 0	\$ 3,037
Total Liabilities	<u>0</u>	<u>0</u>	<u>3,037</u>
<b>Fund Balance</b>			
Nonspendable-Inventory	0	0	0
Restricted for, reported in Special Revenue Funds	<u>0</u>	<u>23,575</u>	<u>0</u>
Total Fund Balance	<u>0</u>	<u>23,575</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 23,575</u>	<u>\$ 3,037</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2013

	Special Revenue		
	Dual Credit 27103	2010 GO Student Library 27106	Top Growth Award 27171
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Due from Grantor	0	0	2,690
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,690</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Interfund Balance	\$ 0	\$ 0	\$ 2,690
Total Liabilities	<u>0</u>	<u>0</u>	<u>2,690</u>
<b>Fund Balance</b>			
Nonspendable-Inventory	0	0	0
Restricted for, reported in Special Revenue Funds	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,690</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2013

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	<u>Special Revenue</u>	
	GOB School Bus Purchase 27172	<u>Total</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	0 \$	30,802
Due from Grantor	0	14,149
Inventory	0	3,851
Total Assets	<u>0 \$</u>	<u>48,802</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Interfund Balance	\$ 0	\$ 13,081
Total Liabilities	<u>0</u>	<u>13,081</u>
Fund Balance		
Nonspendable-Inventory	0	3,851
Restricted for, reported in Special Revenue Funds	0	31,870
Total Fund Balance	<u>0</u>	<u>35,721</u>
Total Liabilities and Fund Balance	<u>0 \$</u>	<u>48,802</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2013

	Special Revenue		
	Food Service 21000	Athletics 22000	Autism Spectrum Disorder Project 24107
Revenues			
Fees	\$ 31,499	\$ 14,044	\$ 0
State & Local Grants	0	0	0
Federal Grants	73,129	0	4,431
Total Revenues	<u>104,628</u>	<u>14,044</u>	<u>4,431</u>
Expenditures			
Current			
Instruction	0	12,832	0
Support Services-Students	0	0	4,431
Food Service Operations	103,416	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>103,416</u>	<u>12,832</u>	<u>4,431</u>
Excess (Deficiency) of Revenues Over Expenditures	1,212	1,212	0
Fund Balances at Beginning of Year	<u>3,707</u>	<u>6,015</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 4,919</u>	<u>\$ 7,227</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2013

	Special Revenue		
	Improving Teacher Quality 24154	Title XIX Medicaid 25153	Rural Education Achievement 25233
Revenues			
Fees	\$ 0	\$ 21,900	\$ 0
State & Local Grants	0	0	0
Federal Grants	2,690	0	26,488
Total Revenues	<u>2,690</u>	<u>21,900</u>	<u>26,488</u>
Expenditures			
Current			
Instruction	0	0	26,488
Support Services-Students	2,690	37,495	0
Food Service Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>2,690</u>	<u>37,495</u>	<u>26,488</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(15,595)	0
Fund Balances at Beginning of Year	<u>0</u>	<u>39,170</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 23,575</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2013

	Special Revenue		
	Dual Credit 27103	2010 GO Student Library 27106	Top Growth Award 27171
Revenues			
Fees	\$ 0	\$ 0	\$ 0
State & Local Grants	1,417	3,340	2,690
Federal Grants	0	0	0
Total Revenues	<u>1,417</u>	<u>3,340</u>	<u>2,690</u>
Expenditures			
Current			
Instruction	1,417	0	0
Support Services-Students	0	3,340	2,690
Food Service Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>1,417</u>	<u>3,340</u>	<u>2,690</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2013

	<u>Special Revenue</u>	
	GOB School Bus Purchase <u>27172</u>	<u>Total</u>
Revenues		
Fees	\$ 0	\$ 67,443
State & Local Grants	0	7,447
Federal Grants	<u>0</u>	<u>106,738</u>
Total Revenues	<u>0</u>	<u>181,628</u>
Expenditures		
Current		
Instruction	0	40,737
Support Services-Students	0	50,646
Food Service Operations	0	103,416
Capital Outlay	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>194,799</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(13,171)
Fund Balances at Beginning of Year	<u>0</u>	<u>48,892</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 35,721</u>

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-FOOD SERVICE-21000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Fees	\$ 30,000	\$ 30,000	\$ 31,499	\$ 1,499
Federal Grants	65,000	65,000	57,920	(7,080)
Total Revenues	<u>95,000</u>	<u>95,000</u>	<u>89,419</u>	<u>(5,581)</u>
<b>Expenditures</b>				
<b>Food Services</b>				
Personnel Services	42,000	42,000	42,000	0
Employee Benefits	40,281	43,508	43,367	141
Supplies	12,719	9,492	8,919	573
Total Food Services	<u>95,000</u>	<u>95,000</u>	<u>94,286</u>	<u>714</u>
Total Expenditures	<u>95,000</u>	<u>95,000</u>	<u>94,286</u>	<u>714</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(4,867)	(4,867)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (4,867)</u>	<u>\$ (4,867)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (4,867)	
Net change in Inventory			144	
Net change in Accounts Payable			5,935	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 1,212</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-ATHLETICS-22000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Fees	\$ 14,250	\$ 14,250	\$ 14,044	\$ (206)
Total Revenues	<u>14,250</u>	<u>14,250</u>	<u>14,044</u>	<u>(206)</u>
Expenditures				
Instruction				
Professional & Tech Services	6,500	6,500	4,595	1,905
Supplies	<u>11,919</u>	<u>11,919</u>	<u>8,237</u>	<u>3,682</u>
Total Instruction	<u>18,419</u>	<u>18,419</u>	<u>12,832</u>	<u>5,587</u>
Total Expenditures	<u>18,419</u>	<u>18,419</u>	<u>12,832</u>	<u>5,587</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,169)	(4,169)	1,212	5,381
Cash Balance Beginning of Year	<u>6,015</u>	<u>6,015</u>	<u>6,015</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,846</u>	<u>\$ 1,846</u>	<u>\$ 7,227</u>	<u>\$ 5,381</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>1,212</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>1,212</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-AUTISM SPECTRUM DISORDER PROJECT-24107  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 2,492	\$ 7,492	\$ 4,436	\$ (3,056)
Total Revenues	<u>2,492</u>	<u>7,492</u>	<u>4,436</u>	<u>(3,056)</u>
<b>Expenditures</b>				
<b>Support Services-Students</b>				
Professional & Tech Services	0	2,481	2,481	0
Supplies	0	2,519	1,950	569
Total Support Services-Students	<u>0</u>	<u>5,000</u>	<u>4,431</u>	<u>569</u>
Total Expenditures	<u>0</u>	<u>5,000</u>	<u>4,431</u>	<u>569</u>
Excess (Deficiency) of Revenues Over Expenditures	2,492	2,492	5	(2,487)
Cash Balance Beginning of Year	<u>(2,492)</u>	<u>(2,492)</u>	<u>(2,492)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,487)</u>	<u>\$ (2,487)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 5	
Net Change in Due from Grantor			<u>(5)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-IMPROVING TEACHER QUALITY-24154  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 15,000	\$ 15,000	\$ 15,000	\$ 0
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Professional & Tech Services	15,000	15,000	15,000	0
Total Instruction	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>0</u>
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-TITLE XIX MEDICAID-25153  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 0	\$ 0	\$ 21,900	\$ 21,900
Total Revenues	<u>0</u>	<u>0</u>	<u>21,900</u>	<u>21,900</u>
<b>Expenditures</b>				
<b>Support Services-Students</b>				
Personnel Services	0	30,648	28,975	1,673
Employee Benefits	<u>0</u>	<u>8,522</u>	<u>8,520</u>	<u>2</u>
Total Support Services-Students	<u>0</u>	<u>39,170</u>	<u>37,495</u>	<u>1,887</u>
Total Expenditures	<u>0</u>	<u>39,170</u>	<u>37,495</u>	<u>1,887</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(39,170)	(15,595)	23,575
Cash Balance Beginning of Year	<u>39,170</u>	<u>39,170</u>	<u>39,170</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 39,170</u>	<u>\$ 0</u>	<u>\$ 23,575</u>	<u>\$ 23,575</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>(15,595)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(15,595)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-RURAL EDUCATION ACHIEVEMENT PROGRAM-25233  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 5,465	\$ 41,251	\$ 28,916	\$ (12,335)
Total Revenues	<u>5,465</u>	<u>41,251</u>	<u>28,916</u>	<u>(12,335)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Professional & Tech Services	0	35,786	26,488	9,298
Total Instruction	<u>0</u>	<u>35,786</u>	<u>26,488</u>	<u>9,298</u>
Total Expenditures	<u>0</u>	<u>35,786</u>	<u>26,488</u>	<u>9,298</u>
Excess (Deficiency) of Revenues Over Expenditures	5,465	5,465	2,428	(3,037)
Cash Balance Beginning of Year	<u>(5,465)</u>	<u>(5,465)</u>	<u>(5,465)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (3,037)</u>	<u>\$ (3,037)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,428	
Net Change in Due from Grantor			<u>(2,428)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-DUAL CREDIT-27103  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 0	\$ 1,417	\$ 1,417	\$ 0
Total Revenues	<u>0</u>	<u>1,417</u>	<u>1,417</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	0	1,417	1,417	0
Total Instruction	<u>0</u>	<u>1,417</u>	<u>1,417</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>1,417</u>	<u>1,417</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-2010 GO LIBRARY-27106  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 5,069	\$ 6,780	\$ 5,069	\$ (1,711)
Total Revenues	<u>5,069</u>	<u>6,780</u>	<u>5,069</u>	<u>(1,711)</u>
<b>Expenditures</b>				
<b>Support Services-Students</b>				
Supplies	3,340	5,051	3,340	1,711
Total Support Services-Students	<u>3,340</u>	<u>5,051</u>	<u>3,340</u>	<u>1,711</u>
Total Expenditures	<u>3,340</u>	<u>5,051</u>	<u>3,340</u>	<u>1,711</u>
Excess (Deficiency) of Revenues Over Expenditures	1,729	1,729	1,729	0
Cash Balance Beginning of Year	<u>(1,729)</u>	<u>(1,729)</u>	<u>(1,729)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,729	
Net change in Due from Grantor			<u>(1,729)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-TOP GROWTH AWARD-27171  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 0	\$ 5,325	\$ 2,690	\$ (2,635)
Total Revenues	<u>0</u>	<u>5,325</u>	<u>2,690</u>	<u>(2,635)</u>
<b>Expenditures</b>				
<b>Support Services-Students</b>				
Supplies	0	5,325	2,690	2,635
Total Support Services-Students	<u>0</u>	<u>5,325</u>	<u>2,690</u>	<u>2,635</u>
Total Expenditures	<u>0</u>	<u>5,325</u>	<u>2,690</u>	<u>2,635</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-GOB SCHOOL BUS PURCHASE-27172  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 57,350	\$ 57,350	\$ 57,350	\$ 0
Total Revenues	<u>57,350</u>	<u>57,350</u>	<u>57,350</u>	<u>0</u>
<b>Expenditures</b>				
<b>Capital Outlay</b>				
Bus Purchase	0	0	0	0
Total Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	57,350	57,350	57,350	0
Cash Balance Beginning of Year	<u>(57,350)</u>	<u>(57,350)</u>	<u>(57,350)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 57,350	
Net Change in Due from Grantor			<u>(57,350)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

**OTHER SUPPLEMENTAL INFORMATION**

**FIDUCIARY FUND**

**Activity Trust Fund**

To account for funds of various student groups that are custodial in nature.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 AGENCY FUNDS  
 Statement of Fiduciary Assets and Liabilities-Agency Fund  
 For the Year Ended June 30, 2013

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	Beginning Balance <u>6/30/12</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>6/30/13</u>
<b>ASSETS</b>				
Activity Trust Fund	\$ 115,104	\$ 103,186	\$ 89,469	\$ 128,821
Total Assets	<u>\$ 115,104</u>	<u>\$ 103,186</u>	<u>\$ 89,469</u>	<u>\$ 128,821</u>
<b>LIABILITIES</b>				
Due To Student Groups	\$ 115,104	\$ 103,186	\$ 89,469	\$ 128,821
Total Liabilities	<u>\$ 115,104</u>	<u>\$ 103,186</u>	<u>\$ 89,469</u>	<u>\$ 128,821</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 AGENCY FUNDS - ACTIVITY  
 Schedule of Fiduciary Assets and Liabilities-Agency Fund  
 For the Year Ended June 30, 2013

ASSETS	Balance 6/30/12	Additions	Deductions	Balance 6/30/13
23800 Activity Investment Fund	\$ 8,431	\$ 61	0	\$ 8,492
23802 Administrative Activity	788	2,500	700	2,588
23803 Bear Memorial Activity	1,750	250	162	1,838
23804 PCA Activity	109	0	109	0
23805 Annual	8,540	9,420	9,818	8,142
23806 Football Concession	0	5,000	1,481	3,519
23810 "C" Club	9,306	10,509	10,333	9,482
23812 Bear Pride Awards	826	0	826	0
23813 Challenge Activity	53	0	53	0
23814 Dig Pink-VB	405	0	0	405
23815 Cheerleaders	45	0	44	1
23816 Wrestling	962	773	1,672	63
23820 Color Guard	3	0	3	0
23821 Cafeteria Activity	6,229	4,422	1,786	8,865
23822 Life Skills	39	0	0	39
23823 Art Activity	34	0	34	0
23824 Film Activity	20	0	20	0
23825 Mock Trial	564	0	564	0
23826 Drama Club	117	0	117	0
23828 Elementary/Middle School	418	0	418	0
23830 Elementary School	8,225	11,408	10,011	9,622
23831 Box Top Activity	1,061	285	823	523
23832 Elementary AR	554	0	553	1
23833 Art After School	22	0	22	0
23835 FFA	17,165	1,143	2,248	16,060
23836 RC&D Council	49	0	49	0
23837 BPA	148	0	148	0
23838 Key Club	3,550	3,018	1,792	4,776
23839 Pay to Play	3,989	18,566	6,752	15,803
23840 High School Activity	1,513	3,454	4,537	430
23841 High School BP Grant Activity	1,938	0	248	1,690
23843 Academic Excellence	2,641	15	1,000	1,656
23845 Student Council	1,634	384	559	1,459
23846 National Honor Society	1,225	0	711	514
23847 Culinary Arts	14,997	7,444	12,601	9,840
23850 In and Out	75	0	75	0
23855 Junior Class	2,697	2,929	3,245	2,381
23860 Library Fund	2,303	4,201	3,326	3,178
23865 MS Activity	0	51	0	51
23866 MS Sports	4,490	4,781	2,096	7,175
23867 MS Spirit Club	139	0	139	0
23870 MS Student Council	722	1,492	1,774	440
23875 Miscellaneous	284	0	284	0
23880 Music Club	455	4,571	1,078	3,948
23889 Builder's Club	2,490	2,282	3,012	1,760
23890 Science Club	2,627	4,227	4,246	2,608
23891 Technology Activity	1,472	0	0	1,472
Total Assets	<u>\$ 115,104</u>	<u>\$ 103,186</u>	<u>\$ 89,469</u>	<u>\$ 128,821</u>
<b>LIABILITIES</b>				
Deposits Held for Others	\$ 115,104	\$ 103,186	\$ 89,469	\$ 128,821
Total Liabilities	<u>\$ 115,104</u>	<u>\$ 103,186</u>	<u>\$ 89,469</u>	<u>\$ 128,821</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 Cash Reconciliations - All Funds  
 For the Year Ended June 30, 2013

		Cash Balance 6/30/12	Revenue	Expenditures	Adjustments	Cash Balance 6/30/13
Operational	11000 \$	292,592 \$	3,577,199 \$	3,604,044 \$	0 \$	265,747
Transportation	13000	21,433	348,942	362,892	0	7,483
Instructional Materials	14000	16,998	26,323	32,952	0	10,369
Food Service	21000	0	89,419	94,286	0	(4,867)
Athletics	22000	6,015	14,044	12,831	0	7,228
Activities	23000	115,104	103,186	89,470	0	128,820
Federal Flowthrough	24000	(42,616)	210,701	201,379	0	(33,294)
Federal Direct	25000	33,704	50,816	63,982	0	20,538
State Flowthrough	27000	(59,080)	63,836	7,448	0	(2,692)
Bond Building	31100	375,531	0	75,362	0	300,169
Senate Bill Nine	31700	201,884	355,646	277,106	0	280,424
Debt Service	41000	926,202	779,466	897,048	0	808,620
Total		<u>\$ 1,887,767</u>	<u>\$ 5,619,578</u>	<u>\$ 5,718,800</u>	<u>\$ 0</u>	<u>\$ 1,788,545</u>

The notes to the financial statements are an integral part of this statement.

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed  
In Accordance with *Government Auditing Standards*

Independent Auditor's Report

Mr. Hector Balderas  
State Auditor of the State of New Mexico  
Board Members of the Cloudcroft Municipal Schools

Mr. Balderas and Members of the Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of Cloudcroft Municipal Schools (District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplemental information, and have issued our report thereon dated October 28, 2013.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 are 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying Schedule of Findings and Responses, that we consider to be significant deficiencies. 11-1, 12-1

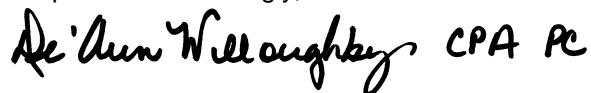
#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses; 11-1, 12-1 and 13-1

#### The District's Responses to Findings

The District's responses to the findings identified in our audit as described in the accompanying Schedule of Findings and Responses. We did not audit the District's responses and, accordingly, we express no opinion on them.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

De'Ann Willoughby CPA PC

Clovis, New Mexico

October 28, 2013

**Prior Year Audit Findings**

	<u>Status</u>
10-1 Budget	Resolved
10-2 PED Cash Reports	Resolved
11-1 Expenditure Issues	Repeated & Modified
11-2 Employee Files	Resolved
12-1 Reporting of ERB and RHCA Wages	Repeated & Modified
12-2 Cash Appropriations in Excess of Available Cash Balances	Resolved

**Current Year Audit Findings**

**11-1 Expenditure Issues -Compliance and Internal Control-Significant Deficiency**

**Condition**

Of a sample size of 169 revealed the following:

- Three PO's were issued after the purchase was made for a total of \$1,919.63.

**Criteria**

In accordance with 6.20.2.17 Purchasing each school district shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq, NMSA 1978.

**Cause**

Employees often make purchases without going through proper channels even if they have had training.

**Effect**

Expenditures made without a PO could result in overspending and use of funds that are needed in other areas of the budget.

**Recommendation**

There has to be consequences for those who make purchases without approval.

**Response**

We have issued a policy that purchases without approval will result in a deduction from the employee's pay.

**12-1 Reporting of ERB and RHCA Wages -Compliance and Internal Control-Significant Deficiency**

**Condition**

During our audit procedures we noted the following:

There were two employees reported on ERB but not RHCA. Total wages that were under reported to RHCA were \$59,949.92. One employee was not reported on either report. The employee's under payment totaled \$599.50 and the District's under payment totaled \$1,199.00 for a total of \$1,798.50 under paid to RHCA. Also bus drivers that were not eligible for ERB or RHCA was being reported to ERB. One return to work employee was not reported on ERB. The under reported wages for the RTW employee totaled \$7,514.40. The employee's under payment totaled \$593.64 and the District's under payment totaled \$931.79. The bus drivers' over reported wages totaled \$16,488.31 for an over payment by the employees' totaling \$1,302.58 and the District's overpayment of \$2,044.55.

**Criteria**

As per ERB handbook any employee working .25 FTE or more is covered by ERB's retirement program. Also, the Office of the State Auditor has added NMRHCA to their 2010 State Auditor Rule under State Compliance, Section 2.2.2.10 (G) (19). The rule states: "Retiree Health Care Authority Act (Section 10-7C-1 to 10-7C-19 NMSA 1978). Auditors should test to ensure 100% of payroll is reported to NMRHCA. RHCA employer and employee contributions are set forth in Section 10-7C-15 NMSA 1978.

**Cause**

Due diligence was not used in reviewing the payroll setup nor in the reports generated to avoid the mistakes that have occurred.

**Effect**

Benefits were underpaid resulting in the retirement benefit being underfunded. Employees were underpaid by withholding ERB from their pay. Federal and state taxes were underpaid because of the reduction of gross pay of the employees by the ERB.

**Recommendation**

The District should amend ERB and RHCA reports and pay the benefits into the systems. The District should reimburse the bus drivers for the ERB withheld in error. Care should be taken in reviewing the payroll setup prior to pay checks being issued.

**Response**

We will amend the reports, pay the benefits and reimburse the bus drivers. We will also review the payroll setup before payroll begins each year.

**13-1 Late Audit Contract-Compliance-Other Matter**

**Condition**

The audit contract was not received by the Office of the State Auditor by the required due date of April 15, 2013.

**Criteria**

Paragraph (6) or Subsection G of 2.2.2.8 NMAC requires the contract be received by the Office of the State Auditor by April 15, 2013.

**Cause**

The auditor was not on the approved audit list until after that date.

**Effect**

Paragraph (6) or Subsection G of 2.2.2.8 NMAC was violated.

**Recommendation**

The auditors will make every effort to be on the approved auditors' list timely in the future.

**Agency Response**

We will contract with an approved auditor timely.

**Financial Statement Preparation**

The financial statements were prepared by De'Aun Willoughby CPA. However, they are the responsibility of management.

**Exit Conference**

An exit conference was held on October 28, 2013. Those present were Travis Dempsey-Superintendent, Gerald Green-Board Vice President, Charlotte Dees-Business Manager, and De'Aun Willoughby CPA.