



STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**

**ANNUAL FINANCIAL REPORT**  
June 30, 2014

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



STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
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**CLOUDCROFT MUNICIPAL SCHOOLS**  
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STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
Official Roster  
June 30, 2014

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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 funds and major special revenue funds of Cloudcroft Municipal Schools (District), as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, and the budgetary comparisons for the major capital projects funds, debt service fund and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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, 2014, and the respective changes in financial position, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2014, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital projects, debt service 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 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 30, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

 De'Ann Willoughby CPA PC

Clovis, New Mexico  
October 30, 2014

## **FINANCIAL SECTION**



STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 Government-Wide Statement of Net Position  
 June 30, 2014

|                                      | <u>Governmental<br/>Activities</u> |
|--------------------------------------|------------------------------------|
| <b>ASSETS</b>                        |                                    |
| Current Assets                       |                                    |
| Cash and Cash Equivalents            | \$ 3,217,586                       |
| Investments                          | 569                                |
| Property Taxes Receivable            | 32,068                             |
| Due from Grantors                    | 72,032                             |
| Inventory                            | 2,616                              |
| Total Current Assets                 | <u>3,324,871</u>                   |
| Noncurrent Assets                    |                                    |
| Capital Assets                       | 18,800,190                         |
| Less: Accumulated Depreciation       | <u>(6,410,975)</u>                 |
| Total Noncurrent Assets              | <u>12,389,215</u>                  |
| Total Assets                         | <u>15,714,086</u>                  |
| <b>LIABILITIES</b>                   |                                    |
| Current Liabilities                  |                                    |
| Accounts Payable                     | 34,297                             |
| Accrued Interest                     | 48,078                             |
| Current Portion of Long-Term Debt    | 565,000                            |
| Total Current Liabilities            | <u>647,375</u>                     |
| Noncurrent Liabilities               |                                    |
| Bonds and Notes                      | 5,530,000                          |
| Total Noncurrent Liabilities         | <u>5,530,000</u>                   |
| Total Liabilities                    | <u>6,177,375</u>                   |
| <b>DEFERRED INFLOWS OF RESOURCES</b> |                                    |
| Unearned Revenue                     | 1,608                              |
| Total Deferred Inflows of Resources  | <u>1,608</u>                       |
| <b>NET POSITION</b>                  |                                    |
| Net Investment in Capital Assets     | 6,294,215                          |
| Restricted for                       |                                    |
| Capital Projects                     | 1,916,227                          |
| Debt Service                         | 643,006                            |
| Unrestricted                         | 681,655                            |
| Total Net Position                   | <u>\$ 9,535,103</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, 2014

| Functions/Programs  | Expenses            | Program Revenues        |  | Net (Expenses)<br>Revenue and<br>Changes in<br>Net Position |  |
|---|---------------------|-------------------------|--|---|--|
|   |                     | Charges for<br>Services | Operating<br>Grants and<br>Contributions |   | Capital<br>Grants and<br>Contributions |
| <b>Governmental Activities</b>                                      |                     |                         |  |   |  |
| Instruction   | \$ 2,590,788        | \$ 15,811               | \$ 245,412                               | \$ 0  | (2,329,565)                            |
| <b>Support Services</b>   |                     |                         |  |   |  |
| Students  | 692,558             | 13,168                  | 22,436                                   | 0   | (656,954)                              |
| Instruction   | 101,286             | 0                       | 0  | 0   | (101,286)                              |
| General Administration  | 320,445             | 0                       | 0  | 0   | (320,445)                              |
| School Administration   | 291,484             | 0                       | 0  | 0   | (291,484)                              |
| Central Services  | 90,285              | 0                       | 0  | 0   | (90,285)                               |
| Operation of Plant  | 666,607             | 0                       | 0  | 0   | (666,607)                              |
| Transportation  | 240,480             | 0                       | 332,724                                  | 0   | 92,244                                 |
| Food Services   | 141,361             | 34,398                  | 54,286                                   | 0   | (52,677)                               |
| Interest on Long-Term<br>Obligations                                | 113,892             | 0                       | 0  | 0   | (113,892)                              |
| <b>Total Governmental Activities</b>                                | <b>\$ 5,249,186</b> | <b>\$ 63,377</b>        | <b>\$ 654,858</b>                        | <b>\$ 0</b>   | <b>(4,530,951)</b>                     |
| <b>General Revenues</b>   |                     |                         |  |   |  |
| <b>Taxes</b>  |                     |                         |  |   |  |
| Property Taxes, Levied for General Purposes                         |                     |                         |  |   | 47,901                                 |
| Property Taxes, Levied for Capital Projects                         |                     |                         |  |   | 341,246                                |
| Property Taxes, Levied for Debt Service                             |                     |                         |  |   | 663,583                                |
| <b>Federal and State aid not restricted to<br/>specific purpose</b> |                     |                         |  |   |  |
| General   |                     |                         |  |   | 3,426,779                              |
| Capital   |                     |                         |  |   | 4,950                                  |
| Interest and investment earnings                                    |                     |                         |  |   | 630                                    |
| Miscellaneous   |                     |                         |  |   | 1,676                                  |
| Subtotal, General Revenues  |                     |                         |  |   | <u>4,486,765</u>                       |
| Change in Net Position  |                     |                         |  |   | <u>(44,186)</u>                        |
| Net Position - Beginning  |                     |                         |  |   | 9,683,134                              |
| Restatement   |                     |                         |  |   | <u>(103,845)</u>                       |
|   |                     |                         |  |   | <u>9,579,289</u>                       |
| Net Position - Ending   |                     |                         |  |   | <u><u>\$ 9,535,103</u></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, 2014

|   | General Fund         |                         |                                     |
|---|----------------------|-------------------------|-------------------------------------|
|   | Operational<br>11000 | Transportation<br>13000 | Instructional<br>Materials<br>14000 |
| <b>ASSETS</b>   |                      |                         |                                     |
| Cash and Cash Equivalents   | \$ 222,499           | \$ 19,355               | \$ 5,757                            |
| Investments   | 569                  | 0                       | 0                                   |
| Receivables   |                      |                         |                                     |
| Property Taxes  | 1,559                | 0                       | 0                                   |
| Due From Grantor  | 0                    | 0                       | 0                                   |
| Interfund Balances  | 90,795               | 0                       | 0                                   |
| Inventory   | 0                    | 0                       | 0                                   |
| Total Assets  | <u>\$ 315,422</u>    | <u>\$ 19,355</u>        | <u>\$ 5,757</u>                     |
| <b>LIABILITIES AND FUND BALANCE</b>                                   |                      |                         |                                     |
| Accounts Payable  | \$ 8,328             | \$ 90                   | \$ 0                                |
| Interfund Balances  | 0                    | 0                       | 0                                   |
| Total Liabilities   | <u>8,328</u>         | <u>90</u>               | <u>0</u>                            |
| Deferred Inflows of Resources   |                      |                         |                                     |
| Unearned Revenue  | 0                    | 0                       | 0                                   |
| Total Deferred Inflows of Resources                                   | <u>0</u>             | <u>0</u>                | <u>0</u>                            |
| Fund Balances   |                      |                         |                                     |
| Nonspendable-Inventory  | 0                    | 0                       | 0                                   |
| Restricted for:   |                      |                         |                                     |
| Special Revenue Funds   | 0                    | 0                       | 0                                   |
| Capital Projects  | 0                    | 0                       | 0                                   |
| Debt Service  | 0                    | 0                       | 0                                   |
| Assigned-Capital Projects   | 0                    | 0                       | 0                                   |
| Unassigned- General Fund  | 307,094              | 19,265                  | 5,757                               |
| Total Fund Balances   | <u>307,094</u>       | <u>19,265</u>           | <u>5,757</u>                        |
| Total Liabilities, Deferred Inflows of<br>Resources and Fund Balances | <u>\$ 315,422</u>    | <u>\$ 19,355</u>        | <u>\$ 5,757</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, 2014

|   | Special Revenue          |                  |                                |
|---|--------------------------|------------------|--------------------------------|
|   | Food<br>Service<br>21000 | Title I<br>24101 | IDEA B<br>Entitlement<br>24106 |
| <b>ASSETS</b>   |                          |                  |                                |
| Cash and Cash Equivalents   | \$ 0                     | \$ 0             | \$ 0                           |
| Investments   | 0                        | 0                | 0                              |
| Receivables   |                          |                  |                                |
| Property Taxes  | 0                        | 0                | 0                              |
| Due From Grantor  | 0                        | 19,651           | 37,763                         |
| Interfund Balances  | 0                        | 0                | 0                              |
| Inventory   | 2,616                    | 0                | 0                              |
| <b>Total Assets</b>   | <b>\$ 2,616</b>          | <b>\$ 19,651</b> | <b>\$ 37,763</b>               |
| <b>LIABILITIES AND FUND BALANCE</b>   |                          |                  |                                |
| Accounts Payable  | \$ 0                     | \$ 0             | \$ 199                         |
| Interfund Balances  | 18,962                   | 19,651           | 37,564                         |
| <b>Total Liabilities</b>  | <b>18,962</b>            | <b>19,651</b>    | <b>37,763</b>                  |
| <b>Deferred Inflows of Resources</b>  |                          |                  |                                |
| Unearned Revenue  | 0                        | 0                | 0                              |
| <b>Total Deferred Inflows of Resources</b>                                    | <b>0</b>                 | <b>0</b>         | <b>0</b>                       |
| <b>Fund Balances</b>  |                          |                  |                                |
| Nonspendable-Inventory  | 2,616                    | 0                | 0                              |
| Restricted for:   |                          |                  |                                |
| Special Revenue Funds   | 0                        | 0                | 0                              |
| Capital Projects  | 0                        | 0                | 0                              |
| Debt Service  | 0                        | 0                | 0                              |
| Assigned-Capital Projects   | 0                        | 0                | 0                              |
| Unassigned- General Fund  | (18,962)                 | 0                | 0                              |
| <b>Total Fund Balances</b>  | <b>(16,346)</b>          | <b>0</b>         | <b>0</b>                       |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources and Fund Balances</b> | <b>\$ 2,616</b>          | <b>\$ 19,651</b> | <b>\$ 37,763</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, 2014

|   | Capital Projects       |                              |                          |
|---|------------------------|------------------------------|--------------------------|
|   | Bond Building<br>31100 | Senate<br>Bill Nine<br>31700 | Debt<br>Service<br>41000 |
| <b>ASSETS</b>   |                        |                              |                          |
| Cash and Cash Equivalents   | \$ 1,939,107           | \$ 355,439                   | \$ 622,613               |
| Investments   | 0                      | 0                            | 0                        |
| Receivables   |                        |                              |                          |
| Property Taxes  | 0                      | 10,116                       | 20,393                   |
| Due From Grantor  | 0                      | 0                            | 0                        |
| Interfund Balances  | 0                      | 0                            | 0                        |
| Inventory   | 0                      | 0                            | 0                        |
| Total Assets  | <u>\$ 1,939,107</u>    | <u>\$ 365,555</u>            | <u>\$ 643,006</u>        |
| <b>LIABILITIES AND FUND BALANCE</b>                                   |                        |                              |                          |
| Accounts Payable  | \$ 22,880              | \$ 0                         | \$ 0                     |
| Interfund Balances  | 0                      | 0                            | 0                        |
| Total Liabilities   | <u>22,880</u>          | <u>0</u>                     | <u>0</u>                 |
| Deferred Inflows of Resources   |                        |                              |                          |
| Unearned Revenue  | 0                      | 0                            | 0                        |
| Total Deferred Inflows of Resources                                   | <u>0</u>               | <u>0</u>                     | <u>0</u>                 |
| Fund Balances   |                        |                              |                          |
| Nonspendable-Inventory  | 0                      | 0                            | 0                        |
| Restricted for:   |                        |                              |                          |
| Special Revenue Funds   | 0                      | 0                            | 0                        |
| Capital Projects  | 1,916,227              | 0                            | 0                        |
| Debt Service  | 0                      | 0                            | 643,006                  |
| Assigned-Capital Projects   | 0                      | 365,555                      | 0                        |
| Unassigned- General Fund  | 0                      | 0                            | 0                        |
| Total Fund Balances   | <u>1,916,227</u>       | <u>365,555</u>               | <u>643,006</u>           |
| Total Liabilities, Deferred Inflows of<br>Resources and Fund Balances | <u>\$ 1,939,107</u>    | <u>\$ 365,555</u>            | <u>\$ 643,006</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, 2014

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|   | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|--------------------------------|--------------------------------|
|   | <u>          </u>              | <u>          </u>              |
| <b>ASSETS</b>   |                                |                                |
| Cash and Cash Equivalents   | \$ 52,816                      | \$ 3,217,586                   |
| Investments   | 0                              | 569                            |
| Receivables   |                                |                                |
| Property Taxes  | 0                              | 32,068                         |
| Due From Grantor  | 14,618                         | 72,032                         |
| Interfund Balances  | 0                              | 90,795                         |
| Inventory   | 0                              | 2,616                          |
| Total Assets  | <u>\$ 67,434</u>               | <u>\$ 3,415,666</u>            |
| <br><b>LIABILITIES AND FUND BALANCE</b>                               |                                |                                |
| Accounts Payable  | \$ 2,800                       | \$ 34,297                      |
| Interfund Balances  | <u>14,618</u>                  | <u>90,795</u>                  |
| Total Liabilities   | <u>17,418</u>                  | <u>125,092</u>                 |
| Deferred Inflows of Resources   |                                |                                |
| Unearned Revenue  | <u>1,608</u>                   | <u>1,608</u>                   |
| Total Deferred Inflows of Resources                                   | <u>1,608</u>                   | <u>1,608</u>                   |
| Fund Balances   |                                |                                |
| Nonspendable-Inventory  | 0                              | 2,616                          |
| Restricted for:   |                                |                                |
| Special Revenue Funds   | 48,408                         | 48,408                         |
| Capital Projects  | 0                              | 1,916,227                      |
| Debt Service  | 0                              | 643,006                        |
| Assigned-Capital Projects   | 0                              | 365,555                        |
| Unassigned- General Fund  | 0                              | 313,154                        |
| Total Fund Balances   | <u>48,408</u>                  | <u>3,288,966</u>               |
| Total Liabilities, Deferred Inflows of<br>Resources and Fund Balances | <u>\$ 67,434</u>               | <u>\$ 3,415,666</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, 2014

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Total Fund Balance - Governmental Funds \$ 3,288,966

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.

|                          |    |                    |            |
|--------------------------|----|--------------------|------------|
| Capital Assets           | \$ | 18,800,190         |            |
| Accumulated Depreciation |    | <u>(6,410,975)</u> | 12,389,215 |

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             |  | (6,095,000)     |                    |
| Accrued Interest         |  | (48,078)        |                    |
| Bond Issue Costs         |  | 134,967         |                    |
| Accumulated Amortization |  | <u>(40,322)</u> | <u>(6,048,433)</u> |

Total Net Position - Governmental Activities \$ 9,629,748

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, 2014

|  | General Fund         |                         |                                     |
|--|----------------------|-------------------------|-------------------------------------|
|  | Operational<br>11000 | Transportation<br>13000 | Instructional<br>Materials<br>14000 |
| <b>Revenues</b>  |                      |                         |                                     |
| Property Taxes   | \$ 47,901            | \$ 0                    | \$ 0                                |
| Investment Income  | 630                  | 0                       | 0                                   |
| Fees   | 0                    | 0                       | 0                                   |
| State & Local Grants   | 3,413,950            | 252,687                 | 22,101                              |
| Federal Grants   | 12,829               | 0                       | 0                                   |
| Miscellaneous  | 1,676                | 0                       | 0                                   |
| <b>Total Revenues</b>  | <u>3,476,986</u>     | <u>252,687</u>          | <u>22,101</u>                       |
| <b>Expenditures</b>  |                      |                         |                                     |
| Current  |                      |                         |                                     |
| Instruction  | 1,920,181            | 0                       | 24,213                              |
| Support Services   |                      |                         |                                     |
| Students   | 301,264              | 0                       | 0                                   |
| Instruction  | 101,286              | 0                       | 0                                   |
| General Administration                                       | 232,742              | 0                       | 0                                   |
| School Administration  | 275,356              | 0                       | 0                                   |
| Central Services   | 87,233               | 0                       | 0                                   |
| Operation & Maintenance of Plant                             | 507,598              | 0                       | 0                                   |
| Student Transportation                                       | 0                    | 240,480                 | 0                                   |
| Food Services  | 31,412               | 0                       | 0                                   |
| Capital Outlay   | 0                    |                         | 0                                   |
| Debt Service   |                      |                         |                                     |
| Principal  | 0                    | 0                       | 0                                   |
| Interest   | 0                    | 0                       | 0                                   |
| Bond Issue Costs   | 0                    | 0                       | 0                                   |
| <b>Total Expenditures</b>                                    | <u>3,457,072</u>     | <u>240,480</u>          | <u>24,213</u>                       |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <u>19,914</u>        | <u>12,207</u>           | <u>(2,112)</u>                      |
| <b>Other Financing Sources (Uses)</b>                        |                      |                         |                                     |
| Bond Proceeds  | 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>                           | 19,914               | 12,207                  | (2,112)                             |
| <b>Fund Balances at Beginning of Year</b>                    | <u>287,180</u>       | <u>7,058</u>            | <u>7,869</u>                        |
| <b>Fund Balance End of Year</b>                              | <u>\$ 307,094</u>    | <u>\$ 19,265</u>        | <u>\$ 5,757</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, 2014

|  | Special Revenue          |                  |                                |
|--|--------------------------|------------------|--------------------------------|
|  | Food<br>Service<br>21000 | Title I<br>24101 | IDEA B<br>Entitlement<br>24106 |
| <b>Revenues</b>                                      |                          |                  |                                |
| Property Taxes                                       | \$ 0                     | \$ 0             | \$ 0                           |
| Investment Income                                    | 0                        | 0                | 0                              |
| Fees   | 34,398                   | 0                | 0                              |
| State & Local Grants                                 | 0                        | 0                | 0                              |
| Federal Grants                                       | 54,286                   | 54,373           | 99,275                         |
| Miscellaneous  | 0                        | 0                | 0                              |
| <b>Total Revenues</b>                                | <b>88,684</b>            | <b>54,373</b>    | <b>99,275</b>                  |
| <b>Expenditures</b>                                  |                          |                  |                                |
| Current  |                          |                  |                                |
| Instruction  | 0                        | 54,373           | 78,353                         |
| Support Services                                     |                          |                  |                                |
| Students   | 0                        | 0                | 20,922                         |
| Instruction  | 0                        | 0                | 0                              |
| General Administration                               | 0                        | 0                | 0                              |
| School Administration                                | 0                        | 0                | 0                              |
| Central Services                                     | 0                        | 0                | 0                              |
| Operation & Maintenance of Plant                     | 0                        | 0                | 0                              |
| Student Transportation                               | 0                        | 0                | 0                              |
| Food Services  | 109,949                  | 0                | 0                              |
| Capital Outlay                                       | 0                        | 0                | 0                              |
| Debt Service   |                          |                  |                                |
| Principal  | 0                        | 0                | 0                              |
| Interest   | 0                        | 0                | 0                              |
| Bond Issue Costs                                     | 0                        | 0                | 0                              |
| <b>Total Expenditures</b>                            | <b>109,949</b>           | <b>54,373</b>    | <b>99,275</b>                  |
| Excess (Deficiency) of Revenues<br>Over Expenditures | (21,265)                 | 0                | 0                              |
| Other Financing Sources (Uses)                       |                          |                  |                                |
| Bond Proceeds  | 0                        | 0                | 0                              |
| <b>Total Other Financing Sources (Uses)</b>          | <b>0</b>                 | <b>0</b>         | <b>0</b>                       |
| Net Changes in Fund Balance                          | (21,265)                 | 0                | 0                              |
| Fund Balances at Beginning of Year                   | 4,919                    | 0                | 0                              |
| Fund Balance End of Year                             | \$ (16,346)              | \$ 0             | \$ 0                           |

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, 2014

|  | Capital Projects       |                              |                          |
|--|------------------------|------------------------------|--------------------------|
|  | Bond Building<br>31100 | Senate<br>Bill Nine<br>31700 | Debt<br>Service<br>41000 |
| <b>Revenues</b>  |                        |                              |                          |
| Property Taxes   | \$ 0                   | \$ 341,246                   | \$ 663,583               |
| Investment Income  | 0                      | 0                            | 0                        |
| Fees   | 0                      | 0                            | 0                        |
| State & Local Grants   | 0                      | 4,950                        | 0                        |
| Federal Grants   | 0                      | 0                            | 0                        |
| Miscellaneous  | 0                      | 0                            | 0                        |
| <b>Total Revenues</b>  | <u>0</u>               | <u>346,196</u>               | <u>663,583</u>           |
| <b>Expenditures</b>  |                        |                              |                          |
| <b>Current</b>   |                        |                              |                          |
| Instruction  | 0                      | 0                            | 0                        |
| Support Services   |                        |                              |                          |
| Students   | 182,400                | 175,990                      | 0                        |
| Instruction  | 0                      | 0                            | 0                        |
| General Administration                                       | 0                      | 3,394                        | 6,639                    |
| School Administration  | 0                      | 0                            | 0                        |
| Central Services   | 0                      | 0                            | 0                        |
| Operation & Maintenance of Plant                             | 38,896                 | 89,952                       | 0                        |
| Student Transportation                                       | 0                      | 0                            | 0                        |
| Food Services  | 0                      | 0                            | 0                        |
| Capital Outlay   |                        | 0                            | 0                        |
| Debt Service   |                        |                              |                          |
| Principal  | 0                      | 0                            | 675,000                  |
| Interest   | 0                      | 0                            | 92,023                   |
| Bond Issue Costs   | 37,646                 | 0                            | 0                        |
| <b>Total Expenditures</b>                                    | <u>258,942</u>         | <u>269,336</u>               | <u>773,662</u>           |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <u>(258,942)</u>       | <u>76,860</u>                | <u>(110,079)</u>         |
| <b>Other Financing Sources (Uses)</b>                        |                        |                              |                          |
| Bond Proceeds  | 1,875,000              | 0                            | 0                        |
| <b>Total Other Financing Sources (Uses)</b>                  | <u>1,875,000</u>       | <u>0</u>                     | <u>0</u>                 |
| <b>Net Changes in Fund Balance</b>                           | 1,616,058              | 76,860                       | (110,079)                |
| <b>Fund Balances at Beginning of Year</b>                    | <u>300,169</u>         | <u>288,695</u>               | <u>753,085</u>           |
| <b>Fund Balance End of Year</b>                              | <u>\$ 1,916,227</u>    | <u>\$ 365,555</u>            | <u>\$ 643,006</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, 2014

|  | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|--------------------------------|--------------------------------|
| Revenues   |                                |                                |
| Property Taxes                                       | \$ 0                           | \$ 1,052,730                   |
| Investment Income                                    | 0                              | 630                            |
| Fees   | 28,979                         | 63,377                         |
| State & Local Grants                                 | 136,076                        | 3,829,764                      |
| Federal Grants                                       | 36,060                         | 256,823                        |
| Miscellaneous  | 0                              | 1,676                          |
| Total Revenues                                       | <u>201,115</u>                 | <u>5,205,000</u>               |
| Expenditures   |                                |                                |
| Current  |                                |                                |
| Instruction  | 101,958                        | 2,179,078                      |
| Support Services                                     |                                |                                |
| Students   | 1,514                          | 682,090                        |
| Instruction  | 0                              | 101,286                        |
| General Administration                               | 0                              | 242,775                        |
| School Administration                                | 0                              | 275,356                        |
| Central Services                                     | 0                              | 87,233                         |
| Operation & Maintenance of Plant                     | 0                              | 636,446                        |
| Student Transportation                               | 0                              | 240,480                        |
| Food Services  | 0                              | 141,361                        |
| Capital Outlay                                       | 80,037                         | 80,037                         |
| Debt Service   |                                |                                |
| Principal  | 0                              | 675,000                        |
| Interest   | 0                              | 92,023                         |
| Bond Issue Costs                                     | 0                              | 37,646                         |
| Total Expenditures                                   | <u>183,509</u>                 | <u>5,470,811</u>               |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>17,606</u>                  | <u>(265,811)</u>               |
| Other Financing Sources (Uses)                       |                                |                                |
| Bond Proceeds  | <u>0</u>                       | <u>1,875,000</u>               |
| Total Other Financing Sources (Uses)                 | <u>0</u>                       | <u>1,875,000</u>               |
| Net Changes in Fund Balance                          | 17,606                         | 1,609,189                      |
| Fund Balances at Beginning of Year                   | <u>30,802</u>                  | <u>1,679,777</u>               |
| Fund Balance End of Year                             | <u>\$ 48,408</u>               | <u>\$ 3,288,966</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, 2014

---

Net Change in Fund Balance-Governmental Funds \$ 1,609,189

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 | \$ (549,190)  |           |
| Capital Outlays      | <u>80,037</u> | (469,153) |

The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net position. (1,875,000)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 675,000

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

|                       |                |        |
|-----------------------|----------------|--------|
| Bond Issue Costs      | 37,646         |        |
| Amortization of Costs | <u>(9,200)</u> | 28,446 |

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, 2013 | 26,210          |                 |
| Accrued Interest, June 30, 2014 | <u>(48,078)</u> | <u>(21,868)</u> |

Changes in Net Position of Governmental Activities \$ (53,386)

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, 2014

|                               | Budgeted Amounts  |                   | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|-------------------------------|-------------------|-------------------|--------------------------------|---|
|                               | Original          | Final             |                                |   |
| <b>Revenues</b>               |                   |                   |                                |   |
| Property Taxes                | \$ 46,459         | \$ 46,459         | \$ 47,812                      | \$ 1,353  |
| Investment Income             | 700               | 700               | 630                            | (70)  |
| Miscellaneous                 | 7,500             | 7,500             | 1,676                          | (5,824)   |
| State & Local Grants          | 3,424,513         | 3,424,513         | 3,413,950                      | (10,563)  |
| Federal Revenues              | 0                 | 0                 | 12,829                         | 12,829  |
| Total Revenues                | <u>3,479,172</u>  | <u>3,479,172</u>  | <u>3,476,897</u>               | <u>(2,275)</u>                                    |
| <b>Expenditures</b>           |                   |                   |                                |   |
| <b>Instruction</b>            |                   |                   |                                |   |
| Personnel Services            | 1,391,256         | 1,382,206         | 1,360,942                      | 21,264  |
| Employee Benefits             | 545,011           | 500,812           | 481,640                        | 19,172  |
| Professional & Tech Services  | 0                 | 15,516            | 13,485                         | 2,031   |
| Other Purchased Services      | 11,000            | 31,765            | 28,466                         | 3,299   |
| Supplies                      | 22,000            | 38,968            | 38,093                         | 875   |
| Total Instruction             | <u>1,969,267</u>  | <u>1,969,267</u>  | <u>1,922,626</u>               | <u>46,641</u>                                     |
| <b>Support Services</b>       |                   |                   |                                |   |
| <b>Students</b>               |                   |                   |                                |   |
| Personnel Services            | 194,696           | 178,705           | 178,703                        | 2   |
| Employee Benefits             | 71,113            | 60,777            | 59,602                         | 1,175   |
| Professional & Tech Services  | 70,000            | 57,661            | 55,304                         | 2,357   |
| Supplies                      | 8,200             | 8,200             | 7,652                          | 548   |
| Total Students                | <u>344,009</u>    | <u>305,343</u>    | <u>301,261</u>                 | <u>4,082</u>                                      |
| <b>Instruction</b>            |                   |                   |                                |   |
| Personnel Services            | 57,406            | 57,407            | 57,406                         | 1   |
| Employee Benefits             | 45,762            | 45,761            | 43,880                         | 1,881   |
| Total Instruction             | <u>103,168</u>    | <u>103,168</u>    | <u>101,286</u>                 | <u>1,882</u>                                      |
| <b>General Administration</b> |                   |                   |                                |   |
| Personnel Services            | 106,127           | 111,679           | 111,678                        | 1   |
| Employee Benefits             | 45,892            | 38,759            | 37,046                         | 1,713   |
| Professional & Tech Services  | 20,500            | 80,479            | 79,485                         | 994   |
| Other Purchased Services      | 36,528            | 56,528            | 47,298                         | 9,230   |
| Supplies                      | 4,466             | 4,872             | 4,563                          | 309   |
| Total General Administration  | <u>\$ 213,513</u> | <u>\$ 292,317</u> | <u>\$ 280,070</u>              | <u>\$ 12,247</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, 2014

|  | Budgeted Amounts  |                   | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|-------------------|-------------------|--------------------------------|---|
|  | Original          | Final             |                                |   |
| School Administration  |                   |                   |                                |   |
| Personnel Services   | \$ 198,446        | \$ 196,446        | \$ 196,426                     | \$ 20   |
| Employee Benefits  | 81,828            | 79,128            | 78,930                         | 198   |
| Total School Administration                                  | <u>280,274</u>    | <u>275,574</u>    | <u>275,356</u>                 | <u>218</u>  |
| Central Services   |                   |                   |                                |   |
| Personnel Services   | 52,941            | 58,941            | 58,940                         | 1   |
| Employee Benefits  | 30,430            | 30,429            | 28,293                         | 2,136   |
| Total Central Services                                       | <u>83,371</u>     | <u>89,370</u>     | <u>87,233</u>                  | <u>2,137</u>                                      |
| Operation of Plant   |                   |                   |                                |   |
| Personnel Services   | 136,348           | 126,452           | 123,637                        | 2,815   |
| Employee Benefits  | 83,617            | 64,318            | 60,405                         | 3,913   |
| Purchased Property Services                                  | 260,541           | 236,843           | 207,644                        | 29,199  |
| Other Purchased Services                                     | 100,551           | 102,576           | 102,576                        | 0   |
| Supplies   | 15,000            | 14,975            | 11,676                         | 3,299   |
| Total Operation of Plant                                     | <u>596,057</u>    | <u>545,164</u>    | <u>505,938</u>                 | <u>39,226</u>                                     |
| Other Services   |                   |                   |                                |   |
| Other Purchased Services                                     | 4,138             | 4,138             | 0                              | 4,138   |
| Total Other Services   | <u>4,138</u>      | <u>4,138</u>      | <u>0</u>                       | <u>4,138</u>                                      |
| Total Support Services                                       | <u>1,624,530</u>  | <u>1,615,074</u>  | <u>1,551,144</u>               | <u>63,930</u>                                     |
| Food Services Operations                                     |                   |                   |                                |   |
| Supplies   | 0                 | 35,000            | 31,412                         | 3,588   |
| Total Food Services Operations                               | <u>0</u>          | <u>35,000</u>     | <u>31,412</u>                  | <u>3,588</u>                                      |
| Total Expenditures   | <u>3,593,797</u>  | <u>3,619,341</u>  | <u>3,505,182</u>               | <u>114,159</u>                                    |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | (114,625)         | (140,169)         | (28,285)                       | 111,884   |
| Cash Balance Beginning of Year                               | <u>342,148</u>    | <u>342,148</u>    | <u>342,148</u>                 | <u>0</u>  |
| Cash Balance End of Year                                     | \$ <u>227,523</u> | \$ <u>201,979</u> | \$ <u>313,863</u>              | \$ <u>111,884</u>                                 |
| Reconciliation of Budgetary Basis to GAAP Basis              |                   |                   |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                   |                   | \$ (28,285)                    |   |
| Net Change in Taxes Receivables                              |                   |                   | 88                             |   |
| Net Change in Accounts Payable                               |                   |                   | 48,111                         |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                   |                   | \$ <u>19,914</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, 2014

|  | Budgeted Amounts |                 | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|-----------------|--------------------------------|---|
|  | Original         | Final           |                                |   |
| <b>Revenues</b>  |                  |                 |                                |   |
| State Grant  | \$ 300,208       | \$ 252,687      | \$ 252,687                     | \$ 0  |
| Total Revenues   | <u>300,208</u>   | <u>252,687</u>  | <u>252,687</u>                 | <u>0</u>  |
| <b>Expenditures</b>  |                  |                 |                                |   |
| <b>Support Services</b>                                      |                  |                 |                                |   |
| Student Transportation                                       |                  |                 |                                |   |
| Personnel Services   | 135,789          | 111,353         | 110,562                        | 791   |
| Employee Benefits  | 49,982           | 46,772          | 41,689                         | 5,083   |
| Purchased Property Services                                  | 20,000           | 24,664          | 14,354                         | 10,310  |
| Other Purchased Services                                     | 42,068           | 43,388          | 42,175                         | 1,213   |
| Supplies   | 42,369           | 30,251          | 28,294                         | 1,957   |
| Other  | 10,000           | 0               | 3,741                          | (3,741)   |
| Total Student Transportation                                 | <u>300,208</u>   | <u>256,428</u>  | <u>240,815</u>                 | <u>15,613</u>                                     |
| Total Support Services                                       | <u>300,208</u>   | <u>256,428</u>  | <u>240,815</u>                 | <u>15,613</u>                                     |
| Total Expenditures   | <u>300,208</u>   | <u>256,428</u>  | <u>240,815</u>                 | <u>15,613</u>                                     |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 0                | (3,741)         | 11,872                         | 15,613  |
| Cash Balance Beginning of Year                               | <u>7,483</u>     | <u>7,483</u>    | <u>7,483</u>                   | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 7,483</u>  | <u>\$ 3,742</u> | <u>\$ 19,355</u>               | <u>\$ 15,613</u>                                  |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b>       |                  |                 |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |                 | \$ 11,872                      |   |
| Net Change in Accounts Payable                               |                  |                 | <u>335</u>                     |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |                 | <u>\$ 12,207</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, 2014

|  | Budgeted Amounts |               | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|---------------|--------------------------------|---|
|  | Original         | Final         |                                |   |
| Revenues   |                  |               |                                |   |
| State Grant  | \$ 19,911        | \$ 19,911     | \$ 22,101                      | \$ 2,190  |
| Total Revenues   | <u>19,911</u>    | <u>19,911</u> | <u>22,101</u>                  | <u>2,190</u>                                      |
| Expenditures   |                  |               |                                |   |
| Instruction  |                  |               |                                |   |
| Supplies   | 0                | 29,980        | 26,713                         | 3,267   |
| Total Instruction  | <u>0</u>         | <u>29,980</u> | <u>26,713</u>                  | <u>3,267</u>                                      |
| Total Expenditures   | <u>0</u>         | <u>29,980</u> | <u>26,713</u>                  | <u>3,267</u>                                      |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 19,911           | (10,069)      | (4,612)                        | 5,457   |
| Cash Balance Beginning of Year                               | <u>10,369</u>    | <u>10,369</u> | <u>10,369</u>                  | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 30,280</u> | <u>\$ 300</u> | <u>\$ 5,757</u>                | <u>\$ 5,457</u>                                   |
| Reconciliation of Budgetary Basis to GAAP Basis              |                  |               |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |               | \$ (4,612)                     |   |
| Net Change in Accounts Payable                               |                  |               | <u>2,500</u>                   |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |               | <u>\$ (2,112)</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, 2014

|  | Budgeted Amounts   |                    | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|--------------------|--------------------|--------------------------------|---|
|  | Original           | Final              |                                |   |
| <b>Revenues</b>  |                    |                    |                                |   |
| Fees   | \$ 40,500          | \$ 40,500          | \$ 34,398                      | \$ (6,102)  |
| Federal Grants   | 70,000             | 70,000             | 54,544                         | (15,456)  |
| Total Revenues   | <u>110,500</u>     | <u>110,500</u>     | <u>88,942</u>                  | <u>(21,558)</u>                                   |
| <b>Expenditures</b>  |                    |                    |                                |   |
| <b>Food Services</b>   |                    |                    |                                |   |
| Personnel Services   | 42,320             | 42,420             | 42,420                         | 0   |
| Employee Benefits  | 51,465             | 51,052             | 43,594                         | 7,458   |
| Supplies   | 23,446             | 23,750             | 17,023                         | 6,727   |
| Total Food Services  | <u>117,231</u>     | <u>117,222</u>     | <u>103,037</u>                 | <u>14,185</u>                                     |
| Total Expenditures   | <u>117,231</u>     | <u>117,222</u>     | <u>103,037</u>                 | <u>14,185</u>                                     |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | (6,731)            | (6,722)            | (14,095)                       | (7,373)   |
| Cash Balance Beginning of Year                               | <u>(4,867)</u>     | <u>(4,867)</u>     | <u>(4,867)</u>                 | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ (11,598)</u> | <u>\$ (11,589)</u> | <u>\$ (18,962)</u>             | <u>\$ (7,373)</u>                                 |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b>       |                    |                    |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                    |                    | \$ (14,095)                    |   |
| Net Change in Inventory                                      |                    |                    | (1,235)                        |   |
| Net Change in Accounts Payable                               |                    |                    | (5,935)                        |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                    |                    | <u>\$ (21,265)</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, 2014

|  | Budgeted Amounts |                 | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|-----------------|--------------------------------|---|
|  | Original         | Final           |                                |   |
| <b>Revenues</b>  |                  |                 |                                |   |
| Federal Grant  | \$ 91,729        | \$ 107,007      | \$ 49,131                      | \$ (57,876)                                       |
| Total Revenues   | <u>91,729</u>    | <u>107,007</u>  | <u>49,131</u>                  | <u>(57,876)</u>                                   |
| <b>Expenditures</b>  |                  |                 |                                |   |
| <b>Instruction</b>   |                  |                 |                                |   |
| Personnel Services   | 32,391           | 32,391          | 30,731                         | 1,660   |
| Employee Benefits  | 20,908           | 26,041          | 20,645                         | 5,396   |
| Professional & Tech Services                                 | 6,340            | 8,828           | 210                            | 8,618   |
| Supplies   | 20,000           | 27,657          | 5,106                          | 22,551  |
| Total Instruction  | <u>79,639</u>    | <u>94,917</u>   | <u>56,692</u>                  | <u>38,225</u>                                     |
| Total Expenditures   | <u>79,639</u>    | <u>94,917</u>   | <u>56,692</u>                  | <u>38,225</u>                                     |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 12,090           | 12,090          | (7,561)                        | (19,651)  |
| Cash Balance Beginning of Year                               | <u>(12,090)</u>  | <u>(12,090)</u> | <u>(12,090)</u>                | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 0</u>      | <u>\$ 0</u>     | <u>\$ (19,651)</u>             | <u>\$ (19,651)</u>                                |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b>       |                  |                 |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |                 | \$ (7,561)                     |   |
| Net Change in Due from Grantor                               |                  |                 | 5,241                          |   |
| 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, 2014

|  | Budgeted Amounts |                 | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|-----------------|--------------------------------|---|
|  | Original         | Final           |                                |   |
| <b>Revenues</b>  |                  |                 |                                |   |
| Federal Grant  | \$ 18,716        | \$ 222,816      | \$ 80,227                      | \$ (142,589)                                      |
| Total Revenues   | <u>18,716</u>    | <u>222,816</u>  | <u>80,227</u>                  | <u>(142,589)</u>                                  |
| <b>Expenditures</b>  |                  |                 |                                |   |
| <b>Instruction</b>   |                  |                 |                                |   |
| Personnel Services   | 0                | 42,234          | 42,234                         | 0   |
| Employee Benefits  | 0                | 23,413          | 22,718                         | 695   |
| Professional & Tech Services                                 | 0                | 4,567           | 4,206                          | 361   |
| Supplies   | 0                | 28,335          | 9,195                          | 19,140  |
| Total Instruction  | <u>0</u>         | <u>98,549</u>   | <u>78,353</u>                  | <u>20,196</u>                                     |
| <b>Support Services</b>                                      |                  |                 |                                |   |
| <b>Students</b>  |                  |                 |                                |   |
| Personnel Services   | 0                | 17,766          | 12,715                         | 5,051   |
| Employee Benefits  | 0                | 5,363           | 4,970                          | 393   |
| Other Purchased Services                                     | 0                | 207             | 206                            | 1   |
| Supplies   | 0                | 82,215          | 2,831                          | 79,384  |
| Total Students   | <u>0</u>         | <u>105,551</u>  | <u>20,722</u>                  | <u>84,829</u>                                     |
| Total Support Services                                       | <u>0</u>         | <u>105,551</u>  | <u>20,722</u>                  | <u>84,829</u>                                     |
| Total Expenditures   | <u>0</u>         | <u>204,100</u>  | <u>99,075</u>                  | <u>105,025</u>                                    |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 18,716           | 18,716          | (18,848)                       | (37,564)  |
| Cash Balance Beginning of Year                               | <u>(18,716)</u>  | <u>(18,716)</u> | <u>(18,716)</u>                | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 0</u>      | <u>\$ 0</u>     | <u>\$ (37,564)</u>             | <u>\$ (37,564)</u>                                |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b>       |                  |                 |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |                 | \$ (18,848)                    |   |
| Net Change in Due from Grantor                               |                  |                 | 19,047                         |   |
| Net Change in Accounts Payable                               |                  |                 | (199)                          |   |
| 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, 2014

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|                           | <u>Agency<br/>Funds</u>  |
|---------------------------|--------------------------|
| Assets                    |                          |
| Cash and Cash Equivalents | \$ <u>136,879</u>        |
| Total Assets              | \$ <u><u>136,879</u></u> |
| Liabilities               |                          |
| Deposits Held for Others  | \$ <u>136,879</u>        |
| Total Liabilities         | \$ <u><u>136,879</u></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**

**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.

**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

#### 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.

#### 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,<br>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.

Unearned and Unavailable Revenue

The District reports unearned and unavailable revenues on its Statement of Net Position and Fund Balance Sheet. Unearned 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 unearned revenue is removed from the combined balance sheet and the revenue is recognized. Unavailable 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.

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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.

**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>         | <u>Balance<br/>Per Bank<br/>6/30/14</u> | <u>Reconciled<br/>Balance</u> | <u>Type</u>      |
|--------------------------------|---|-------------------------------|------------------|
| Operational-Checking           | \$ 3,353,308                            | \$ 3,217,586                  | Interest Bearing |
| Activity-Non-budgeted-Checking | 143,329                                 | 136,879                       | Interest Bearing |
| Total Deposited                | <u>3,496,637</u>                        | <u>\$ 3,354,465</u>           |                  |
| Less: FDIC Coverage            | <u>(250,000)</u>                        |                               |                  |
| Uninsured Amount               | 3,246,637                               |                               |                  |
| 50% collateral requirement     | 1,623,319                               |                               |                  |
| Pledged securities             | 1,232,988                               |                               |                  |
| Over (Under) requirement       | <u>\$ (390,331)</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      | \$ 269,077          | 06/20/2024           | * FHLB          |
| FNMA Pool #MA0538    | 31417YS40      | 963,911             | 10/01/2030           | FHLB            |
|                      |                | <u>\$ 1,232,988</u> |                      |                 |

\* Dallas, TX

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| <u>Depository Account</u>                                  | <u>Bank<br/>Balance</u> |
|--|-------------------------|
| Insured  | \$ 250,000              |
| Collateralized:  |                         |
| Collateral held by the pledging bank in<br>District's name | 1,232,988               |
| Uninsured and uncollateralized                             | 2,013,649               |
| <b>Total Deposits</b>                                      | <b>\$ 3,496,637</b>     |

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, 2014 \$2,013,649 of the District's bank balance of \$3,496,637 was exposed to custodial credit risk.

**New Mexico State Treasurer**

| <u>Name of Account</u>               | <u>Beginning<br/>Balance</u> | <u>Reconciled<br/>Balance</u> | <u>Type</u> |
|--------------------------------------|------------------------------|-------------------------------|-------------|
| Debt Service                         | \$ 5                         | \$ 5                          | Investment  |
| Debt Service Reserve                 | 62                           | 62                            | Investment  |
| Cloudcroft Municipal Schools         | 2                            | 2                             | Investment  |
| Cloudcroft Municipal Schools Reserve | 6                            | 6                             | Investment  |
| Capital Improvements Reserve         | 494                          | 494                           | Investment  |
| <b>TOTAL Deposited</b>               | <b>\$ 569</b>                | <b>\$ 569</b>                 |             |

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, relates to how deposits and investments are reported in the annual financial statements of governmental entities. GASB Statement No. 40 disclosures inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due. GASB Statement No. 40 requires governments to disclose deposit and investment risks related to credit risk (including custodial credit risk), concentration of credit risk, interest rate risk, and foreign currency risk. The State Treasurer's Office provides the following information regarding the LGIP:

1. With respect to credit risk, the LGIP, a government investment pool, is rated AAAM by Standard & Poor's. Therefore, the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.
2. GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as the LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure. However, our portfolio is posted on the State Treasurer's website [www.stonm.org](http://www.stonm.org) and available for review by participants at any time.
3. GASB Statement No. 40 defines interest rate risk as the risk that interest rate variations may adversely affect the fair value of an investment. According to GASB Statement No. 40, an acceptable method for reporting interest rate risk is weighted average maturity ("WAM"). The State Treasurer's Office uses this method for reporting purposes for the LGIP. The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer's Office website at [www.nmsto.org](http://www.nmsto.org). As of June 30, 2014, the LGIP WAM(R) is 59 days and WAM(F) is 96 days.
4. Finally, with respect to foreign currency risk, all investments in the LGIP are in U.S. dollar denominated assets. Therefore, the LGIP has no foreign currency risk.

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**NOTE C: INTERFUND BALANCES AND ACTIVITY**

|                        | Food Service<br>21000 | Title I<br>24101 | IDEA Part B<br>Entitlement<br>24106 | Other<br>Governmental<br>Funds |
|------------------------|-----------------------|------------------|-------------------------------------|--------------------------------|
| Loan from General Fund | \$ <u>18,962</u>      | \$ <u>19,651</u> | \$ <u>37,564</u>                    | \$ <u>14,618</u>               |
|                        |                       |                  |                                     | <u>Total</u><br><u>90,795</u>  |

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

**NOTE D: DUE FROM GRANTOR**

Amounts due from other agencies and units of government were as follows as of June 30, 2014:

|                  |                  |
|------------------|------------------|
| Federal Agencies | \$ 63,429        |
| State Agencies   | 8,603            |
| Total            | \$ <u>72,032</u> |

**NOTE E: CAPITAL ASSETS**

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

|   | Beginning<br>Balance<br>6/30/13 | Additions           | Deletions   | Ending<br>Balance<br>6/30/14 |
|---|---------------------------------|---------------------|-------------|------------------------------|
| <b>Governmental Activities</b>  |                                 |                     |             |                              |
| Capital Assets not being Depreciated  |                                 |                     |             |                              |
| Land  | \$ 5,000                        | \$ 0                | \$ 0        | \$ 5,000                     |
| Total Capital Assets not<br>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<br>Technology Equipment, Software &<br>Library Books | <u>1,752,767</u>                | <u>80,037</u>       | <u>0</u>    | <u>1,832,804</u>             |
| Total Capital Assets being<br>Depreciated   | <u>18,715,153</u>               | <u>80,037</u>       | <u>0</u>    | <u>18,795,190</u>            |
| Total Capital Assets  | <u>18,720,153</u>               | <u>80,037</u>       | <u>0</u>    | <u>18,800,190</u>            |
| <b>Less Accumulated Depreciation</b>  |                                 |                     |             |                              |
| Buildings & Improvements  | 4,546,359                       | 465,350             | 0           | 5,011,709                    |
| Equipment, Vehicles, Information<br>Technology Equipment, Software &<br>Library Books | <u>1,315,427</u>                | <u>83,839</u>       | <u>0</u>    | <u>1,399,266</u>             |
| Total Accumulated Depreciation  | <u>5,861,786</u>                | <u>549,189</u>      | <u>0</u>    | <u>6,410,975</u>             |
| Capital Assets, net   | \$ <u>12,858,367</u>            | \$ <u>(469,152)</u> | \$ <u>0</u> | \$ <u>12,389,215</u>         |

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Depreciation expense was charged to governmental activities as follows:

|                                  |                   |
|----------------------------------|-------------------|
| Instruction                      | \$ 411,711        |
| Support Services-Students        | 10,468            |
| General Administration           | 77,670            |
| School Administration            | 16,128            |
| Central Services                 | 3,051             |
| Operation & Maintenance of Plant | 30,161            |
| Total depreciation expenses      | <u>\$ 549,189</u> |

**NOTE H: LONG TERM DEBT**

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

|                         | Beginning<br>Balance<br>6/30/13 | Additions           | Reductions        | Ending<br>Balance<br>6/30/14 | Amounts<br>Due Within<br>One Year |
|-------------------------|---------------------------------|---------------------|-------------------|------------------------------|-----------------------------------|
| Governmental Activities |                                 |                     |                   |                              |                                   |
| Bonds and Notes Payable |                                 |                     |                   |                              |                                   |
| General Obligation      |                                 |                     |                   |                              |                                   |
| Bonds                   | \$ 4,895,000                    | \$ 1,875,000        | \$ 675,000        | \$ 6,095,000                 | \$ 565,000                        |
| Total Bonds             | <u>\$ 4,895,000</u>             | <u>\$ 1,875,000</u> | <u>\$ 675,000</u> | <u>\$ 6,095,000</u>          | <u>\$ 565,000</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<br>Amount | Interest<br>Rate | Balance             |
|--------|---------------|--------------------|------------------|---------------------|
| 2009   | 06/16/2009    | \$ 1,750,000       | 4.25%            | \$ 895,000          |
| 2013   | 06/05/2013    | 3,940,000          | 2%-3%            | 3,325,000           |
| 2014   | 05/23/2014    | 1,875,000          | 1.01%            | 1,875,000           |
|        |               |                    |                  | <u>\$ 6,095,000</u> |

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

|           | Principal           | Interest          | Total               |
|-----------|---------------------|-------------------|---------------------|
| 2015      | \$ 565,000          | \$ 138,314        | \$ 703,314          |
| 2016      | 770,000             | 138,700           | 908,700             |
| 2017      | 815,000             | 127,307           | 942,307             |
| 2018      | 680,000             | 109,882           | 789,882             |
| 2019      | 755,000             | 92,016            | 847,016             |
| 2020-2024 | 1,850,000           | 208,873           | 2,058,873           |
| 2025-2027 | 660,000             | 29,789            | 689,789             |
|           | <u>\$ 6,095,000</u> | <u>\$ 844,881</u> | <u>\$ 6,939,881</u> |

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

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|  |                     |
|--|---------------------|
| Note H   |                     |
| Bonds  | \$ 6,095,000        |
| Statement of Net Position                          | <u>\$ 6,095,000</u> |
|  |                     |
| Long-Term Per Government Wide Financial Statements | \$ 5,530,000        |
| Current Portion                                    | 565,000             |
| Statement of Net Position                          | <u>\$ 6,095,000</u> |

**NOTE I: COMMITMENTS**

The District has various construction commitments for repairs and improvement of facilities on June 30, 2014.

**NOTE J: PENSION PLAN**

**Plan Description**

Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of state public school districts, colleges and universities and 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 make the following contributions to the Plan: 10.10% of their gross salary in the fiscal year 2014; and 10.17% of their gross salary in fiscal year 2015 and thereafter.

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

The contribution requirements of the 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, 2014, 2013, and 2012, were \$307,716, \$270,485, and \$237,638, 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, 2014, 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, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, 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 is not a member of the enhanced retirement plan.

The District's contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$41,661, \$51,382 and \$40,835 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.

**NOTE P. RESTATEMENT**

Net Position was restated \$(103,845) for net bond issue costs in accordance with GASBS 65.

**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, 2014

|  | Budgeted Amounts |                  | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|------------------|--------------------------------|---|
|  | Original         | Final            |                                |   |
| <b>Revenues</b>  |                  |                  |                                |   |
| Investment Income  | \$ 0             | \$ 1,875,000     | \$ 1,875,000                   | \$ 0  |
| Total Revenues   | <u>0</u>         | <u>1,875,000</u> | <u>1,875,000</u>               | <u>0</u>  |
| <b>Expenditures</b>  |                  |                  |                                |   |
| <b>Capital Outlay</b>  |                  |                  |                                |   |
| Building Improvements  | 252,531          | 2,175,169        | 236,062                        | 1,939,107   |
| Total Capital Outlay   | <u>252,531</u>   | <u>2,175,169</u> | <u>236,062</u>                 | <u>1,939,107</u>                                  |
| Total Expenditures   | <u>252,531</u>   | <u>2,175,169</u> | <u>236,062</u>                 | <u>1,939,107</u>                                  |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | (252,531)        | (300,169)        | 1,638,938                      | 1,939,107   |
| Cash Balance Beginning of Year                               | <u>300,169</u>   | <u>300,169</u>   | <u>300,169</u>                 | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 47,638</u> | <u>\$ 0</u>      | <u>\$ 1,939,107</u>            | <u>\$ 1,939,107</u>                               |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b>       |                  |                  |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |                  | \$ 1,638,938                   |   |
| Net Change in Accounts Payable                               |                  |                  | (22,880)                       |   |
| Net Changes in Fund Balance                                  |                  |                  | <u>\$ 1,616,058</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, 2014

|  | Budgeted Amounts  |                   | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|-------------------|-------------------|--------------------------------|---|
|  | Original          | Final             |                                |   |
| <b>Revenues</b>  |                   |                   |                                |   |
| Taxes  | \$ 314,048        | \$ 314,048        | \$ 339,511                     | \$ 25,463   |
| State Grant  | 0                 | 10,536            | 4,950                          | (5,586)   |
| Total Revenues   | <u>314,048</u>    | <u>324,584</u>    | <u>344,461</u>                 | <u>19,877</u>                                     |
| <b>Expenditures</b>                                    |                   |                   |                                |   |
| <b>Instruction</b>                                     |                   |                   |                                |   |
| Other Purchased Services                               | 0                 | 0                 | 0                              | 0   |
| Supplies   | <u>0</u>          | <u>0</u>          | <u>0</u>                       | <u>0</u>  |
| Total Instruction                                      | <u>0</u>          | <u>0</u>          | <u>0</u>                       | <u>0</u>  |
| <b>Support Services</b>                                |                   |                   |                                |   |
| <b>General Administration</b>                          |                   |                   |                                |   |
| Professional & Tech Services                           | <u>0</u>          | <u>0</u>          | <u>3,394</u>                   | <u>(3,394)</u>                                    |
| Total General Administration                           | <u>0</u>          | <u>0</u>          | <u>3,394</u>                   | <u>(3,394)</u>                                    |
| Total Support Services                                 | <u>0</u>          | <u>0</u>          | <u>3,394</u>                   | <u>(3,394)</u>                                    |
| <b>Capital Outlay</b>                                  |                   |                   |                                |   |
| Maintenance & Repairs                                  | 128,000           | 138,536           | 57,608                         | 80,928  |
| Building Improvement                                   | 0                 |                   | 13,116                         | (13,116)  |
| Other Contract Service                                 | 105,000           | 105,000           | 90,433                         | 14,567  |
| Tech Supplies  | 0                 | 0                 | 85,557                         | (85,557)  |
| Supplies   | <u>128,165</u>    | <u>128,165</u>    | <u>19,339</u>                  | <u>108,826</u>                                    |
| Total Capital Outlay                                   | <u>361,165</u>    | <u>371,701</u>    | <u>266,053</u>                 | <u>105,648</u>                                    |
| Total Expenditures                                     | <u>361,165</u>    | <u>371,701</u>    | <u>269,447</u>                 | <u>102,254</u>                                    |
| Excess (Deficiency) of Revenues<br>Over Expenditures   | (47,117)          | (47,117)          | 75,014                         | 122,131   |
| Cash Balance Beginning of Year                         | <u>280,425</u>    | <u>280,425</u>    | <u>280,425</u>                 | <u>0</u>  |
| Cash Balance End of Year                               | <u>\$ 233,308</u> | <u>\$ 233,308</u> | <u>\$ 355,439</u>              | <u>\$ 122,131</u>                                 |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b> |                   |                   |                                |   |
| Net Change in Cash Balance                             |                   |                   | \$ 75,014                      |   |
| Net Change in Taxes Receivable                         |                   |                   | 1,736                          |   |
| Net Change in Accounts Payables                        |                   |                   | 110                            |   |
| Net Change in Fund Balance                             |                   |                   | <u>\$ 76,860</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, 2014

|  | Budgeted Amounts  |                   | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|-------------------|-------------------|--------------------------------|---|
|  | Original          | Final             |                                |   |
| Revenues   |                   |                   |                                |   |
| Taxes  | \$ 766,933        | \$ 766,933        | \$ 664,059                     | \$ (102,874)                                      |
| Total Revenues   | <u>766,933</u>    | <u>766,933</u>    | <u>664,059</u>                 | <u>(102,874)</u>                                  |
| Expenditures   |                   |                   |                                |   |
| Support Services   |                   |                   |                                |   |
| General Administration                                       |                   |                   |                                |   |
| Purchased Services   | 8,000             | 8,000             | 6,639                          | 1,361   |
| Total General Administration                                 | <u>8,000</u>      | <u>8,000</u>      | <u>6,639</u>                   | <u>1,361</u>                                      |
| Total Expenditures   | <u>8,000</u>      | <u>8,000</u>      | <u>6,639</u>                   | <u>1,361</u>                                      |
| Debt Service   |                   |                   |                                |   |
| Principal  | 675,000           | 675,000           | 675,000                        | 0   |
| Interest   | 92,050            | 92,050            | 92,023                         | 27  |
| Total Debt Service   | <u>767,050</u>    | <u>767,050</u>    | <u>767,023</u>                 | <u>27</u>   |
| Total Expenditures   | <u>775,050</u>    | <u>775,050</u>    | <u>773,662</u>                 | <u>1,388</u>                                      |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | (8,117)           | (8,117)           | (109,603)                      | (101,486)   |
| Cash Balance Beginning of Year                               | <u>732,216</u>    | <u>732,216</u>    | <u>732,216</u>                 | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 724,099</u> | <u>\$ 724,099</u> | <u>\$ 622,613</u>              | <u>\$ (101,486)</u>                               |
| Reconciliation of Budgetary Basis to GAAP Basis              |                   |                   |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                   |                   | \$ (109,603)                   |   |
| Net Change in Taxes Receivable                               |                   |                   | <u>(476)</u>                   |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                   |                   | <u>\$ (110,079)</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**

**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)(24108).** 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.

**NM Reads to Lead (27114).** To account for revenue and expenditures received from a state grant for the purpose of improving skills of young students in the area of reading. The fund was created by the authority of state grant provisions.

**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.

**School Bus Replacement (27178).** To account for a state grant used to purchase a school bus. The fund was created by the authority of state grant provisions.

**STEM Teacher Initiative (27181).** To account for a state grant used to equipment a science classroom. The fund was created by the authority of state grant provisions.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2014

|  | Special Revenue    |                 |   |
|--|--------------------|-----------------|---|
|  | Athletics<br>22000 | Autism<br>24107 | Autism<br>Spectrum<br>Disorder Project<br>24108 |
| <b>ASSETS</b>  |                    |                 |   |
| Cash and Cash Equivalents                            | \$ 14,465          | \$ 0            | \$ 0  |
| Due from Grantor                                     | 0                  | 0               | 1,373   |
| Total Assets   | <u>\$ 14,465</u>   | <u>\$ 0</u>     | <u>\$ 1,373</u>                                 |
| <b>LIABILITIES AND FUND BALANCE</b>                  |                    |                 |   |
| Liabilities  |                    |                 |   |
| Accounts Payable                                     | \$ 2,800           | \$ 0            | \$ 0  |
| Interfund Balance                                    | 0                  | 0               | 1,373   |
| Total Liabilities                                    | <u>2,800</u>       | <u>0</u>        | <u>1,373</u>                                    |
| Deferred Inflows of Resources                        |                    |                 |   |
| Unearned Revenue                                     | 0                  | 0               | 0   |
| Total Deferred Inflows of Resources                  | <u>0</u>           | <u>0</u>        | <u>0</u>  |
| Fund Balance   |                    |                 |   |
| Restricted for:                                      |                    |                 |   |
| Special Revenue Funds                                | 11,665             | 0               | 0   |
| Total Fund Balance                                   | <u>11,665</u>      | <u>0</u>        | <u>0</u>  |
| Total Liabilities, Deferred Inflows and Fund Balance | <u>\$ 14,465</u>   | <u>\$ 0</u>     | <u>\$ 1,373</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, 2014

|   | Special Revenue                       |                                |  |
|---|---------------------------------------|--------------------------------|--|
|   | Improving<br>Teacher Quality<br>24154 | Title XIX<br>Medicaid<br>25153 | Rural<br>Education<br>Achievement<br>25233 |
| <b>ASSETS</b>   |                                       |                                |  |
| Cash and Cash Equivalents                               | \$ 0                                  | \$ 36,743                      | \$ 1,608                                   |
| Due from Grantor  | 4,642                                 | 0                              | 0  |
| Total Assets  | <u>\$ 4,642</u>                       | <u>\$ 36,743</u>               | <u>\$ 1,608</u>                            |
| <b>LIABILITIES AND FUND BALANCE</b>                     |                                       |                                |  |
| Liabilities   |                                       |                                |  |
| Accounts Payable  | \$ 0                                  | \$ 0                           | \$ 0                                       |
| Interfund Balance                                       | 4,642                                 | 0                              | 0  |
| Total Liabilities                                       | <u>4,642</u>                          | <u>0</u>                       | <u>0</u>                                   |
| Deferred Inflows of Resources                           |                                       |                                |  |
| Unearned Revenue  | 0                                     | 0                              | 1,608                                      |
| Total Deferred Inflows of Resources                     | <u>0</u>                              | <u>0</u>                       | <u>1,608</u>                               |
| Fund Balance  |                                       |                                |  |
| Restricted for:   |                                       |                                |  |
| Special Revenue Funds                                   | 0                                     | 36,743                         | 0  |
| Total Fund Balance                                      | <u>0</u>                              | <u>36,743</u>                  | <u>0</u>                                   |
| Total Liabilities, Deferred Inflows and<br>Fund Balance | <u>\$ 4,642</u>                       | <u>\$ 36,743</u>               | <u>\$ 1,608</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, 2014

|  | Special Revenue                                    |                                     |                              |
|--|--|-------------------------------------|------------------------------|
|  | Dual Credit<br>Instructional<br>Materials<br>27103 | 2010 GO<br>Student Library<br>27106 | NM Reads<br>to Lead<br>27114 |
| <b>ASSETS</b>  |  |                                     |                              |
| Cash and Cash Equivalents                            | \$ 0   | \$ 0                                | \$ 0                         |
| Due from Grantor                                     | 1,513  | 0                                   | 7,090                        |
| Total Assets   | <u>\$ 1,513</u>                                    | <u>\$ 0</u>                         | <u>\$ 7,090</u>              |
| <b>LIABILITIES AND FUND BALANCE</b>                  |  |                                     |                              |
| Liabilities  |  |                                     |                              |
| Accounts Payable                                     | \$ 0   | \$ 0                                | \$ 0                         |
| Interfund Balance                                    | 1,513  | 0                                   | 7,090                        |
| Total Liabilities                                    | <u>1,513</u>                                       | <u>0</u>                            | <u>7,090</u>                 |
| Deferred Inflows of Resources                        |  |                                     |                              |
| Unearned Revenue                                     | 0  | 0                                   | 0                            |
| Total Deferred Inflows of Resources                  | <u>0</u>   | <u>0</u>                            | <u>0</u>                     |
| Fund Balance   |  |                                     |                              |
| Restricted for:                                      |  |                                     |                              |
| Special Revenue Funds                                | 0  | 0                                   | 0                            |
| Total Fund Balance                                   | <u>0</u>   | <u>0</u>                            | <u>0</u>                     |
| Total Liabilities, Deferred Inflows and Fund Balance | <u>\$ 1,513</u>                                    | <u>\$ 0</u>                         | <u>\$ 7,090</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, 2014

|  | Special Revenue              |                                    |                          |
|--|------------------------------|------------------------------------|--------------------------|
|  | Top Growth<br>Award<br>27171 | School Bus<br>Replacement<br>27178 | STEM<br>Teacher<br>27181 |
| <b>ASSETS</b>  |                              |                                    |                          |
| Cash and Cash Equivalents                            | \$ 0                         | 0                                  | 0                        |
| Due from Grantor                                     | 0                            | 0                                  | 0                        |
| Total Assets   | <u>\$ 0</u>                  | <u>0</u>                           | <u>0</u>                 |
| <b>LIABILITIES AND FUND BALANCE</b>                  |                              |                                    |                          |
| Liabilities  |                              |                                    |                          |
| Accounts Payable                                     | \$ 0                         | \$ 0                               | \$ 0                     |
| Interfund Balance                                    | 0                            | 0                                  | 0                        |
| Total Liabilities                                    | <u>0</u>                     | <u>0</u>                           | <u>0</u>                 |
| Deferred Inflows of Resources                        |                              |                                    |                          |
| Unearned Revenue                                     | 0                            | 0                                  | 0                        |
| Total Deferred Inflows of Resources                  | <u>0</u>                     | <u>0</u>                           | <u>0</u>                 |
| Fund Balance   |                              |                                    |                          |
| Restricted for:                                      |                              |                                    |                          |
| Special Revenue Funds                                | 0                            | 0                                  | 0                        |
| Total Fund Balance                                   | <u>0</u>                     | <u>0</u>                           | <u>0</u>                 |
| Total Liabilities, Deferred Inflows and Fund Balance | <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 Balance Sheet  
June 30, 2014

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|  | <u>Total</u>            |
|--|-------------------------|
| <b>ASSETS</b>  |                         |
| Cash and Cash Equivalents                            | \$ 52,816               |
| Due from Grantor                                     | <u>14,618</u>           |
| Total Assets   | <u><u>\$ 67,434</u></u> |
| <b>LIABILITIES AND FUND BALANCE</b>                  |                         |
| Liabilities  |                         |
| Accounts Payable                                     | \$ 2,800                |
| Interfund Balance                                    | <u>14,618</u>           |
| Total Liabilities                                    | <u>17,418</u>           |
| Deferred Inflows of Resources                        |                         |
| Unearned Revenue                                     | <u>1,608</u>            |
| Total Deferred Inflows of Resources                  | <u>1,608</u>            |
| Fund Balance   |                         |
| Restricted for:                                      |                         |
| Special Revenue Funds                                | <u>48,408</u>           |
| Total Fund Balance                                   | <u>48,408</u>           |
| Total Liabilities, Deferred Inflows and Fund Balance | <u><u>\$ 67,434</u></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, 2014

|  | Special Revenue    |                 |   |
|--|--------------------|-----------------|---|
|  | Athletics<br>22000 | Autism<br>24107 | Autism<br>Spectrum<br>Disorder Project<br>24108 |
| Revenues   |                    |                 |   |
| Fees   | \$ 15,811          | \$ 0            | \$ 0  |
| State & Local Grants                                 | 0                  | 0               | 0   |
| Federal Grants                                       | 0                  | 0               | 1,373   |
| Total Revenues                                       | <u>15,811</u>      | <u>0</u>        | <u>1,373</u>                                    |
| Expenditures   |                    |                 |   |
| Current  |                    |                 |   |
| Instruction  | 11,373             | 0               | 1,373   |
| Support Services                                     |                    |                 |   |
| Students   | 0                  | 0               | 0   |
| Food Service Operations                              | 0                  | 0               | 0   |
| Capital Outlay                                       | 0                  | 0               | 0   |
| Total Expenditures                                   | <u>11,373</u>      | <u>0</u>        | <u>1,373</u>                                    |
| Excess (Deficiency) of Revenues<br>Over Expenditures | 4,438              | 0               | 0   |
| Fund Balances at Beginning of Year                   | <u>7,227</u>       | <u>0</u>        | <u>0</u>  |
| Fund Balance End of Year                             | <u>\$ 11,665</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, 2014

|  | Special Revenue                       |                                |  |
|--|---------------------------------------|--------------------------------|--|
|  | Improving<br>Teacher Quality<br>24154 | Title XIX<br>Medicaid<br>25153 | Rural<br>Education<br>Achievement<br>25233 |
| Revenues   |                                       |                                |  |
| Fees   | \$ 0                                  | \$ 13,168                      | \$ 0                                       |
| State & Local Grants                                 | 0                                     | 0                              | 0  |
| Federal Grants                                       | 18,392                                | 0                              | 16,295                                     |
| Total Revenues                                       | <u>18,392</u>                         | <u>13,168</u>                  | <u>16,295</u>                              |
| Expenditures   |                                       |                                |  |
| Current  |                                       |                                |  |
| Instruction  | 18,392                                | 0                              | 16,295                                     |
| Support Services                                     |                                       |                                |  |
| Students   | 0                                     | 0                              |  |
| Food Service Operations                              | 0                                     | 0                              | 0  |
| Capital Outlay                                       | 0                                     | 0                              | 0  |
| Total Expenditures                                   | <u>18,392</u>                         | <u>0</u>                       | <u>16,295</u>                              |
| Excess (Deficiency) of Revenues<br>Over Expenditures | 0                                     | 13,168                         | 0  |
| Fund Balances at Beginning of Year                   | <u>0</u>                              | <u>23,575</u>                  | <u>0</u>                                   |
| Fund Balance End of Year                             | <u>\$ 0</u>                           | <u>\$ 36,743</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, 2014

|  | Special Revenue                                    |                                     |                              |
|--|--|-------------------------------------|------------------------------|
|  | Dual Credit<br>Instructional<br>Materials<br>27103 | 2010 GO<br>Student Library<br>27106 | NM Reads<br>to Lead<br>27114 |
| Revenues   |  |                                     |                              |
| Fees   | \$ 0   | \$ 0                                | \$ 0                         |
| State & Local Grants                                 | 2,742  | 1,294                               | 32,069                       |
| Federal Grants                                       | 0  | 0                                   | 0                            |
| Total Revenues                                       | <u>2,742</u>                                       | <u>1,294</u>                        | <u>32,069</u>                |
| Expenditures   |  |                                     |                              |
| Current  |  |                                     |                              |
| Instruction  | 2,742  | 1,294                               | 32,069                       |
| Support Services                                     |  |                                     |                              |
| Students   | 0  | 0                                   | 0                            |
| Food Service Operations                              | 0  | 0                                   | 0                            |
| Capital Outlay                                       | 0  | 0                                   | 0                            |
| Total Expenditures                                   | <u>2,742</u>                                       | <u>1,294</u>                        | <u>32,069</u>                |
| Excess (Deficiency) of Revenues<br>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, 2014

|  | Special Revenue              |                                    |                          |
|--|------------------------------|------------------------------------|--------------------------|
|  | Top Growth<br>Award<br>27171 | School Bus<br>Replacement<br>27178 | STEM<br>Teacher<br>27181 |
| Revenues   |                              |                                    |                          |
| Fees   | \$ 0                         | \$ 0                               | \$ 0                     |
| State & Local Grants                                 | 1,514                        | 80,037                             | 18,420                   |
| Federal Grants                                       | 0                            | 0                                  | 0                        |
| Total Revenues                                       | <u>1,514</u>                 | <u>80,037</u>                      | <u>18,420</u>            |
| Expenditures   |                              |                                    |                          |
| Current  |                              |                                    |                          |
| Instruction  | 0                            | 0                                  | 18,420                   |
| Support Services                                     |                              |                                    |                          |
| Students   | 1,514                        | 0                                  | 0                        |
| Food Service Operations                              | 0                            | 0                                  | 0                        |
| Capital Outlay                                       | 0                            | 80,037                             | 0                        |
| Total Expenditures                                   | <u>1,514</u>                 | <u>80,037</u>                      | <u>18,420</u>            |
| Excess (Deficiency) of Revenues<br>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, 2014

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|  | <u>Total</u>     |
|--|------------------|
| Revenues   |                  |
| Fees   | \$ 28,979        |
| State & Local Grants                                 | 136,076          |
| Federal Grants                                       | 36,060           |
| Total Revenues                                       | <u>201,115</u>   |
| Expenditures   |                  |
| Current  |                  |
| Instruction  | 101,958          |
| Support Services                                     |                  |
| Students   | 1,514            |
| Food Service Operations                              | 0                |
| Capital Outlay                                       | 80,037           |
| Total Expenditures                                   | <u>183,509</u>   |
| Excess (Deficiency) of Revenues<br>Over Expenditures | 17,606           |
| Fund Balances at Beginning of Year                   | <u>30,802</u>    |
| Fund Balance End of Year                             | <u>\$ 48,408</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, 2014

|  | Budgeted Amounts |                 | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|-----------------|--------------------------------|---|
|  | Original         | Final           |                                |   |
| Revenues   |                  |                 |                                |   |
| Fees   | \$ 14,250        | \$ 14,250       | \$ 15,811                      | \$ 1,561  |
| Total Revenues   | <u>14,250</u>    | <u>14,250</u>   | <u>15,811</u>                  | <u>1,561</u>                                      |
| Expenditures   |                  |                 |                                |   |
| Instruction  |                  |                 |                                |   |
| Professional & Tech Services                                 | 12,000           | 12,000          | 4,783                          | 7,217   |
| Supplies   | <u>7,650</u>     | <u>7,650</u>    | <u>3,790</u>                   | <u>3,860</u>                                      |
| Total Instruction  | <u>19,650</u>    | <u>19,650</u>   | <u>8,573</u>                   | <u>11,077</u>                                     |
| Total Expenditures   | <u>19,650</u>    | <u>19,650</u>   | <u>8,573</u>                   | <u>11,077</u>                                     |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | (5,400)          | (5,400)         | 7,238                          | 12,638  |
| Cash Balance Beginning of Year                               | <u>7,227</u>     | <u>7,227</u>    | <u>7,227</u>                   | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 1,827</u>  | <u>\$ 1,827</u> | <u>\$ 14,465</u>               | <u>\$ 12,638</u>                                  |
| Reconciliation of Budgetary Basis to GAAP Basis              |                  |                 |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |                 | \$ 7,238                       |   |
| Net Change in Accounts Payable                               |                  |                 | <u>(2,800)</u>                 |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |                 | <u>\$ 4,438</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 -24107  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2014

|  | Budgeted Amounts |                | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|----------------|--------------------------------|---|
|  | Original         | Final          |                                |   |
| Revenues   |                  |                |                                |   |
| Federal Grant  | \$ 2,487         | \$ 2,487       | \$ 2,487                       | \$ 0  |
| Total Revenues   | <u>2,487</u>     | <u>2,487</u>   | <u>2,487</u>                   | <u>0</u>  |
| Expenditures   |                  |                |                                |   |
| Support Services-Students                                    |                  |                |                                |   |
| Students   |                  |                |                                |   |
| Professional & Tech Services                                 | 0                | 0              | 0                              | 0   |
| Supplies   | <u>0</u>         | <u>0</u>       | <u>0</u>                       | <u>0</u>  |
| Total Students   | <u>0</u>         | <u>0</u>       | <u>0</u>                       | <u>0</u>  |
| Total Support Services                                       | <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<br>Over Expenditures         | 2,487            | 2,487          | 2,487                          | 0   |
| Cash Balance Beginning of Year                               | <u>(2,487)</u>   | <u>(2,487)</u> | <u>(2,487)</u>                 | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 0</u>      | <u>\$ 0</u>    | <u>\$ 0</u>                    | <u>\$ 0</u>                                       |
| Reconciliation of Budgetary Basis to GAAP Basis              |                  |                |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |                | \$ 2,487                       |   |
| Net Change in Due from Grantor                               |                  |                | <u>(2,487)</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-AUTISM DISORDER PROJECT-24108  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2014

|  | Budgeted Amounts |              | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|--------------|--------------------------------|---|
|  | Original         | Final        |                                |   |
| Revenues   |                  |              |                                |   |
| Federal Grant  | \$ 0             | \$ 8,960     | \$ 0                           | \$ (8,960)  |
| Total Revenues   | <u>0</u>         | <u>8,960</u> | <u>0</u>                       | <u>(8,960)</u>                                    |
| Expenditures   |                  |              |                                |   |
| Support Services   |                  |              |                                |   |
| Students   |                  |              |                                |   |
| Professional & Tech Services                                 | 0                | 8,960        | 1,373                          | 7,587   |
| Total Students   | <u>0</u>         | <u>8,960</u> | <u>1,373</u>                   | <u>7,587</u>                                      |
| Total Support Services                                       | <u>0</u>         | <u>8,960</u> | <u>1,373</u>                   | <u>7,587</u>                                      |
| Total Expenditures   | <u>0</u>         | <u>8,960</u> | <u>1,373</u>                   | <u>7,587</u>                                      |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 0                | 0            | (1,373)                        | (1,373)   |
| 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>\$ (1,373)</u>              | <u>\$ (1,373)</u>                                 |
| Reconciliation of Budgetary Basis to GAAP Basis              |                  |              |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |              | \$ (1,373)                     |   |
| Net Change in Due from Grantor                               |                  |              | <u>1,373</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, 2014

|  | Budgeted Amounts |               | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|---------------|--------------------------------|---|
|  | Original         | Final         |                                |   |
| Revenues   |                  |               |                                |   |
| Federal Grant  | \$ 17,702        | \$ 38,256     | \$ 13,750                      | \$ (24,506)                                       |
| Total Revenues   | <u>17,702</u>    | <u>38,256</u> | <u>13,750</u>                  | <u>(24,506)</u>                                   |
| Expenditures   |                  |               |                                |   |
| Instruction  |                  |               |                                |   |
| Professional & Tech Services                                 | 17,702           | 38,256        | 18,392                         | 19,864  |
| Total Instruction  | <u>17,702</u>    | <u>38,256</u> | <u>18,392</u>                  | <u>19,864</u>                                     |
| Total Expenditures   | <u>17,702</u>    | <u>38,256</u> | <u>18,392</u>                  | <u>19,864</u>                                     |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 0                | 0             | (4,642)                        | (4,642)   |
| 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>\$ (4,642)</u>              | <u>\$ (4,642)</u>                                 |
| Reconciliation of Budgetary Basis to GAAP Basis              |                  |               |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |               | \$ (4,642)                     |   |
| Net Change in Due from Grantor                               |                  |               | 4,642                          |   |
| 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, 2014

|  | Budgeted Amounts |                  | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|------------------|--------------------------------|---|
|  | Original         | Final            |                                |   |
| Revenues   |                  |                  |                                |   |
| Federal Grant  | \$ 0             | \$ 23,575        | \$ 13,168                      | \$ (10,407)                                       |
| Total Revenues   | <u>0</u>         | <u>23,575</u>    | <u>13,168</u>                  | <u>(10,407)</u>                                   |
| Expenditures   |                  |                  |                                |   |
| Support Services   |                  |                  |                                |   |
| Students   |                  |                  |                                |   |
| Personnel Services   | 0                | 0                | 0                              | 0   |
| Employee Benefits  | <u>0</u>         | <u>0</u>         | <u>0</u>                       | <u>0</u>  |
| Total Students   | <u>0</u>         | <u>0</u>         | <u>0</u>                       | <u>0</u>  |
| Total Support Services                                       | <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<br>Over Expenditures         | 0                | 23,575           | 13,168                         | (10,407)  |
| Cash Balance Beginning of Year                               | <u>23,575</u>    | <u>23,575</u>    | <u>23,575</u>                  | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 23,575</u> | <u>\$ 47,150</u> | <u>\$ 36,743</u>               | <u>\$ (10,407)</u>                                |
| Reconciliation of Budgetary Basis to GAAP Basis              |                  |                  |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |                  | \$ <u>13,168</u>               |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |                  | \$ <u>13,168</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, 2014

|  | Budgeted Amounts |                | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|----------------|--------------------------------|---|
|  | Original         | Final          |                                |   |
| Revenues   |                  |                |                                |   |
| Federal Grant  | \$ 3,037         | \$ 26,131      | \$ 20,940                      | \$ (5,191)  |
| Total Revenues   | <u>3,037</u>     | <u>26,131</u>  | <u>20,940</u>                  | <u>(5,191)</u>                                    |
| Expenditures   |                  |                |                                |   |
| Instruction  |                  |                |                                |   |
| Professional & Tech Services                                 | 0                | 23,094         | 16,295                         | 6,799   |
| Total Instruction  | <u>0</u>         | <u>23,094</u>  | <u>16,295</u>                  | <u>6,799</u>                                      |
| Total Expenditures   | <u>0</u>         | <u>23,094</u>  | <u>16,295</u>                  | <u>6,799</u>                                      |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 3,037            | 3,037          | 4,645                          | 1,608   |
| Cash Balance Beginning of Year                               | <u>(3,037)</u>   | <u>(3,037)</u> | <u>(3,037)</u>                 | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 0</u>      | <u>\$ 0</u>    | <u>\$ 1,608</u>                | <u>\$ 1,608</u>                                   |
| Reconciliation of Budgetary Basis to GAAP Basis              |                  |                |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |                | \$ 4,645                       |   |
| Net Change in Due from Grantor                               |                  |                | (3,037)                        |   |
| Net Change in Deferred Revenue                               |                  |                | <u>(1,608)</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, 2014

|  | Budgeted Amounts |              | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|--------------|--------------------------------|---|
|  | Original         | Final        |                                |   |
| <b>Revenues</b>  |                  |              |                                |   |
| State Grant  | \$ 0             | \$ 3,641     | \$ 1,229                       | \$ 0  |
| Total Revenues   | <u>0</u>         | <u>3,641</u> | <u>1,229</u>                   | <u>0</u>  |
| <b>Expenditures</b>  |                  |              |                                |   |
| <b>Instruction</b>   |                  |              |                                |   |
| Supplies   | 0                | 3,641        | 2,742                          | 899   |
| Total Instruction  | <u>0</u>         | <u>3,641</u> | <u>2,742</u>                   | <u>899</u>  |
| Total Expenditures   | <u>0</u>         | <u>3,641</u> | <u>2,742</u>                   | <u>899</u>  |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 0                | 0            | (1,513)                        | (1,513)   |
| 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>\$ (1,513)</u>              | <u>\$ (1,513)</u>                                 |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b>       |                  |              |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |              | \$ (1,513)                     |   |
| Net Change in Due from Grantor                               |                  |              | <u>1,513</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-2010 GO LIBRARY-27106  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2014

|  | Budgeted Amounts |              | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|--------------|--------------------------------|---|
|  | Original         | Final        |                                |   |
| Revenues   |                  |              |                                |   |
| State Grant  | \$ 1,294         | \$ 1,294     | \$ 1,294                       | \$ 0  |
| Total Revenues   | <u>1,294</u>     | <u>1,294</u> | <u>1,294</u>                   | <u>0</u>  |
| Expenditures   |                  |              |                                |   |
| Support Services   |                  |              |                                |   |
| Students   |                  |              |                                |   |
| Supplies   | 1,294            | 1,294        | 1,294                          | 0   |
| Total Students   | <u>1,294</u>     | <u>1,294</u> | <u>1,294</u>                   | <u>0</u>  |
| Total Support Services                                       | <u>1,294</u>     | <u>1,294</u> | <u>1,294</u>                   | <u>0</u>  |
| Total Expenditures   | <u>1,294</u>     | <u>1,294</u> | <u>1,294</u>                   | <u>0</u>  |
| Excess (Deficiency) of Revenues<br>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>                                       |
| Reconciliation of Budgetary Basis to GAAP Basis              |                  |              |                                |   |
| 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-NM READS TO LEAD-27114  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2014

|  | Budgeted Amounts |               | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|---------------|--------------------------------|---|
|  | Original         | Final         |                                |   |
| Revenues   |                  |               |                                |   |
| State Grant  | \$ 0             | \$ 47,678     | \$ 24,978                      | \$ (22,700)                                       |
| Total Revenues   | <u>0</u>         | <u>47,678</u> | <u>24,978</u>                  | <u>(22,700)</u>                                   |
| Expenditures   |                  |               |                                |   |
| Instruction  |                  |               |                                |   |
| Personnel Services   | 0                | 26,807        | 21,946                         | 4,861   |
| Employee Benefits  | 0                | 5,250         | 4,482                          | 768   |
| Supplies   | 0                | 15,621        | 5,640                          | 9,981   |
| Total Instruction  | <u>0</u>         | <u>47,678</u> | <u>32,068</u>                  | <u>15,610</u>                                     |
| Total Expenditures   | <u>0</u>         | <u>47,678</u> | <u>32,068</u>                  | <u>15,610</u>                                     |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 0                | 0             | (7,090)                        | (7,090)   |
| 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>\$ (7,090)</u>              | <u>\$ (7,090)</u>                                 |
| Reconciliation of Budgetary Basis to GAAP Basis              |                  |               |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |               | \$ (7,090)                     |   |
| Net Change in Due from Grantor                               |                  |               | <u>7,090</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, 2014

|  | Budgeted Amounts |                | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|----------------|--------------------------------|---|
|  | Original         | Final          |                                |   |
| Revenues   |                  |                |                                |   |
| State Grant  | \$ 5,053         | \$ 5,053       | \$ 4,204                       | \$ (849)  |
| Total Revenues   | <u>5,053</u>     | <u>5,053</u>   | <u>4,204</u>                   | <u>(849)</u>                                      |
| Expenditures   |                  |                |                                |   |
| Support Services   |                  |                |                                |   |
| Students   |                  |                |                                |   |
| Supplies   | 2,363            | 2,363          | 1,514                          | 849   |
| Total Students   | <u>2,363</u>     | <u>2,363</u>   | <u>1,514</u>                   | <u>849</u>  |
| Total Support Services                                       | <u>2,363</u>     | <u>2,363</u>   | <u>1,514</u>                   | <u>849</u>  |
| Total Expenditures   | <u>2,363</u>     | <u>2,363</u>   | <u>1,514</u>                   | <u>849</u>  |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 2,690            | 2,690          | 2,690                          | 0   |
| Cash Balance Beginning of Year                               | <u>(2,690)</u>   | <u>(2,690)</u> | <u>(2,690)</u>                 | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 0</u>      | <u>\$ 0</u>    | <u>\$ 0</u>                    | <u>\$ 0</u>                                       |
| Reconciliation of Budgetary Basis to GAAP Basis              |                  |                |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |                | \$ 2,690                       |   |
| Net Change in Due from Grantor                               |                  |                | <u>(2,690)</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-2013 SCHOOL BUS REPLACEMENT-27178  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2014

|  | Budgeted Amounts |               | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|---------------|--------------------------------|---|
|  | Original         | Final         |                                |   |
| Revenues   |                  |               |                                |   |
| State Grant  | \$ 0             | \$ 80,037     | \$ 80,037                      | \$ 0  |
| Total Revenues   | <u>0</u>         | <u>80,037</u> | <u>80,037</u>                  | <u>0</u>  |
| Expenditures   |                  |               |                                |   |
| Support Services   |                  |               |                                |   |
| Student Transportation                                       |                  |               |                                |   |
| Fixed Assets   | 0                | 80,037        | 80,037                         | 0   |
| Total Student Transportation                                 | <u>0</u>         | <u>80,037</u> | <u>80,037</u>                  | <u>0</u>  |
| Total Support Services                                       | <u>0</u>         | <u>80,037</u> | <u>80,037</u>                  | <u>0</u>  |
| Total Expenditures   | <u>0</u>         | <u>80,037</u> | <u>80,037</u>                  | <u>0</u>  |
| Excess (Deficiency) of Revenues<br>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>                                       |
| Reconciliation of Budgetary Basis to GAAP Basis              |                  |               |                                |   |
| 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-STEM TEACHER-27181  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2014

|  | Budgeted Amounts |               | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|---------------|--------------------------------|---|
|  | Original         | Final         |                                |   |
| <b>Revenues</b>  |                  |               |                                |   |
| State Grant  | \$ 0             | \$ 20,000     | \$ 18,420                      | \$ (1,580)  |
| Total Revenues   | <u>0</u>         | <u>20,000</u> | <u>18,420</u>                  | <u>(1,580)</u>                                    |
| <b>Expenditures</b>  |                  |               |                                |   |
| <b>Instruction</b>   |                  |               |                                |   |
| Personnel Services   | 0                | 16,579        | 15,000                         | 1,579   |
| Employee Benefits  |                  | 3,421         | 3,420                          | 1   |
| Total Instruction  | <u>0</u>         | <u>20,000</u> | <u>18,420</u>                  | <u>1,580</u>                                      |
| Total Expenditures   | <u>0</u>         | <u>20,000</u> | <u>18,420</u>                  | <u>1,580</u>                                      |
| Excess (Deficiency) of Revenues<br>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 |                  |               | <u>\$ 0</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, 2014

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|                       | Beginning<br>Balance<br><u>6/30/13</u> | <u>Additions</u>  | <u>Deletions</u>  | Ending<br>Balance<br><u>6/30/14</u> |
|-----------------------|--|-------------------|-------------------|-------------------------------------|
| <b>ASSETS</b>         |  |                   |                   |                                     |
| Activity Trust Fund   | \$ 128,819                             | \$ 180,024        | \$ 171,964        | \$ 136,879                          |
| Total Assets          | <u>\$ 128,819</u>                      | <u>\$ 180,024</u> | <u>\$ 171,964</u> | <u>\$ 136,879</u>                   |
| <b>LIABILITIES</b>    |  |                   |                   |                                     |
| Due To Student Groups | \$ 128,819                             | \$ 180,024        | \$ 171,964        | \$ 136,879                          |
| Total Liabilities     | <u>\$ 128,819</u>                      | <u>\$ 180,024</u> | <u>\$ 171,964</u> | <u>\$ 136,879</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, 2014

|             |                               | Balance    |    | Additions |    | Deductions |    | Balance |
|-------------|-------------------------------|------------|----|-----------|----|------------|----|---------|
| ASSETS      |                               | 6/30/13    |    |           |    |            |    | 6/30/14 |
| 23800       | Activity Investment Fund      | \$ 8,492   | \$ | 62        | \$ | 5,437      | \$ | 3,117   |
| 23802       | Administrative Activity       | 2,588      |    | 3,278     |    | 3,000      |    | 2,866   |
| 23803       | Bear Memorial Activity        | 1,838      |    | 200       |    | 310        |    | 1,728   |
| 23805       | Annual                        | 8,142      |    | 7,935     |    | 10,100     |    | 5,977   |
| 23806       | Football Concession           | 3,519      |    | 0         |    | 3,519      |    | 0       |
| 23810       | "C" Club                      | 9,482      |    | 18,144    |    | 16,016     |    | 11,610  |
| 23814       | Dig Pink-VB                   | 405        |    | 232       |    | 637        |    | 0       |
| 23816       | Wrestling                     | 63         |    | 0         |    | 35         |    | 28      |
| 23821       | Cafeteria Activity            | 8,865      |    | 3,724     |    | 6,275      |    | 6,314   |
| 23822       | Life Skills                   | 39         |    | 0         |    | 0          |    | 39      |
| 23827       | Girl's Basketball             | 0          |    | 81        |    | 0          |    | 81      |
| 23828       | Middle School Activity        | 0          |    | 17        |    | 0          |    | 17      |
| 23830       | Elementary School Activity    | 9,622      |    | 10,183    |    | 12,850     |    | 6,955   |
| 23831       | Box Top Activity              | 523        |    | 894       |    | 793        |    | 624     |
| 23834       | FFA                           | 0          |    | 4,480     |    | 2,586      |    | 1,894   |
| 23835       | Ag Activity                   | 16,060     |    | 1,911     |    | 5,756      |    | 12,215  |
| 23838       | Key Club                      | 4,776      |    | 28        |    | 0          |    | 4,804   |
| 23839       | Pay to Play                   | 15,803     |    | 10,924    |    | 22,929     |    | 3,798   |
| 23840       | High School Activity          | 430        |    | 6,039     |    | 3,860      |    | 2,609   |
| 23841       | High School BP Grant Activity | 1,690      |    | 0         |    | 172        |    | 1,518   |
| 23843       | Academic Excellence           | 1,656      |    | 0         |    | 890        |    | 766     |
| 23845       | Student Council               | 1,459      |    | 1,555     |    | 1,402      |    | 1,612   |
| 23846       | National Honor Society        | 514        |    | 188       |    | 646        |    | 56      |
| 23847       | Culinary Arts                 | 9,840      |    | 8,392     |    | 10,218     |    | 8,014   |
| 23848       | Coaches Booster Club          | 0          |    | 15,158    |    | 10,173     |    | 4,985   |
| 23855       | Prom                          | 2,381      |    | 3,729     |    | 3,162      |    | 2,948   |
| 23860       | Library Fund                  | 3,178      |    | 4,184     |    | 6,829      |    | 533     |
| 23865       | MS Activity                   | 51         |    | 39,086    |    | 4,318      |    | 34,819  |
| 23866       | MS Sports                     | 7,175      |    | 5,165     |    | 4,104      |    | 8,236   |
| 23870       | MS Student Council            | 440        |    | 1,387     |    | 1,244      |    | 583     |
| 23880       | Music Club                    | 3,948      |    | 23,372    |    | 23,216     |    | 4,104   |
| 23889       | Builder's Club                | 1,760      |    | 6,397     |    | 7,255      |    | 902     |
| 23890       | Science Club                  | 2,608      |    | 3,273     |    | 4,187      |    | 1,694   |
| 23891       | Technology Activity           | 1,472      |    | 6         |    | 45         |    | 1,433   |
|             | Total Assets                  | \$ 128,819 | \$ | 180,024   | \$ | 171,964    | \$ | 136,879 |
| LIABILITIES |                               |            |    |           |    |            |    |         |
|             | Deposits Held for Others      | \$ 128,819 | \$ | 180,024   | \$ | 171,964    | \$ | 136,879 |
|             | Total Liabilities             | \$ 128,819 | \$ | 180,024   | \$ | 171,964    | \$ | 136,879 |

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, 2014

|                         |          | Cash<br>Balance<br>6/30/13 | Revenue             | Expenditures        | Adjustments     | Cash<br>Balance<br>6/30/14 |
|-------------------------|----------|----------------------------|---------------------|---------------------|-----------------|----------------------------|
| Operational             | 11000 \$ | 342,150 \$                 | 3,476,897 \$        | 3,505,182 \$        | 0 \$            | 313,865                    |
| Transportation          | 13000    | 7,483                      | 252,687             | 240,815             | 0               | 19,355                     |
| Instructional Materials | 14000    | 10,369                     | 22,101              | 26,713              | 0               | 5,757                      |
| Food Service            | 21000    | (4,867)                    | 88,942              | 103,037             | 0               | (18,962)                   |
| Athletics               | 22000    | 7,228                      | 15,811              | 8,573               | 0               | 14,466                     |
| Activities              | 23000    | 128,820                    | 180,022             | 171,963             | 0               | 136,879                    |
| Federal Flowthrough     | 24000    | (33,294)                   | 143,107             | 175,531             | 2,487           | (63,231)                   |
| Federal Direct          | 25000    | 20,538                     | 34,108              | 16,295              | 0               | 38,351                     |
| State Flowthrough       | 27000    | (2,692)                    | 130,162             | 138,775             | 2,700           | (8,605)                    |
| Bond Building           | 31100    | 300,169                    | 1,875,000           | 236,062             | 0               | 1,939,107                  |
| Senate Bill Nine        | 31700    | 280,424                    | 344,461             | 269,447             | 0               | 355,438                    |
| Debt Service            | 41000    | 732,217                    | 664,059             | 773,662             | 0               | 622,614                    |
| Total                   |          | <u>\$ 1,788,545</u>        | <u>\$ 7,227,357</u> | <u>\$ 5,666,055</u> | <u>\$ 5,187</u> | <u>\$ 3,355,034</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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplemental information, and have issued our report thereon dated October 30, 2014.

Internal Control Over Financial Reporting

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

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. 2011-001 (11-1), 2012-001 (12-1), 2014-001, 2014-002, 2014-003, 2014-004, 2014-005, 2014-006, 2014-007.


#### 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; 2011-001 (11-1), 2012-001 (12-1), 2014-001, 2014-002, 2014-003, 2014-004, 2014-005, 2014-006, 2014-007.

#### 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. The District's response was not subject to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

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 30, 2014

**Prior Year Audit Findings**

|      |  | <u>Status</u>       |
|------|--|---------------------|
| 11-1 | <b>Expenditure Issues</b>              | Repeated & Modified |
| 12-1 | <b>Reporting of ERB and RHCA Wages</b> | Repeated & Modified |
| 13-1 | <b>Late Audit Contract</b>             | Resolved            |

**Current Year Audit Findings**

**2011-001 Expenditure Issues -Compliance and Internal Control-Significant Deficiency**

**(11-1) Condition**

Of a sample size of 192 revealed the following:

- 16 had PO's after the invoice date totaling \$88,137.42.
- 4 invoices were not paid timely totaling \$34,264.00.
- 1 bill package did not have a vendor address totaling \$300.00.

**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 first issuing 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.

**2012-001 Reporting RHCA Wages -Compliance and Internal Control-Significant Deficiency**

**(12-1) Condition**

During our audit procedures we noted the following:

RHCA was under reported by two employees and increment pay totaling \$46,348.30 this error will cause the District to pay both portions totaling \$1,390.45.

**Criteria**

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 health retirement benefit being underfunded. The District will pay both the employees' and employer's portion; penalties and interest will be added to the amount due. The additional money could have been used to educate the students.

**Recommendation**

Training, supervision and review would mitigate the issue.

**Response**

We will provide additional training, supervision and review.

**2014-001 Personnel Policy-Compliance-Compliance and Internal Control-Significant Deficiency**

**Condition**

During our review of the District's personnel policy we noted that the policy is out of date. Instances

1) Policy G-6800 © GDB Support Staff Contracts and Compensation was out of date. It stated that "The minimum wage for non-certificated or support staff shall be six dollars (\$6) per hour". However minimum wage is \$7.25 per hour.

2) Policy G-2550 © GCCA Professional/Support Staff Sick Leave does not state if it will be paid out upon leaving the District. Unable to determine if these hours should be accrued.

3) G-8450 © GDL Support Staff Workload The normal workweek for support staff personnel will not exceed forty (40) hours per week. Typically the week will be based on eight (8) hours per day, five (5) days per week; however, the Superintendent may designate other workweek structures to meet varying conditions and needs of the District. Employees will be notified at least one (1) week in advance of any modification to the workweek plan. - However the District is on a four day workweek with the exception of maintenance and custodians.

**Criteria**

NMSBA Chapter II Section F-Policies are guidelines adopted by the board to chart a course of action. They tell what is wanted and may include why and how much. They should be broad enough to permit discretionary action by the administration in meeting day-to-day problems, and yet be specific enough to give clear guidance. Policy-making is the board's major task and primary responsibility. It is essential, therefore, for the board to think through the principles by which it wants the school district to be governed and to record them in the form of comprehensive written policies. The board creates, reinforces or negates policy every time it makes a decision. If a district has no written policies, or if they are not kept up-to-date, the board's direction of the operation of the district will be inconsistent and probably inequitable to the staff and the public. Ideally, policy should be consistent with, and a natural outgrowth of, the goals of the district. It then becomes a tool for effective management of the schools. Since one of the purposes of policy is to promote equitable treatment of students, employees, and members of the public, deviation from established board policy should be infrequent. Otherwise, the policy will be undermined.

**Cause**

The Board subscribes to and relies on NMBA to furnish updated policies. They did not realize the policies had to be tailored to fit the District.

**Effect**

The policies in effect were out dated and some did not address the intentions and practices in the District causing ambiguity where trying to determine how PTO is accrued and paid.

**Recommendation**

All policies should be updated, tailored to fit the District, reviewed and approved by the Board.

**Response**

We will update and approve all policies of the District.



**2014-002 New Hire Reporting-Compliance and Internal Control-Significant Deficiency**

**Condition**

Out of 20 new hires within the fiscal year we were unable to determine if the new hires were reported within the 20 day time frame.

**Criteria**

New Mexico law (§50-13-1 to 50-13-4) and Federal law (42 USC §653.a.(b)(1)(A)), all public, private, non-profit, and government employers are required to report all newly hired employees within 20 days of hire.

**Cause**

The District was submitting the report in once a month and was unaware that there was a 20 day reporting requirement.

**Effect**

Pursuant to federal law, states have the option of imposing civil monetary penalties on employers who fail to report new hires. The fine can be up to \$20 per newly hired employee, and if there is a conspiracy between the employer and employee not to report, the penalty can be up to \$500 per newly hired employee.

**Recommendation**

The reporting submission should occur each time an employee is hired.

**Response**

We will report an employee as part of our new employee set up procedures.

**2014-003 Payroll-Compliance and Internal Control-Significant Deficiency**

**Condition**

A sample of 20 personnel files revealed the following:

- 1) They District did not require applicants from other districts to submit new background checks.

**Criteria**

NM Statute 22-10-3.3 on background checks. Applicants that are over 12 months of receiving their initial certificate are required to submit another background check by providing two fingerprint cards or the equivalent electronic fingerprints to the local school board to obtain his federal bureau of investigation record.

**Cause**

Management was not aware background checks were required when an employee comes from another district.

**Effect**

As a safety measure, people with serious criminal records may not be fit to have responsibility for the safety and well being of children.

**Recommendation**

Training and supervision is necessary to avoid all of the above issues.

**Response**

We will follow the NM Statute 22-10-3.3 on background checks.

**2014-004 Lack of Pledged Securities-Compliance and Internal Control-Significant Deficiency**

**Condition**

1st National Bank has not pledged enough securities for the public monies held by the institution over the insured amount. The securities were under pledged by \$390,330.82.

**Criteria**

Pursuant to Section 6-10-16, NMSA 1978 and Section 6-10-17, NMSA 1978 securities with an aggregate value equal to one-half the amount of public money deposited shall be provided by the depository.

**Cause**

Management depended upon the institution to adequately pledge securities to cover public funds. The institution completed the Bank Report disclosing the amount of deficiency but did not increase the amount of the pledge.

**Effect**

Under collateralization results in lack of guarantee of the District's money in case of institutional failure.

**Recommendation**

We recommend that the District monitor the Bank Report and request additional securities when necessary.

**Response**

We will monitor the Bank Report and will request additional pledged securities when necessary.

**2014-005 State Unemployment - Compliance and Internal Control-Significant Deficiency**

**Condition**

During our audit process we noticed that the ES-903A, New Mexico Employer's Quarterly Wage and Contribution Report (SUTA) for 3/31/14 was not submitted timely.

**Criteria**

New Mexico Department of Labor, Employment Security Division. State Unemployment (SUTA Form 903A) is due by the last day of the month following end of the quarter.

**Cause**

The District could have a 5% or \$25.00, whichever is greater (late payment); plus \$50 per return (late filing) for NM SUTA.

**Effect**

Penalties and interest will take money that could be used to educate students.

**Recommendation**

Training and supervision is necessary to avoid all of the above issues.

**Response**

We will provide training and supervision as each personnel file is reviewed.

**2014-006 PED Cash Reports-Compliance and Internal Control-Significant Deficiency**

**Condition**

The District's submitted PED Cash Report at year end did not properly reflect the June 30, 2014 reconciled cash balances. The difference was \$(2,345.34).

**Criteria**

6.20.2.11 (B) (6) NMAC and Regulation SBE-6 the reports sent to the New Mexico Public Education Department (PED) must agree to the District's general ledger and must be submitted quarterly and annually by July 31.

**Cause**

There was a miscommunication with the beginning audited balances, the District and PED.

**Effect**

The District is not in compliance with NMAC 6.20.2.11 (b) (6) and Regulation SBE-6. Noncompliance

**Recommendation**

The business manager should agree with the audited cash balances and record them in the new year's general ledger.

**Response**

We have recorded the correct beginning balances in the new year's general ledger.

**2014-007 Cash Appropriations in Excess of Available Cash Balances-Compliance and Internal Control-Significant Deficiency**

**Condition**

The District maintained a deficit budget in excess of available cash balance in the Food Service Fund of \$(11,589).

**Criteria**

Section 2.2.210. (P) (1), NMAC, requires all school district funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the PED for approval. Cash balances rebudgeted to make up the deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

**Cause**

The District does not have a procedure in place to ensure sufficient beginning cash balances exist to absorb budget deficits.

**Effect**

The District will have to supplement the budget deficit with other funds, which may lead to financial difficulties and deplete the budget in other funds.

**Recommendation**

BARS should be issued shortly after audited cash balances are confirmed if estimated cash balances are more and cash was used to balance the budget.

**Response**

BARS will be issued to adjust beginning cash to actual and reduce expenditures as necessary.

**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 30, 2014. Those present were Travis Dempsey-Superintendent, Gerald Green-Board Vice President, Sharlotte Dees-Business Manager, and De'Aun Willoughby CPA.