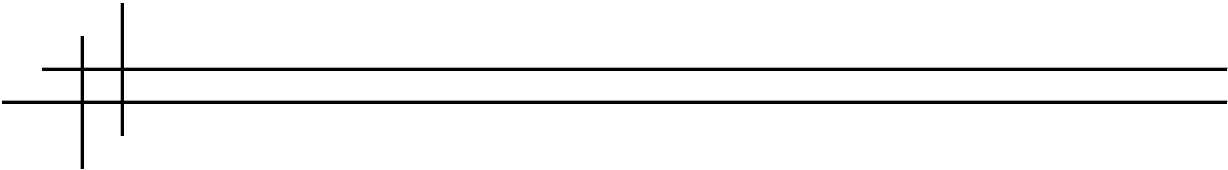




STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS

ANNUAL FINANCIAL REPORT
June 30, 2015

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



STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
 Table of Contents
 For the Year Ended June 30, 2015

	<u>Page</u>	
Official Roster.....	5	
Independent Auditor's Report.....	6-7	
FINANCIAL SECTION		
Basic Financial Statements		
Government Wide Financial Statements		
Statement of Net Position.....	9	
Statement of Activities.....	10	
Fund Financial Statements		
Government Funds - Balance Sheet.....	11-14	
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position.....	15	
Statement of Revenues, Expenditures, and Changes in Fund Balances.....		16-19
Reconciliation of Governmental Funds		
Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities.....	20	
General Funds		
Operational-11000		
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	21-23	
Transportation-13000		
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	24	
Instructional Material-14000		
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	25	
Title I-24101		
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget (Budgetary Basis) and Actual.....	26	
IDEA B Entitlement-24106		
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget (Budgetary Basis) and Actual.....	27	
Statement of Fiduciary Assets and Liabilities-Agency Funds	28	
Notes to Financial Statements.....	29-46	

SUPPLEMENTAL INFORMATION RELATED TO MAJOR FUNDS

Bond Building-31100	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	48
Senate Bill Nine-31700	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	49
Debt Service-41000	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	50

SUPPLEMENTAL INFORMATION RELATED TO NON MAJOR FUNDS

Non-Major Funds	
Combining Balance Sheet.....	53-56
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	57-60
Food Service-21000	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget (Budgetary Basis) and Actual.....	61
Athletics-22000	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget (Budgetary Basis) and Actual.....	62
Autism Spectrum Disorder Project-24108	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget (Budgetary Basis) and Actual.....	63
IDEA Preschool-24109	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget (Budgetary Basis) and Actual.....	64
Teacher Principal Training-24154	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget (Budgetary Basis) and Actual.....	65
Medicaid-25153	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	66
Rural Education Achievement Program-25233	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget (Budgetary Basis) and Actual.....	67
Dual Credit Instructional Materials-27103	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget (Budgetary Basis) and Actual.....	68

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
 Table of Contents
 For the Year Ended June 30, 2015

	<u>Page</u>
NM Reads to Lead-27114	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	69
STEM Teacher-27181	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	70
Special State Capital Outlay-31400	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	71
REQUIRED SUPPLEMENTAL INFORMATION	
Schedules of Required Supplementary Information for Pension Plan.....	73
Notes to Required Supplementary Information for Pension Plan.....	74
OTHER SUPPLEMENTAL INFORMATION	
Agency Fund	
Statement of Fiduciary Assets and Liabilities-Agency Funds	77
Activity	
Schedule of Fiduciary Assets and Liabilities-Agency Funds	78
Cash Reconciliations-All Funds.....	79
Vendor Schedule.....	80
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	81-82
Schedule of Findings and Responses.....	83-86

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
Official Roster
June 30, 2015

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. Tim Keller
State Auditor of the State of New Mexico
Board Members of the Cloudcroft Municipal Schools

Mr. Keller 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, 2015, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, 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, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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, 2015, 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, 2015, 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

Required Supplementary Information

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the REC's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedule required by 2.2.2.NMAC are presented for purposes of additional analysis and are 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 and is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 14, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

De'Aun Willoughby CPA PC

Clovis, New Mexico
October 14, 2015

FINANCIAL SECTION

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
 Government-Wide Statement of Net Position
 June 30, 2015

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 2,835,001
Property Taxes Receivable	143,127
Due from Grantors	73,130
Inventory	2,616
Total Current Assets	<u>3,053,874</u>
Noncurrent Assets	
Capital Assets	19,142,094
Less: Accumulated Depreciation	<u>(6,012,272)</u>
Total Noncurrent Assets	<u>13,129,822</u>
Total Assets	<u>16,183,696</u>
 Deferred Outflows of Resources	
Deferred Outflows Related to Pensions	<u>315,417</u>
Total Deferred Outflows of Resources	<u>315,417</u>
 Liabilities	
Current Liabilities	
Accounts Payable	35,308
Accrued Interest	45,754
Current Portion of Long-Term Debt	770,000
Total Current Liabilities	<u>851,062</u>
Noncurrent Liabilities	
Bonds	4,760,000
Pension Liability	4,844,156
Total Noncurrent Liabilities	<u>9,604,156</u>
Total Liabilities	<u>10,455,218</u>
 Deferred Inflows of Resources	
Deferred Inflows Related to Pensions	<u>762,694</u>
Total Deferred Inflows of Resources	<u>762,694</u>
 Net Position	
Net Investment in Capital Assets	7,599,822
Restricted for	
Capital Projects	693,923
Debt Service	909,091
Unrestricted	<u>(3,921,635)</u>
Total Net Position	<u>\$ 5,281,201</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, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities					
Instruction	\$ 3,021,578	\$ 14,003	\$ 303,888	\$ 0	\$ (2,703,687)
Support Services					
Students	379,437	7,452	27,248	0	(344,737)
Instruction	102,129	0	0	0	(102,129)
General Administration	292,597	0	0	0	(292,597)
School Administration	263,728	0	0	0	(263,728)
Central Services	137,775	0	0	0	(137,775)
Operation of Plant	687,358	0	0	135,536	(551,822)
Transportation	240,352	0	237,078	0	(3,274)
Food Services	150,923	46,878	68,339	0	(35,706)
Interest on Long-Term Obligations	136,345	0	0	0	(136,345)
Total Governmental Activities	\$ 5,412,222	\$ 68,333	\$ 636,553	\$ 135,536	(4,571,800)
General Revenues					
Taxes					
Property Taxes, Levied for General Purposes					55,133
Property Taxes, Levied for Capital Projects					385,159
Property Taxes, Levied for Debt Service					1,053,719
Federal and State aid not restricted to specific purpose					
General					3,621,492
Capital					0
Interest and investment earnings					956
Miscellaneous					559,838
Subtotal, General Revenues					<u>5,676,297</u>
Change in Net Position					<u>1,104,497</u>
Net Position - Beginning					9,535,103
Restatement					(5,358,399)
Restated Beginning Net Position					<u>4,176,704</u>
Net Position - Ending					<u>\$ 5,281,201</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, 2015

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
Assets			
Cash and Cash Equivalents	\$ 904,634	\$ 0	\$ 9,762
Receivables			
Property Taxes	6,623	0	0
Due From Grantor	0	0	0
Interfund Balances	70,797	0	0
Inventory	0	0	0
Total Assets	<u>\$ 982,054</u>	<u>\$ 0</u>	<u>\$ 9,762</u>
Liabilities			
Accounts Payable	\$ 30,742	\$ 0	\$ 0
Interfund Balances	0	0	0
Total Liabilities	<u>30,742</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources			
Unearned Revenue	5,512	0	0
Total Deferred Inflows of Resources	<u>5,512</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	945,800	0	9,762
Total Fund Balances	<u>945,800</u>	<u>0</u>	<u>9,762</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 982,054</u>	<u>\$ 0</u>	<u>\$ 9,762</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, 2015

	Special Revenue		Capital
	Title I 24101	IDEA B	Projects
		Entitlement 24106	Bond Building 31100
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 693,923
Receivables			
Property Taxes	0	0	0
Due From Grantor	43,062	28,707	0
Interfund Balances	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 43,062</u>	<u>\$ 28,707</u>	<u>\$ 693,923</u>
Liabilities			
Accounts Payable	\$ 1,990	\$ 64	\$ 0
Interfund Balances	41,072	28,643	0
Total Liabilities	<u>43,062</u>	<u>28,707</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	693,923
Debt Service	0	0	0
Assigned-Capital Projects	0	0	0
Unassigned- General Fund	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>693,923</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 43,062</u>	<u>\$ 28,707</u>	<u>\$ 693,923</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, 2015

	<u>Capital Projects</u>		<u>Debt Service</u>		<u>Other Governmental Funds</u>
	Senate Bill Nine 31700		41000		
Assets					
Cash and Cash Equivalents	\$ 318,120	\$	888,201	\$	20,361
Receivables					
Property Taxes	41,440		95,064		0
Due From Grantor	0		0		1,361
Interfund Balances	0		0		0
Inventory	0		0		2,616
Total Assets	\$ 359,560	\$	983,265	\$	24,338
Liabilities					
Accounts Payable	\$ 910	\$	0	\$	1,602
Interfund Balances	0		0		1,082
Total Liabilities	910		0		2,684
Deferred Inflows of Resources					
Unearned Revenue	33,809		74,174		0
Total Deferred Inflows of Resources	33,809		74,174		0
Fund Balances					
Nonspendable-Inventory	0		0		2,616
Restricted for:					
Special Revenue Funds	0		0		19,038
Capital Projects	0		0		0
Debt Service	0		909,091		0
Assigned-Capital Projects	324,841		0		0
Unassigned- General Fund	0		0		0
Total Fund Balances	324,841		909,091		21,654
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 359,560	\$	983,265	\$	24,338

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, 2015

	Total Governmental Funds
	<u> </u>
Assets	
Cash and Cash Equivalents	\$ 2,835,001
Receivables	
Property Taxes	143,127
Due From Grantor	73,130
Interfund Balances	70,797
Inventory	2,616
Total Assets	<u>\$ 3,124,671</u>
Liabilities	
Accounts Payable	\$ 35,308
Interfund Balances	70,797
Total Liabilities	<u>106,105</u>
Deferred Inflows of Resources	
Unearned Revenue	113,495
Total Deferred Inflows of Resources	<u>113,495</u>
Fund Balances	
Nonspendable-Inventory	2,616
Restricted for:	
Special Revenue Funds	19,038
Capital Projects	693,923
Debt Service	909,091
Assigned-Capital Projects	324,841
Unassigned- General Fund	955,562
Total Fund Balances	<u>2,905,071</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,124,671</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, 2015

Total Fund Balance - Governmental Funds \$ 2,905,071

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

Property taxes receivable will be collected after the period of availability, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 113,495

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

Capital Assets	\$ 19,142,094	
Accumulated Depreciation	<u>(6,012,272)</u>	13,129,822

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 :

Accrued Interest	(45,754)	
Bonds	(5,530,000)	
Pension Liability	<u>(4,844,156)</u>	(10,419,910)

Deferred Outflows and Inflows Related to Pensions are the results of differences in expected and actual actuary experience and the difference in actuary projected and actual earnings. Also changes in proportion and differences between contributions and proportionate share of contributions.

Deferred Outflows Related to Pensions	315,417	
Deferred Inflows Related to Pensions	<u>(762,694)</u>	<u>(447,277)</u>

Total Net Position - Governmental Activities \$ 5,281,201

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, 2015

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
Revenues			
Property Taxes	\$ 49,621	\$ 0	\$ 0
Investment Income	956	0	0
Fees	0	0	0
State & Local Grants	3,607,908	237,078	24,891
Federal Grants	13,584	0	0
Miscellaneous	549,017	0	0
Total Revenues	<u>4,221,086</u>	<u>237,078</u>	<u>24,891</u>
Expenditures			
Current			
Instruction	1,871,026	0	20,886
Support Services			
Students	311,799	0	0
Instruction	103,840	0	0
General Administration	282,591	0	0
School Administration	269,311	0	0
Central Services	140,472	0	0
Operation & Maintenance of Plant	538,352	0	0
Student Transportation	0	243,340	0
Food Services	64,989	0	0
Capital Outlay	0	13,003	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>3,582,380</u>	<u>256,343</u>	<u>20,886</u>
Excess (Deficiency) of Revenues Over Expenditures	638,706	(19,265)	4,005
Fund Balances at Beginning of Year	<u>307,094</u>	<u>19,265</u>	<u>5,757</u>
Fund Balance End of Year	<u>\$ 945,800</u>	<u>\$ 0</u>	<u>\$ 9,762</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, 2015

	Special Revenue		Capital Projects
	Title I 24101	IDEA B Entitlement 24106	Bond Building 31100
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Investment Income	0	0	0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	88,717	120,486	0
Miscellaneous	0	0	10,821
Total Revenues	88,717	120,486	10,821
Expenditures			
Current			
Instruction	88,717	100,111	82,802
Support Services			
Students	0	20,375	0
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	27,203
Student Transportation	0	0	0
Food Services	0	0	0
Capital Outlay	0	0	1,123,120
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	88,717	120,486	1,233,125
Excess (Deficiency) of Revenues Over Expenditures	0	0	(1,222,304)
Fund Balances at Beginning of Year	0	0	1,916,227
Fund Balance End of Year	\$ 0	\$ 0	\$ 693,923

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, 2015

	Capital Projects		Debt Service	Other Governmental Funds
	Senate Bill Nine 31700		41000	
Revenues				
Property Taxes	\$ 351,350	\$	979,545	\$ 0
Investment Income	0		0	0
Fees	0		0	68,333
State & Local Grants	10,536		0	192,450
Federal Grants	0		0	97,931
Miscellaneous	0		0	0
Total Revenues	<u>361,886</u>		<u>979,545</u>	<u>358,714</u>
Expenditures				
Current				
Instruction	206,076		0	105,854
Support Services				
Students	0		0	51,068
Instruction	0		0	0
General Administration	3,539		9,791	0
School Administration	0		0	0
Central Services	0		0	0
Operation & Maintenance of Plant	125,362		0	0
Student Transportation	0		0	0
Food Services	0		0	87,200
Capital Outlay	67,623		0	125,000
Debt Service				
Principal	0		565,000	0
Interest	0		138,669	0
Total Expenditures	<u>402,600</u>		<u>713,460</u>	<u>369,122</u>
Excess (Deficiency) of Revenues Over Expenditures	(40,714)		266,085	(10,408)
Fund Balances at Beginning of Year	<u>365,555</u>		<u>643,006</u>	<u>32,062</u>
Fund Balance End of Year	<u>\$ 324,841</u>	\$	<u>909,091</u>	<u>\$ 21,654</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, 2015

	Total Governmental Funds
Revenues	
Property Taxes	\$ 1,380,516
Investment Income	956
Fees	68,333
State & Local Grants	4,072,863
Federal Grants	320,718
Miscellaneous	559,838
Total Revenues	<u>6,403,224</u>
Expenditures	
Current	
Instruction	2,475,472
Support Services	
Students	383,242
Instruction	103,840
General Administration	295,921
School Administration	269,311
Central Services	140,472
Operation & Maintenance of Plant	690,917
Student Transportation	243,340
Food Services	152,189
Capital Outlay	1,328,746
Debt Service	
Principal	565,000
Interest	138,669
Total Expenditures	<u>6,787,119</u>
Excess (Deficiency) of Revenues Over Expenditures	(383,895)
Fund Balances at Beginning of Year	<u>3,288,966</u>
Fund Balance End of Year	<u><u>\$ 2,905,071</u></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, 2015

Excess (Deficiency) of Revenues Over Expenditures \$ (383,895)

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

Some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead reported as deferred revenues. They are however, recorded as revenues in the Statement of Activities.

Property Taxes Receivable, June 30, 2014	\$	0	
Property Taxes Receivable, June 30, 2015		<u>113,495</u>	113,495

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	(588,139)	
Capital Outlays	<u>1,328,746</u>	740,607

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

565,000

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, 2014	48,078	
Accrued Interest, June 30, 2015	<u>(45,754)</u>	2,324

Pension contributions are reported as expenses in the government funds but are deferred outflows in the Statement of Net Position. Pension expense is reported in the Statement of Activities but not in the governmental funds.

Pension Contributions	315,417	
Pension Expense	<u>(248,451)</u>	<u>66,966</u>

Changes in Net Position of Governmental Activities

\$ 1,104,497

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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Property Taxes	\$ 47,836	\$ 47,836	\$ 50,069	\$ 2,233
Investment Income	500	500	956	456
State & Local Grants	3,461,664	3,607,908	3,607,908	0
Federal Revenues	0	2,836	13,584	10,748
Miscellaneous	4,500	504,500	549,017	44,517
Total Revenues	<u>3,514,500</u>	<u>4,163,580</u>	<u>4,221,534</u>	<u>13,437</u>
Expenditures				
Instruction				
Personnel Services	1,317,382	1,334,327	1,314,805	19,522
Employee Benefits	515,144	479,869	471,040	8,829
Professional & Tech Services	10,000	13,298	13,127	171
Other Purchased Services	32,000	43,627	31,134	12,493
Supplies	30,000	63,163	34,543	28,620
Total Instruction	<u>1,904,526</u>	<u>1,934,284</u>	<u>1,864,649</u>	<u>69,635</u>
Support Services				
Students				
Personnel Services	200,536	122,451	90,717	31,734
Employee Benefits	75,363	42,446	38,586	3,860
Professional & Tech Services	80,000	173,528	173,528	0
Supplies	10,500	0	8,968	(8,968)
Total Students	<u>366,399</u>	<u>338,425</u>	<u>311,799</u>	<u>26,626</u>
Instruction				
Personnel Services	59,129	59,129	59,129	0
Employee Benefits	47,102	47,102	44,711	2,391
Total Instruction	<u>106,231</u>	<u>106,231</u>	<u>103,840</u>	<u>2,391</u>
General Administration				
Personnel Services	114,863	114,863	114,862	1
Employee Benefits	44,932	41,432	38,916	2,516
Professional & Tech Services	27,000	128,123	66,065	62,058
Other Purchased Services	72,500	71,846	51,747	20,099
Supplies	6,500	6,500	4,263	2,237
Total General Administration	<u>\$ 265,795</u>	<u>\$ 362,764</u>	<u>\$ 275,853</u>	<u>\$ 86,911</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
School Administration				
Personnel Services	\$ 202,319	\$ 197,320	\$ 192,912	\$ 4,408
Employee Benefits	84,588	84,587	76,399	8,188
Total School Administration	<u>286,907</u>	<u>281,907</u>	<u>269,311</u>	<u>12,596</u>
Central Services				
Personnel Services	75,717	93,192	93,190	2
Employee Benefits	40,609	48,639	47,282	1,357
Total Central Services	<u>116,326</u>	<u>141,831</u>	<u>140,472</u>	<u>1,359</u>
Operation of Plant				
Personnel Services	133,985	129,844	122,972	6,872
Employee Benefits	88,477	76,033	61,535	14,498
Purchased Property Services	240,648	240,348	219,061	21,287
Other Purchased Services	106,620	111,728	111,355	373
Supplies	20,000	21,400	19,514	1,886
Total Operation of Plant	<u>589,730</u>	<u>579,353</u>	<u>534,437</u>	<u>44,916</u>
Other Services				
Other Purchased Services	8,558	8,558	0	8,558
Total Other Services	<u>8,558</u>	<u>8,558</u>	<u>0</u>	<u>8,558</u>
Total Support Services	<u>1,739,946</u>	<u>1,819,069</u>	<u>1,635,712</u>	<u>183,357</u>
Food Services Operations				
Professional & Tech Services	0	13,484	13,156	328
Supplies	52,342	49,235	46,449	2,786
Total Food Services Operations	<u>52,342</u>	<u>62,719</u>	<u>59,605</u>	<u>3,114</u>
Capital Outlay				
Purchased Property Services	0	500,000	0	500,000
Total Capital Outlay	<u>0</u>	<u>500,000</u>	<u>0</u>	<u>500,000</u>
Total Expenditures	<u>3,696,814</u>	<u>4,316,072</u>	<u>3,559,966</u>	<u>756,106</u>
Excess (Deficiency) of Revenues Over Expenditures	(182,314)	(152,492)	661,568	814,060
Cash Balance Beginning of Year	<u>313,863</u>	<u>313,863</u>	<u>313,863</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 131,549</u>	<u>\$ 161,371</u>	<u>\$ 975,431</u>	<u>\$ 814,060</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 661,568	
Net Change in Taxes Receivables			5,064	
Net Change in Accounts Payable			(22,414)	
Net Change in Deferred Revenue			(5,512)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>638,706</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 228,909	\$ 237,078	\$ 237,078	\$ 0
Total Revenues	<u>228,909</u>	<u>237,078</u>	<u>237,078</u>	<u>0</u>
Expenditures				
Support Services				
Student Transportation				
Personnel Services	100,964	103,257	103,257	0
Employee Benefits	32,023	44,689	44,689	0
Purchased Property Services	20,416	8,549	8,549	0
Other Purchased Services	48,506	46,390	46,390	0
Supplies	27,000	30,877	30,877	0
Fixed Assets	0	12,994	12,994	0
Total Student Transportation	<u>228,909</u>	<u>246,756</u>	<u>246,756</u>	<u>0</u>
Total Support Services	<u>228,909</u>	<u>246,756</u>	<u>246,756</u>	<u>0</u>
Total Expenditures	<u>228,909</u>	<u>246,756</u>	<u>246,756</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>(9,678)</u>	<u>(9,678)</u>	<u>0</u>
Other Financing Sources (Uses)				
Returned to PED	0	0	(9,677)	(9,677)
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>(9,677)</u>	<u>(9,677)</u>
Net Change in Cash Balance	0	(9,678)	(19,355)	(9,677)
Cash Balance Beginning of Year	<u>19,355</u>	<u>19,355</u>	<u>19,355</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 19,355</u>	<u>\$ 9,677</u>	<u>\$ 0</u>	<u>\$ (9,677)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (19,355)	
Net Change in Accounts Payable			90	
Net Change in Fund Balance			<u>\$ (19,265)</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 16,518	\$ 24,891	\$ 24,891	\$ 0
Total Revenues	<u>16,518</u>	<u>24,891</u>	<u>24,891</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	22,274	30,647	20,886	9,761
Total Instruction	<u>22,274</u>	<u>30,647</u>	<u>20,886</u>	<u>9,761</u>
Total Expenditures	<u>22,274</u>	<u>30,647</u>	<u>20,886</u>	<u>9,761</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,756)	(5,756)	4,005	9,761
Cash Balance Beginning of Year	<u>5,757</u>	<u>5,757</u>	<u>5,757</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 9,762</u>	<u>\$ 9,761</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 4,005	
Net Change in Accounts Payable			<u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 4,005</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 102,151	\$ 140,375	\$ 65,306	\$ (75,069)
Total Revenues	<u>102,151</u>	<u>140,375</u>	<u>65,306</u>	<u>(75,069)</u>
Expenditures				
Instruction				
Personnel Services	32,575	51,075	32,575	18,500
Employee Benefits	22,189	22,189	21,557	632
Professional & Tech Services	5,000	9,724	5,263	4,461
Supplies	22,736	37,736	27,332	10,404
Total Instruction	<u>82,500</u>	<u>120,724</u>	<u>86,727</u>	<u>33,997</u>
Total Expenditures	<u>82,500</u>	<u>120,724</u>	<u>86,727</u>	<u>33,997</u>
Excess (Deficiency) of Revenues Over Expenditures	19,651	19,651	(21,421)	(41,072)
Cash Balance Beginning of Year	<u>(19,651)</u>	<u>(19,651)</u>	<u>(19,651)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (41,072)</u>	<u>\$ (41,072)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (21,421)	
Net Change in Due from Grantor			23,411	
Net Change in Accounts Payable			(1,990)	
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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 37,564	\$ 243,866	\$ 129,541	\$ (114,325)
Total Revenues	<u>37,564</u>	<u>243,866</u>	<u>129,541</u>	<u>(114,325)</u>
Expenditures				
Instruction				
Personnel Services	0	36,368	36,368	0
Employee Benefits	0	17,424	16,547	877
Professional & Tech Services	0	7,732	1,453	6,279
Supplies	0	79,634	45,678	33,956
Total Instruction	<u>0</u>	<u>141,158</u>	<u>100,046</u>	<u>41,112</u>
Support Services				
Students				
Personnel Services	0	6,476	5,202	1,274
Employee Benefits	0	8,378	3,351	5,027
Professional & Tech Services	0	9,889	2,590	7,299
Other Purchased Services	0	9,741	7,730	2,011
Supplies	0	30,660	1,701	28,959
Total Students	<u>0</u>	<u>65,144</u>	<u>20,574</u>	<u>44,570</u>
Total Support Services	<u>0</u>	<u>65,144</u>	<u>20,574</u>	<u>44,570</u>
Total Expenditures	<u>0</u>	<u>206,302</u>	<u>120,620</u>	<u>85,682</u>
Excess (Deficiency) of Revenues Over Expenditures	37,564	37,564	8,921	(28,643)
Cash Balance Beginning of Year	<u>(37,564)</u>	<u>(37,564)</u>	<u>(37,564)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (28,643)</u>	<u>\$ (28,643)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 8,921	
Net Change in Due from Grantor			(9,056)	
Net Change in Accounts Payable			135	
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, 2015

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ <u>129,588</u>
Total Assets	\$ <u><u>129,588</u></u>
Liabilities	
Deposits Held for Others	\$ <u>129,588</u>
Total Liabilities	\$ <u><u>129,588</u></u>

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

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.

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.

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 (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

Taxes. 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.

Grants. Government mandated nonexchange transaction and voluntary nonexchange transactions. Recipients should recognize revenues in the period when all applicable eligibility requirements have been met and the resources are available.

Revenue Recognition for Grants.

Eligibility requirements for government-mandated and voluntary nonexchange transaction comprise one or more of the following:

1. Required characteristics of recipients. The recipient has the characteristics specified by the provider (are required to be school districts).
2. Time requirements. Time requirements specified by enabling legislation or the provider have been met (period when the resources are required to be used).
3. Reimbursements. The provider offers resources on a reimbursement ("expenditure-driven") basis and the recipient has incurred allowable costs under the applicable program.
4. Contingencies. The providers offer of resources is contingent upon a specified action of the recipient and that action has occurred (the recipient has raised the matching funds).

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.

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2015

Expenditures

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

Other Financing Sources (Uses)

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

Basis of Budgeting

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

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

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

1. Prior to April 15, (unless a later date is fixed by the Secretary of Education) the local school board submits to the School Budget and Finance Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAU.
5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the SBFAU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

Cash and Cash Equivalents

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

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

Investments

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

(a) bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or

(b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.

(c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Receivables and Payables

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

Property Taxes

The County collects the District's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the District on a monthly basis. The District accounts for its share of property taxes in the General, Debt Service and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

Elimination and Reclassifications of Certain Receivables and Payables

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

Inventories and Prepaid Items

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

Capital Assets

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

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

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

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

Capital Leases

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

Long-Term Liabilities

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

Restricted Net Position

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

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

Imposed by law through constitutional provisions or enabling legislation.

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

Fund Balances of Fund Financial Statements

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

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

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

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

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

Interfund Transfers

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

Deferred Inflows

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.

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.

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2015

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.

A. Deposits and Investments

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

1st National Bank

<u>Name of Account</u>	Balance Per Bank 6/30/15	Reconciled Balance	Type
Operational-Checking	\$ 2,968,315	\$ 2,835,000	Interest Bearing
Activity-Non-budgeted-Checking	132,444	129,588	Interest Bearing
Total Deposited	<u>3,100,759</u>	<u>\$ 2,964,588</u>	
Less: FDIC Coverage	<u>(250,000)</u>		
Uninsured Amount	2,850,759		
50% collateral requirement	1,425,380		
Pledged securities	<u>2,001,214</u>		
Over (Under) requirement	<u>\$ 575,835</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	\$ 212,444	6/20/2024	* FHLB
FNMA Pool #MA0538	31417YS40	749,327	10/1/2030	FHLB
FNMA Pool #MA1338	31418APY8	1,039,443	2/1/2033	FHLB
		<u>\$ 2,001,214</u>		

* Dallas, TX

Custodial Credit Risk-Deposits

<u>Depository Account</u>	Bank Balance
Insured	\$ 250,000
Collateralized:	
Collateral held by the pledging bank in District's name	2,001,214
Uninsured and uncollateralized	849,545
Total Deposits	<u>\$ 3,100,759</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2015 \$849,546 of the District's bank balance of \$3,100,759 was exposed to custodial credit risk.

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2015

B. Receivables

Following is a schedule of property taxes receivable as of June 30, 2015:

	General Fund	Senate Bill Nine 31700	Debt Service 41000
Property Tax			
Available	\$ 1,111	\$ 7,631	\$ 20,890
Unavailable	5,512	33,809	74,174
Total Property Taxes Receivable	<u>\$ 6,623</u>	<u>\$ 41,440</u>	<u>\$ 95,064</u>

Amounts due from other agencies and units of government were as follows as of June 30, 2015:

Federal Agencies	\$ 73,130
State Agencies	0
Total	<u>\$ 73,130</u>

C. Interfund Receivables, Payables and Transfers

	Title I 24101	IDEA Part B Entitlement 24106	Other Governmental Funds
Loan from General Fund	<u>\$ 41,072</u>	<u>\$ 28,643</u>	<u>\$ 1,082</u>

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

D. Capital Assets

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

	Beginning Balance 6/30/14	Additions	Deletions	Ending Balance 6/30/15
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 5,000	\$ 0	\$ 0	\$ 5,000
Total Capital Assets not being Depreciated	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>5,000</u>
Capital Assets, being Depreciated				
Buildings & Improvements	16,962,386	1,106,145	0	18,068,531
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>1,832,804</u>	<u>222,601</u>	<u>986,842</u>	<u>1,068,563</u>
Total Capital Assets being Depreciated	<u>18,795,190</u>	<u>1,328,746</u>	<u>986,842</u>	<u>19,137,094</u>
Total Capital Assets	<u>18,800,190</u>	<u>1,328,746</u>	<u>986,842</u>	<u>19,142,094</u>
Less Accumulated Depreciation				
Buildings & Improvements	5,011,709	510,100	0	5,521,809
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>1,399,266</u>	<u>78,039</u>	<u>986,842</u>	<u>490,463</u>
Total Accumulated Depreciation	<u>6,410,975</u>	<u>588,139</u>	<u>986,842</u>	<u>6,012,272</u>
Capital Assets, net	<u>\$ 12,389,215</u>	<u>\$ 740,607</u>	<u>\$ 0</u>	<u>\$ 13,129,822</u>

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2015

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 588,139
Total Depreciation Expenses	<u>\$ 588,139</u>

E. Long-Term Liabilities and Other Liabilities

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

	Beginning Balance 6/30/14	Additions	Reductions	Ending Balance 6/30/15	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 6,095,000	\$ 0	\$ 565,000	\$ 5,530,000	\$ 770,000
Total Bonds	<u>\$ 6,095,000</u>	<u>\$ 0</u>	<u>\$ 565,000</u>	<u>\$ 5,530,000</u>	<u>\$ 770,000</u>

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

General Obligation Bonds.

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

Series	Date of Issue	Original Amount	Interest Rate	Balance
2009	6/16/2009	\$ 1,750,000	4.25%	\$ 870,000
2013	6/5/2013	3,940,000	2%-3%	2,785,000
2014	5/23/2014	1,875,000	1.01%	1,875,000
				<u>\$ 5,530,000</u>

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

	Principal	Interest	Total
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	780,000	68,270	848,270
2021-2025	1,300,000	157,493	1,457,493
2026-2027	430,000	12,900	442,900
	<u>\$ 5,530,000</u>	<u>\$ 706,568</u>	<u>\$ 6,236,568</u>

F. Commitments

The District has various construction commitments for repairs and improvement of facilities on June 30, 2015.

G. Retirement Plan

Summary of Significant Accounting Policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

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

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

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

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

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

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

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2015

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

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

The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$315,417 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. At June 30, 2015, the District reported a liability of \$4,844,156 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2014, the District's proportion was .08490 percent, which was a decrease of .00537 percent from its proportion measured as of June 30, 2013.

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2015

For the year ended June 30, 2015, the District's recognized pension expense of \$335,327. At the June 30, 2015, the District's reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 0	\$ 72,158
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	0	440,335
Changes in proportion and differences between (name of employer) contributions and proportionate share of contributions	0	250,201
The District's contributions subsequent to the measurement date	315,417	0
Total	<u>\$ 315,417</u>	<u>\$ 762,694</u>

\$315,417 reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2016	\$ (222,021)
2017	(222,021)
2018	(208,589)
2019	(110,089)
Total	<u>\$ (762,720)</u>

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

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

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2015

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

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

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

Asset Class	2014 Long-Term Expected Real Rate of Return	2013 Long-Term Expected Real Rate of Return
Cash	1.50%	75.00%
Treasuries	2.00%	1.00%
IG Corp Credit	3.50%	3.00%
MBS	2.25%	2.50%
Core Bonds	2.53%	2.04%
TIPS	2.50%	1.50%
High Yield Bonds	4.50%	5.00%
Bank Loans	5.00%	5.00%
Global Bonds (Unhedged)	1.25%	75.00%
Global Bonds (Hedged)	1.38%	93.00%
EMD External	5.00%	4.00%
EMD Local Currency	5.75%	5.00%

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2015

Large Cap Equities	6.25%	6.75%
Small/Mid Cap	6.25%	7.00%
International Equities (Unhedged)	7.25%	7.75%
International Equities (Hedged)	7.50%	8.00%
Emerging International Equities	9.50%	9.75%
Private Equity	8.75%	9.00%
Private Debt	8.00%	8.50%
Private Real Assets	7.75%	8.00%
Real Estate	6.25%	6.00%
Commodities	5.00%	5.00%
Hedge Funds Low Vol	5.50%	4.75%
Hedge Funds Mod Vol	5.50%	6.50%

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The District's proportionate share of the net pension liability	\$ 6,591,036	\$ 4,844,156	\$ 3,384,880

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

Payables to the pension plan. Employers should disclose the amount of payables to the Plan with a description of what gave rise to the payable per GASB Statement 68, paragraphs 122 and 124.

H. Retiree Health Care

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

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

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

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

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

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2015

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, 2015, the statutes 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, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$49,590, \$49,590 and \$41,661 respectively, which equal the required contributions for each year.

I. 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).

J. Contingent Liabilities

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

K. Risk Management

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

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

L. Joint Powers Agreements

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.

M. Subsequent Events

Subsequent events were evaluated through November 7, 2015 which is the date the financial statements were available to be issued.

N. Restatement

Net Position was restated \$(5,358,399) for pension liability balance at the end of the prior year.

**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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Investment Income	\$ 0	\$ 0	\$ 10,821	\$ 10,821
Total Revenues	<u>0</u>	<u>0</u>	<u>10,821</u>	<u>10,821</u>
Expenditures				
Capital Outlay				
Building Improvements	98,716	1,937,132	1,256,005	681,127
Total Capital Outlay	<u>98,716</u>	<u>1,937,132</u>	<u>1,256,005</u>	<u>681,127</u>
Total Expenditures	<u>98,716</u>	<u>1,937,132</u>	<u>1,256,005</u>	<u>681,127</u>
Excess (Deficiency) of Revenues Over Expenditures	(98,716)	(1,937,132)	(1,245,184)	691,948
Cash Balance Beginning of Year	<u>1,939,107</u>	<u>1,939,107</u>	<u>1,939,107</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,840,391</u>	<u>\$ 1,975</u>	<u>\$ 693,923</u>	<u>\$ 691,948</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,245,184)	
Net Change in Accounts Payable			22,880	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (1,222,304)</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 314,048	\$ 314,048	\$ 353,835	\$ 39,787
State Grant	0	10,536	10,536	0
Total Revenues	<u>314,048</u>	<u>324,584</u>	<u>364,371</u>	<u>39,787</u>
Expenditures				
Support Services				
General Administration				
Professional & Tech Services	<u>3,500</u>	<u>3,540</u>	<u>3,539</u>	<u>1</u>
Total General Administration	<u>3,500</u>	<u>3,540</u>	<u>3,539</u>	<u>1</u>
Total Support Services	<u>3,500</u>	<u>3,540</u>	<u>3,539</u>	<u>1</u>
Capital Outlay				
Professional & Tech Services	120,000	120,000	110,665	9,335
Maintenance & Repairs	175,323	186,532	103,714	82,818
Tech Supplies	155,000	155,000	114,731	40,269
Supplies	0	0	1,418	(1,418)
Capital Outlay	<u>209,413</u>	<u>209,413</u>	<u>67,623</u>	<u>141,790</u>
Total Capital Outlay	<u>659,736</u>	<u>670,945</u>	<u>398,151</u>	<u>272,794</u>
Total Expenditures	<u>663,236</u>	<u>674,485</u>	<u>401,690</u>	<u>272,795</u>
Excess (Deficiency) of Revenues Over Expenditures	(349,188)	(349,901)	(37,319)	312,582
Cash Balance Beginning of Year	<u>355,439</u>	<u>355,439</u>	<u>355,439</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 6,251</u>	<u>\$ 5,538</u>	<u>\$ 318,120</u>	<u>\$ 312,582</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (37,319)	
Net Change in Taxes Receivable			31,324	
Net Change in Accounts Payables			(910)	
Net Change in Deferred Revenue			(33,809)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (40,714)</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 0	\$ 0	\$ 979,048	\$ 979,048
Total Revenues	<u>0</u>	<u>0</u>	<u>979,048</u>	<u>979,048</u>
Expenditures				
Support Services				
General Administration				
Professional & Tech Services	7,500	9,791	9,791	0
Total General Administration	<u>7,500</u>	<u>9,791</u>	<u>9,791</u>	<u>0</u>
Total Expenditures	<u>7,500</u>	<u>9,791</u>	<u>9,791</u>	<u>0</u>
Debt Service				
Principal	1,348,648	1,348,648	565,000	783,648
Interest	0	0	138,669	(138,669)
Total Debt Service	<u>1,348,648</u>	<u>1,348,648</u>	<u>703,669</u>	<u>644,979</u>
Total Expenditures	<u>1,356,148</u>	<u>1,358,439</u>	<u>713,460</u>	<u>644,979</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,356,148)	(1,358,439)	265,588	1,624,027
Cash Balance Beginning of Year	<u>622,613</u>	<u>622,613</u>	<u>622,613</u>	<u>0</u>
Cash Balance End of Year	<u>\$ (733,535)</u>	<u>\$ (735,826)</u>	<u>\$ 888,201</u>	<u>\$ 1,624,027</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 265,588	
Net Change in Taxes Receivable			74,671	
Net Change in Deferred Revenue			(74,174)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 266,085</u>	

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

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

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

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

Autism Spectrum Disorder Project (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.

IDEA Preschool (24109). To account for a program funded by a Federal grant to assist the District in providing a free appropriate public education to preschool disabled children aged three through five years. 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

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).

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.

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.

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.

Special State Capital Outlay (31400). To account for a state grant used to purchase equipment.

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2015

	Special Revenue		
	Food Service 21000	Athletics 22000	Autism Spectrum Disorder Project 24108
Assets			
Cash and Cash Equivalents	\$ 9,255	\$ 9,978	\$ 0
Due from Grantor	0	0	1,185
Inventory	2,616	0	0
Total Assets	\$ 11,871	\$ 9,978	\$ 1,185
Liabilities			
Accounts Payable	\$ 200	\$ 0	\$ 279
Interfund Balance	0	0	906
Total Liabilities	200	0	1,185
Deferred Inflows of Resources			
Unearned Revenue	0	0	0
Total Deferred Inflows of Resources	0	0	0
Fund Balance			
Nonspendable-Inventory	2,616	0	0
Restricted for:			
Special Revenue Funds	9,055	9,978	0
Total Fund Balance	11,671	9,978	0
Total Liabilities, Deferred Inflows and Fund Balance	\$ 11,871	\$ 9,978	\$ 1,185

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, 2015

	Special Revenue		
	IDEA Preschool 24109	Improving Teacher Quality 24154	Medicaid 25153
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Due from Grantor	176	0	0
Inventory	0	0	0
Total Assets	\$ 176	\$ 0	\$ 0
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	176	0	0
Total Liabilities	176	0	0
Deferred Inflows of Resources			
Unearned Revenue	0	0	0
Total Deferred Inflows of Resources	0	0	0
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Total Fund Balance	0	0	0
Total Liabilities, Deferred Inflows and Fund Balance	\$ 176	\$ 0	\$ 0

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, 2015

	Special Revenue		
	Rural Education Achievement 25233	Dual Credit Instructional Materials 27103	NM Reads to Lead 27114
Assets			
Cash and Cash Equivalents	\$ 1,123	\$ 0	\$ 0
Due from Grantor	0	0	0
Inventory	0	0	0
Total Assets	\$ 1,123	\$ 0	\$ 0
Liabilities			
Accounts Payable	\$ 1,123	\$ 0	\$ 0
Interfund Balance	0	0	0
Total Liabilities	1,123	0	0
Deferred Inflows of Resources			
Unearned Revenue	0	0	0
Total Deferred Inflows of Resources	0	0	0
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Total Fund Balance	0	0	0
Total Liabilities, Deferred Inflows and Fund Balance	\$ 1,123	\$ 0	\$ 0

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, 2015

	Special Revenue	Capital Projects	
	STEM Teacher 27181	Special State Capital Outlay 31400	Total
Assets			
Cash and Cash Equivalents	\$ 5	\$ 0	\$ 20,361
Due from Grantor	0	0	1,361
Inventory	0	0	2,616
Total Assets	\$ 5	\$ 0	\$ 24,338
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 1,602
Interfund Balance	0	0	1,082
Total Liabilities	0	0	2,684
Deferred Inflows of Resources			
Unearned Revenue	0	0	0
Total Deferred Inflows of Resources	0	0	0
Fund Balance			
Nonspendable-Inventory	0	0	2,616
Restricted for:			
Special Revenue Funds	5	0	19,038
Total Fund Balance	5	0	21,654
Total Liabilities, Deferred Inflows and Fund Balance	\$ 5	\$ 0	\$ 24,338

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, 2015

	Special Revenue		
	Food Service 21000	Athletics 22000	Autism Spectrum Disorder Project 24108
Revenues			
Fees	\$ 46,878	\$ 14,003	\$ 0
State & Local Grants	0	0	0
Federal Grants	68,339	0	6,873
Total Revenues	<u>115,217</u>	<u>14,003</u>	<u>6,873</u>
Expenditures			
Current			
Instruction	0	15,690	0
Support Services			
Students	0	0	6,873
Food Service Operations	87,200	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>87,200</u>	<u>15,690</u>	<u>6,873</u>
Excess (Deficiency) of Revenues Over Expenditures	28,017	(1,687)	0
Fund Balances at Beginning of Year	<u>(16,346)</u>	<u>11,665</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 11,671</u>	<u>\$ 9,978</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, 2015

	Special Revenue		
	IDEA Preschool 24109	Improving Teacher Quality 24154	Medicaid 25153
Revenues			
Fees	\$ 0	\$ 0	\$ 7,452
State & Local Grants	0	0	0
Federal Grants	498	5,157	0
Total Revenues	<u>498</u>	<u>5,157</u>	<u>7,452</u>
Expenditures			
Current			
Instruction	498	5,157	0
Support Services			
Students	0	0	44,195
Food Service Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>498</u>	<u>5,157</u>	<u>44,195</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(36,743)
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>36,743</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, 2015

	Special Revenue		
	Rural Education Achievement 25233	Dual Credit Instructional Materials 27103	NM Reads to Lead 27114
Revenues			
Fees	\$ 0	\$ 0	\$ 0
State & Local Grants	0	2,754	46,471
Federal Grants	17,064	0	0
Total Revenues	<u>17,064</u>	<u>2,754</u>	<u>46,471</u>
Expenditures			
Current			
Instruction	17,064	2,754	46,471
Support Services			
Students	0	0	0
Food Service Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>17,064</u>	<u>2,754</u>	<u>46,471</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2015

	Special Revenue	Capital Projects	
	STEM	Special State	
	Teacher	Capital Outlay	
	27181	31400	Total
Revenues			
Fees	\$ 0	\$ 0	\$ 68,333
State & Local Grants	18,225	125,000	192,450
Federal Grants	0	0	97,931
Total Revenues	<u>18,225</u>	<u>125,000</u>	<u>358,714</u>
Expenditures			
Current			
Instruction	18,220	0	105,854
Support Services			
Students	0	0	51,068
Food Service Operations	0	0	87,200
Capital Outlay	0	125,000	125,000
Total Expenditures	<u>18,220</u>	<u>125,000</u>	<u>369,122</u>
Excess (Deficiency) of Revenues Over Expenditures	5	0	(10,408)
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>32,062</u>
Fund Balance End of Year	<u>\$ 5</u>	<u>\$ 0</u>	<u>\$ 21,654</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Fees	\$ 37,000	\$ 37,000	\$ 46,878	\$ 9,878
Federal Grants	55,000	55,000	68,339	13,339
Total Revenues	<u>92,000</u>	<u>92,000</u>	<u>115,217</u>	<u>23,217</u>
Expenditures				
Food Services				
Personnel Services	43,693	43,693	43,693	0
Employee Benefits	45,702	45,702	43,307	2,395
Supplies	2,605	2,605	0	2,605
Total Food Services	<u>92,000</u>	<u>92,000</u>	<u>87,000</u>	<u>5,000</u>
Total Expenditures	<u>92,000</u>	<u>92,000</u>	<u>87,000</u>	<u>5,000</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	28,217	28,217
Cash Balance Beginning of Year	<u>(18,962)</u>	<u>(18,962)</u>	<u>(18,962)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ (18,962)</u>	<u>\$ (18,962)</u>	<u>\$ 9,255</u>	<u>\$ 28,217</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 28,217	
Net Change in Accounts Payable			<u>(200)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 28,017</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Fees	\$ 16,000	\$ 16,000	\$ 14,003	\$ (1,997)
Total Revenues	<u>16,000</u>	<u>16,000</u>	<u>14,003</u>	<u>(1,997)</u>
Expenditures				
Instruction				
Professional & Tech Services	7,000	7,663	5,137	2,526
Supplies	9,539	7,751	4,415	3,336
Other Purchased Services	<u>10,000</u>	<u>11,124</u>	<u>8,938</u>	<u>2,186</u>
Total Instruction	<u>26,539</u>	<u>26,538</u>	<u>18,490</u>	<u>8,048</u>
Total Expenditures	<u>26,539</u>	<u>26,538</u>	<u>18,490</u>	<u>8,048</u>
Excess (Deficiency) of Revenues Over Expenditures	(10,539)	(10,538)	(4,487)	6,051
Cash Balance Beginning of Year	<u>14,465</u>	<u>14,465</u>	<u>14,465</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 3,926</u>	<u>\$ 3,927</u>	<u>\$ 9,978</u>	<u>\$ 6,051</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (4,487)	
Net Change in Accounts Payable			<u>2,800</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (1,687)</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 1,373	\$ 1,373	\$ 7,061	\$ 5,688
Total Revenues	<u>1,373</u>	<u>1,373</u>	<u>7,061</u>	<u>5,688</u>
Expenditures				
Support Services				
Students				
Professional & Tech Services	0	5,500	5,253	247
Supplies	0	1,095	1,341	(246)
Total Students	<u>0</u>	<u>6,595</u>	<u>6,594</u>	<u>1</u>
Total Support Services	<u>0</u>	<u>6,595</u>	<u>6,594</u>	<u>1</u>
Total Expenditures	<u>0</u>	<u>6,595</u>	<u>6,594</u>	<u>1</u>
Excess (Deficiency) of Revenues Over Expenditures	1,373	(5,222)	467	5,689
Cash Balance Beginning of Year	<u>(1,373)</u>	<u>(1,373)</u>	<u>(1,373)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ (6,595)</u>	<u>\$ (906)</u>	<u>\$ 5,689</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 467	
Net Change in Due from Grantor			(188)	
Net Change in Accounts Payable			(279)	
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 PRESCHOOL-24109
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 0	\$ 4,662	\$ 322	\$ (4,340)
Total Revenues	<u>0</u>	<u>4,662</u>	<u>322</u>	<u>(4,340)</u>
Expenditures				
Instruction				
Supplies	0	4,662	498	4,164
Total Instruction	<u>0</u>	<u>4,662</u>	<u>498</u>	<u>4,164</u>
Total Expenditures	<u>0</u>	<u>4,662</u>	<u>498</u>	<u>4,164</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(176)	(176)
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>\$ (176)</u>	<u>\$ (176)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (176)	
Net Change in Due from Grantor			176	
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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 23,145	\$ 44,753	\$ 9,799	\$ (34,954)
Total Revenues	<u>23,145</u>	<u>44,753</u>	<u>9,799</u>	<u>(34,954)</u>
Expenditures				
Instruction				
Professional & Tech Services	18,503	40,111	5,157	34,954
Total Instruction	<u>18,503</u>	<u>40,111</u>	<u>5,157</u>	<u>34,954</u>
Total Expenditures	<u>18,503</u>	<u>40,111</u>	<u>5,157</u>	<u>34,954</u>
Excess (Deficiency) of Revenues Over Expenditures	4,642	4,642	4,642	0
Cash Balance Beginning of Year	<u>(4,642)</u>	<u>(4,642)</u>	<u>(4,642)</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			\$ 4,642	
Net Change in Due from Grantor			<u>(4,642)</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-MEDICAID-25153
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 0	\$ 15,000	\$ 7,452	\$ (7,548)
Total Revenues	<u>0</u>	<u>15,000</u>	<u>7,452</u>	<u>(7,548)</u>
Expenditures				
Support Services				
Students				
Personnel Services	0	51,743	35,543	16,200
Employee Benefits	<u>0</u>	<u>0</u>	<u>8,652</u>	<u>(8,652)</u>
Total Students	<u>0</u>	<u>51,743</u>	<u>44,195</u>	<u>7,548</u>
Total Support Services	<u>0</u>	<u>51,743</u>	<u>44,195</u>	<u>7,548</u>
Total Expenditures	<u>0</u>	<u>51,743</u>	<u>44,195</u>	<u>7,548</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(36,743)	(36,743)	0
Cash Balance Beginning of Year	<u>36,743</u>	<u>36,743</u>	<u>36,743</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 36,743</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			\$ (36,743)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (36,743)</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 1,608	\$ 17,590	\$ 15,457	\$ (2,133)
Total Revenues	<u>1,608</u>	<u>17,590</u>	<u>15,457</u>	<u>(2,133)</u>
Expenditures				
Instruction				
Professional & Tech Services	0	19,198	15,942	3,256
Total Instruction	<u>0</u>	<u>19,198</u>	<u>15,942</u>	<u>3,256</u>
Total Expenditures	<u>0</u>	<u>19,198</u>	<u>15,942</u>	<u>3,256</u>
Excess (Deficiency) of Revenues Over Expenditures	1,608	(1,608)	(485)	1,123
Cash Balance Beginning of Year	<u>1,608</u>	<u>1,608</u>	<u>1,608</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 3,216</u>	<u>\$ 0</u>	<u>\$ 1,123</u>	<u>\$ 1,123</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (485)	
Net Change in Accounts Payable			(1,123)	
Net Change in Deferred Revenue			1,608	
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 INSTRUCTIONAL MATERIALS-27103
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 1,513	\$ 4,753	\$ 4,267	\$ 0
Total Revenues	<u>1,513</u>	<u>4,753</u>	<u>4,267</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	0	3,240	2,754	486
Total Instruction	<u>0</u>	<u>3,240</u>	<u>2,754</u>	<u>486</u>
Total Expenditures	<u>0</u>	<u>3,240</u>	<u>2,754</u>	<u>486</u>
Excess (Deficiency) of Revenues Over Expenditures	1,513	1,513	1,513	0
Cash Balance Beginning of Year	<u>(1,513)</u>	<u>(1,513)</u>	<u>(1,513)</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			\$ 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-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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 57,090	\$ 57,090	\$ 53,562	\$ (3,528)
Total Revenues	<u>57,090</u>	<u>57,090</u>	<u>53,562</u>	<u>(3,528)</u>
Expenditures				
Instruction				
Personnel Services	50,000	36,722	33,600	3,122
Employee Benefits	0	7,915	7,913	2
Supplies	0	5,363	4,959	404
Total Instruction	<u>50,000</u>	<u>50,000</u>	<u>46,472</u>	<u>3,528</u>
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>46,472</u>	<u>3,528</u>
Excess (Deficiency) of Revenues Over Expenditures	7,090	7,090	7,090	0
Cash Balance Beginning of Year	<u>(7,090)</u>	<u>(7,090)</u>	<u>(7,090)</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			\$ 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-STEM TEACHER-27181
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 18,225	\$ 18,225	\$ 0
Total Revenues	<u>0</u>	<u>18,225</u>	<u>18,225</u>	<u>0</u>
Expenditures				
Instruction				
Personnel Services	0	14,993	14,990	3
Employee Benefits	<u>0</u>	<u>3,232</u>	<u>3,230</u>	<u>2</u>
Total Instruction	<u>0</u>	<u>18,225</u>	<u>18,220</u>	<u>5</u>
Total Expenditures	<u>0</u>	<u>18,225</u>	<u>18,220</u>	<u>5</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	5	5
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>\$ 5</u>	<u>\$ 5</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 5	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 5</u>	

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

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
 CAPITAL PROJECTS FUND-SPECIAL STATE CAPITAL OUTLAY-31400
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Investment Income	\$ 125,000	\$ 125,000	\$ 125,000	\$ 0
Total Revenues	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>0</u>
Expenditures				
Capital Outlay				
Building Improvements	125,000	125,000	125,000	0
Total Capital Outlay	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>0</u>
Total Expenditures	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
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.

REQUIRED SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
 Schedules of Required Supplementary Information for Pension Plan

Schedule of the District's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*

	<u>2015</u>
District's proportion of the net pension liability	0.08490%
District's proportionate share of the net pension liability	\$ 4,844,156
District's covered-employee payroll	\$ 2,340,042
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	48.31%
Plan fiduciary net position as a percentage of the total pension liability	66.54%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Schedule of District's Contributions

Last 10 Fiscal Years*

	<u>2015</u>
Contractually required contribution	\$ 315,417
Contributions in relation to the contractually required contribution	<u>315,417</u>
Contribution deficiency (excess)	\$ <u><u>0</u></u>
Districts covered-employee payroll	\$ 2,340,042
Contributions as a percentage of covered-employee payroll	13.48%

* These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

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

STATE OF NEW MEXICO

CLOUDCROFT MUNICIPAL SCHOOLS

Notes to Required Supplementary Information

For the Year Ended June 30, 2015

Changes of benefit terms. The COLA and retirement eligibility benefits changes in recent years are described in the Benefits Provided subsection of the financial statement note disclosure General Information on the Pension Plan.

Changes of assumptions.

ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on April 26, 2013, ERB implemented the following changes in assumptions for fiscal years 2014 and 2013.

1. Fiscal year 2014 and 2013 valuation assumptions that changed based on this study:

- a. Lower wage inflation from 4.75% to 4.25%
- b. Lower payroll growth from 3.75% to 3.50%
- c. Minor changes to demographic assumptions
- d. Population growth per year from 0.75% to 0.50%

2. Assumptions that were not changed:

- a. Investment return will remain at 7.75%
- b. Inflation will remain at 3.00%

See also the Actuarial Assumptions subsection of the financial statement note disclosure General Information on the Pension Plan.

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, 2015

	Beginning Balance <u>6/30/14</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>6/30/15</u>
Assets				
Activity Trust Fund	\$ 136,879	\$ 145,559	\$ 152,850	\$ 129,588
Total Assets	<u>\$ 136,879</u>	<u>\$ 145,559</u>	<u>\$ 152,850</u>	<u>\$ 129,588</u>
Liabilities				
Due To Student Groups	\$ 136,879	\$ 145,559	\$ 152,850	\$ 129,588
Total Liabilities	<u>\$ 136,879</u>	<u>\$ 145,559</u>	<u>\$ 152,850</u>	<u>\$ 129,588</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, 2015

Assets	Balance 6/30/14	Additions	Deductions	Balance 6/30/15
23800 Activity Investment Fund	\$ 3,117	\$ 59	\$ 0	\$ 3,176
23802 Administrative Activity	2,866	598	3,099	364
23803 Bear Memorial Activity	1,728	0	0	1,728
23805 Annual	5,977	7,948	7,967	5,958
23810 "C" Club	11,610	14,385	20,212	5,783
23814 Dig Pink-VB	0	338	338	0
23816 Wrestling	28	2,158	0	2,186
23821 Cafeteria Activity	6,314	0	4,282	2,032
23822 Life Skills	39	0	0	39
23827 Girl's Basketball	81	0	0	81
23828 Middle School Activity	17	0	0	17
23830 Elementary School Activity	6,955	8,342	7,258	8,039
23831 Box Top Activity	624	1,497	67	2,054
23834 FFA	1,894	1,342	1,374	1,862
23835 Ag Activity	12,215	1,675	463	13,427
23838 Key Club	4,804	114	0	4,918
23839 Pay to Play	3,798	19,143	15,068	7,873
23840 High School Activity	2,609	1,715	3,797	527
23841 High School BP Grant Activity	1,518	0	0	1,518
23843 Academic Excellence	766	0	663	103
23845 Student Council	1,612	2,230	583	3,259
23846 National Honor Society	56	292	348	0
23847 Culinary Arts	8,014	12,186	13,552	6,649
23848 Coaches Booster Club	4,985	7,584	12,122	448
23855 Prom	2,948	2,081	2,811	2,218
23860 Library Fund	533	4,590	4,370	753
23865 MS Activity	34,819	13,820	17,271	31,368
23866 MS Sports	8,236	6,097	7,682	6,652
23870 MS Student Council	583	412	194	801
23880 Music Club	4,104	21,292	18,521	6,875
23888 Tutor Program	0	8,582	5,985	2,597
23889 Builder's Club	902	2,965	1,767	2,100
23890 Science Club	1,694	4,027	3,056	2,665
23891 Technology Activity	1,433	87	0	1,520
Total Assets	<u>\$ 136,879</u>	<u>\$ 145,559</u>	<u>\$ 152,850</u>	<u>\$ 129,588</u>
Liabilities				
Deposits Held for Others	\$ 136,879	\$ 145,559	\$ 152,850	\$ 129,588
Total Liabilities	<u>\$ 136,879</u>	<u>\$ 145,559</u>	<u>\$ 152,850</u>	<u>\$ 129,588</u>

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

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
Cash Reconciliations - All Funds
For the Year Ended June 30, 2015

		Cash Balance 6/30/14	Revenue	Expenditures	Adjustments	Cash Balance 6/30/15
Operational	11000	\$ 313,865	\$ 4,221,533	\$ 3,559,965	\$ 0	\$ 975,433
Transportation	13000	19,355	237,078	256,433	0	0
Instructional Materials	14000	5,757	24,891	20,886	0	9,762
Food Service	21000	(18,962)	115,217	87,000	0	9,255
Athletics	22000	14,466	14,003	18,489	0	9,980
Activities	23000	136,879	145,559	152,850	0	129,588
Federal Flowthrough	24000	(63,231)	212,029	219,597	0	(70,799)
Federal Direct	25000	38,351	22,908	60,137	0	1,123
State Flowthrough	27000	(8,605)	76,054	67,446	0	3
Bond Building	31100	1,939,107	10,821	1,256,005	0	693,923
Special State Capital Outlay	31400	0	125,000	125,000	0	0
Senate Bill Nine	31700	355,438	364,371	401,690	0	318,119
Debt Service	41000	622,614	979,048	713,459	0	888,202
Total		<u>\$ 3,355,034</u>	<u>\$ 6,548,512</u>	<u>\$ 6,938,957</u>	<u>\$ 0</u>	<u>\$ 2,964,589</u>

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

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
VENDOR SCHEDULE
For the Year Ended June 30, 2015

Bid or Quote Number: May-14
Contract Amount: \$ 850,000
Contracting Vendor: Sports Contracting Group, LLC.
10303 Brecksville Road
Breckville, OH 44141
Preference: None
Scope of the work: Building/Construction of Synthetic Turf Football Field

Other Vendors responding to the bid or quote: AK Sales
115 East Country Club Rd.
Roswell, NM 88201

Lone Mountain Contracting
125 Bosque Farms Blvd.
Bosque Farms, NM 87068

General Acrylics
22222 N. 22nd Ave.,
Phoenix, AZ 85027

Bid or Quote Number: Jul-14
Contract Amount: \$ 63,351
Contracting Vendor: Preslar's Dirtwork
78 Highway 82
Alamogordo, NM 88310
Preference: None
Scope of the work: Pave "D" Zones at both ends of the Football Field.

Other Vendors responding to the bid or quote: None

Bid or Quote Number: Jul-14
Contract Amount: \$ 63,351
Contracting Vendor: Preslar's Dirtwork
78 Highway 82
Alamogordo, NM 88310
Preference: None
Scope of the work: Pave "D" Zones at both ends of the Football Field.

Other Vendors responding to the bid or quote: None

De'Aun Willoughby CPA, PC

Certified Public Accountant

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(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. Tim Keller
State Auditor of the State of New Mexico
Board Members of the Cloudcroft Municipal Schools

Mr. Keller 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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplemental information, and have issued our report thereon dated October 14, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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. 2014-001, 2014-003, 2014-007, 2015-001, 2015-002, and 2015-003

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; 2014-001, 2014-003, 2014-007, 2015-001, 2015-002, 2015-003.

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 14, 2015

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
 Schedule of Findings and Responses
 For the Year Ended June 30, 2015

Prior Year Audit Findings	Status
2011-001 Expenditure Issues	Resolved
2012-001 Reporting of ERB and RHCA Wages	Resolved
2014-001 Personnel Policy	Repeated
2014-002 New Hire Reporting	Resolved
2014-003 Payroll	Repeated & Modified
2014-004 Lack of Pledged Securities	Resolved
2014-005 State Unemployment	Resolved
2014-006 PED Cash Reports	Resolved
2014-007 Cash Appropriations in Excess of Available Cash Balances	Repeated & Modified

Current Year Audit Findings

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.

Management has not made progress with this finding.

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. Don Williams, a representative of NMBA, emailed the superintendent a response that stopped the correction process.

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. Although Don Williams' response resulted in no action, Carrizozo Public Schools forced the issue with Mr. Williams and their policies were updated correctly.

Response

We will contact NMBA again. The superintendent is confident this finding will be resolved by the end of this fiscal year.

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

Condition

Of thirteen personnel files sampled we noted the following:

Two I-9's Section 2 of the I-9 was completed incorrectly. One had a list B item Listed on List A and a list C item was in List B. Another One had a List B item listed on List A.

Two background checks used background checks that were from previous employers.

Management made progress with this finding.

Criteria

NM Statute 22-10(A)-5 on background checks. Background checks can not be used from other districts. A new background check should be completed for each new employee hired.

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. The business manager is confident this finding will be resolved by the end of this fiscal year.

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 \$(18,962).

Management made progress with this finding.

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 used to balance the budget are more than actual cash balances at year end.

Response

BARS will be issued to adjust beginning cash to actual and reduce expenditures as necessary. The business manager is confident this finding will be resolved by the end of this fiscal year.

2015-001 Payroll Tax Deposit-Compliance and Internal Control-Significant Deficiency

Condition

We noted that the federal tax deposit that had a September 12, 2014 due date was not paid until 9/25/14 causing a penalty of \$946.31.

Criteria

Publication 3151-A (Rev.2-2014) Payroll tax deposits are due within three business days.

Cause

It was an oversight. There was an interruption in the process causing the payment to be overlooked.

Effect

Failing to deposit payroll taxes timely results in penalties utilizing funds that could be used to educate students.

Recommendation

A reminder on the electronic calendar may help as well as a check list.

Response

We feel this issue has been resolved.

2015-002 Overtime-Compliance and Internal Control-Significant Deficiency

Condition

Out of five non-exempt employees sampled we noted the following:

Two employees were due overtime for the 3/10/15 pay period, but was not paid totaling \$105.59.

Timesheets are hand written with the same in and out times everyday. One even had a W (worked) written in the day with no total hours. We were unable to verify if these individuals had actually worked overtime.

Criteria

Fair Labor Standards Act requires time and a half be paid to employees who work more than forty hours in a work week.

Cause

Management is hesitant to implement a time keeping system because employees think it is a trust issue.

Effect

Without adequate time worked documentation, Workforce Solutions could require the District to pay at time and a half the hours verbally told to them by the nonexempt employees. The cost to the District could be substantial.

Recommendation

We recommend an electronic time clocking system be implemented. Region 9 Education Cooperative has a system that can be shared at no cost to the District.

Response

We will implement an electronic time keeping system.

2015-003 Late IPA Recommendation and Audit Contract-Compliance-Significant Deficiency

The IPA recommendation and audit contract was not received by the Office of the State Auditor by the required due date of May 1, 2015. The IPA recommendation and audit contract were not mailed to the Office of the State Auditor until June 8, 2015.

Criteria

Paragraph (6) or Subsection G of 2.2.2.8 NMAC requires the contract be received by the Office of the State Auditor by May 1, 2015.

Cause

The District had difficulty getting audit firms to respond to their RFP.

Effect

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

Recommendation

The District should contract with an approved auditor timely.

Response

The District will comply with OSA deadlines for audit requirements.

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 14, 2015. Those present were Travis Dempsey-Superintendent, Gerald Green-Board Vice President, Arlan Ponder-Board Secretary, Sharlotte Dees-Business Manager, and De'Aun Willoughby CPA.