



STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS

ANNUAL FINANCIAL REPORT
June 30, 2015

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



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

BOARD OF EDUCATION

Cody West	President
Ron Gauna	Vice-President
Tom Wilton	Secretary
Brent Moyer	Member
Scott Lewis	Member

SCHOOL OFFICIALS

Freda Daugherty	Superintendent
Angela Allred	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 Fort Sumner 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 fund and major special revenue funds of Fort Sumner 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 and debt service 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 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 and the respective budgetary comparisons for the major capital projects and debt service funds and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 District's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Accounting principles generally accepted in the United States of America require that the Schedules of Required Supplementary Information for the Pension Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 22, 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'Ann Willoughby CPA PC

Clovis, New Mexico
October 22, 2015

FINANCIAL SECTION

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

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 1,909,807
Taxes Receivable	34,265
Due From Grantor	205,707
Inventory	2,457
Total Current Assets	<u>2,152,236</u>
Noncurrent Assets	
Capital Assets	24,370,570
Less: Accumulated Depreciation	<u>(5,260,074)</u>
Total Noncurrent Assets	<u>19,110,496</u>
Total Assets	<u>21,262,732</u>
Deferred Outflows of Resources	
Deferred Outflows Related to Pensions	<u>309,554</u>
Total Deferred Outflows of Resources	<u>309,554</u>
Liabilities	
Current Liabilities	
Accounts Payable	36,607
Accrued Interest	25,658
Compensated Absences	2,911
Current Portion of Long-Term Debt	290,000
Total Current Liabilities	<u>355,176</u>
Noncurrent Liabilities	
Bonds	2,410,000
Pension Liability	4,799,652
Total Noncurrent Liabilities	<u>7,209,652</u>
Total Liabilities	<u>7,564,828</u>
Deferred Inflows of Resources	
Deferred Inflows Related to Pensions	<u>636,860</u>
Total Deferred Inflows of Resources	<u>636,860</u>
Net Position	
Invested in Net Capital Assets	16,410,496
Restricted for Capital Projects	400,883
Restricted for Debt Service	357,178
Unrestricted	<u>(3,797,959)</u>
Total Net Position	<u>\$ 13,370,598</u>

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

STATE OF NEW MEXICO
FORT SUMNER 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	
Governmental Activities				
Instruction	\$ 2,580,084	\$ 22,824	\$ 250,409	\$ 0
Support Services				
Students	489,344	0	243,533	0
Instruction	134,667	0	9,486	0
General Administration	177,048	37,950	12,056	0
School Administration	160,993	0	2,123	0
Central Services	107,531	0	0	0
Operation & Maintenance of Plant	580,968	0	0	0
Student Transportation	515,415	0	512,837	0
Other	18,232	0	0	0
Food Services	163,783	33,294	122,173	0
Interest on Long-Term Obligations	66,995	0	0	0
Total Governmental Activities	\$ 4,995,060	\$ 94,068	\$ 1,152,617	\$ 0
General Revenues				
Taxes				
Property Taxes, Levied for General Purposes				30,620
Property Taxes, Levied for Capital Projects				129,464
Property Taxes, Levied for Debt Service				351,027
Federal and State aid not restricted to specific purpose				
General				3,411,442
Capital				6,798
Interest and investment earnings				5,328
Miscellaneous				100,517
Subtotal, General Revenues				<u>4,035,196</u>
Change in Net Position				<u>286,821</u>
Net Position - beginning				18,304,303
Restatement				(5,220,526)
Restated Beginning Net Position				<u>13,083,777</u>
Net Position - ending				<u><u>\$ 13,370,598</u></u>

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2015

	General Fund		
	Operational 11000	Transportation 13000	Instructional Material 14000
Assets			
Cash and Cash Equivalents	\$ 186,807	\$ 0	\$ 2,405
Receivables			
Taxes	1,997	0	0
Due From Grantor	0	125	0
Interfund Balance	205,582	0	0
Inventory	0	0	0
Total Assets	<u>\$ 394,386</u>	<u>\$ 125</u>	<u>\$ 2,405</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 15,884	\$ 125	\$ 0
Interfund Balance	0	0	0
Total Liabilities	<u>15,884</u>	<u>125</u>	<u>0</u>
Deferred Inflows of Resources			
Unavailable Revenue	1,838	0	0
Total Deferred Inflows of Resources	<u>1,838</u>	<u>0</u>	<u>0</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Improvements	0	0	0
Debt Service	0	0	0
Unassigned	376,664	0	2,405
Total Fund Balances	<u>376,664</u>	<u>0</u>	<u>2,405</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 394,386</u>	<u>\$ 125</u>	<u>\$ 2,405</u>

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2015

	Special Revenue		
	Title I 24101	Elementary School Counseling 25215	Wind Farm Projects 29134
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 239,158
Receivables			
Taxes	0	0	0
Due From Grantor	51,076	108,457	0
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 51,076</u>	<u>\$ 108,457</u>	<u>\$ 239,158</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	51,076	108,457	0
Total Liabilities	<u>51,076</u>	<u>108,457</u>	<u>0</u>
Deferred Inflows of Resources			
Unavailable 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	239,158
Capital Improvements	0	0	0
Debt Service	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>239,158</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 51,076</u>	<u>\$ 108,457</u>	<u>\$ 239,158</u>

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2015

	<u>Capital Projects</u>		
	<u>Bond Building 31100</u>	<u>Senate Bill Nine 31700</u>	<u>Debt Service 41000</u>
Assets			
Cash and Cash Equivalents	\$ 717,377	\$ 244,189	\$ 355,316
Receivables			
Taxes	0	8,250	24,018
Due From Grantor	0	0	0
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 717,377</u>	<u>\$ 252,439</u>	<u>\$ 379,334</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 17,768	\$ 0	\$ 0
Interfund Balance	0	0	0
Total Liabilities	<u>17,768</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	7,583	22,156
Total Deferred Inflows of Resources	<u>0</u>	<u>7,583</u>	<u>22,156</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Improvements	699,609	244,856	0
Debt Service	0	0	357,178
Unassigned	0	0	0
Total Fund Balances	<u>699,609</u>	<u>244,856</u>	<u>357,178</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 717,377</u>	<u>\$ 252,439</u>	<u>\$ 379,334</u>

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2015

	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>
Assets		
Cash and Cash Equivalents	\$ 164,555	\$ 1,909,807
Receivables		
Taxes	0	34,265
Due From Grantor	46,049	205,707
Interfund Balance	0	205,582
Inventory	2,457	2,457
Total Assets	\$ 213,061	\$ 2,357,818
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	\$ 2,830	\$ 36,607
Interfund Balance	46,049	205,582
Total Liabilities	48,879	242,189
Deferred Inflows of Resources		
Unavailable Revenue	0	31,577
Total Deferred Inflows of Resources	0	31,577
Fund Balances		
Nonspendable-Inventory	2,457	2,457
Restricted for:		
Special Revenue Funds	161,725	400,883
Capital Improvements	0	944,465
Debt Service	0	357,178
Unassigned	0	379,069
Total Fund Balances	164,182	2,084,052
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 \$ 213,061	 \$ 2,357,818

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position
 June 30, 2015

Total Fund Balance - Governmental Funds \$ 2,084,052

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. 31,577

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

	\$	24,370,570	
Capital Assets			
Accumulated Depreciation		(5,260,074)	19,110,496

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		309,554	
Deferred Inflows Related to Pensions		(636,860)	(327,306)

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 :

Bonds payable		(2,700,000)	
Pension Liability		(4,799,652)	
Accrued Interest		(25,658)	
Compensated Absences		(2,911)	(7,528,221)

Total Net Position - Governmental Activities \$ 13,370,598

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

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

	General Fund		
	Operational	Transportation	Instructional
	11000	13000	Material 14000
Revenues			
Property Taxes	\$ 30,588	\$ 0	\$ 0
Interest Income	2,186	0	0
Fees	37,950	0	0
State and Local Grants	3,411,442	512,837	20,490
Federal Grants	0	0	0
Miscellaneous	10,352	0	0
Total Revenues	<u>3,492,518</u>	<u>512,837</u>	<u>20,490</u>
Expenditures			
Current			
Instruction	2,079,431	0	23,673
Support Services			
Students	269,780	0	0
Instruction	41,192	0	0
General Administration	160,864	0	0
School Administration	159,999	0	0
Central Services	108,157	0	0
Operation of Plant	514,882	0	0
Student Transportation	4,259	505,174	0
Food Service	12,817	0	0
Capital Outlay	0	18,469	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Bond Issue Costs	0	0	0
Total Expenditures	<u>3,351,381</u>	<u>523,643</u>	<u>23,673</u>
Excess (Deficiency) of Revenues Over Expenditures	141,137	(10,806)	(3,183)
Fund Balances at Beginning of Year	<u>235,527</u>	<u>10,806</u>	<u>5,588</u>
Fund Balance at End of Year	<u>\$ 376,664</u>	<u>\$ 0</u>	<u>\$ 2,405</u>

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

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

	Special Revenue		
	Title I 24101	Elementary School Counseling 25215	Wind Farm Projects 29134
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	0	0	0
State and Local Grants	0	0	0
Federal Grants	107,077	223,265	0
Miscellaneous	0	0	90,165
Total Revenues	<u>107,077</u>	<u>223,265</u>	<u>90,165</u>
Expenditures			
Current			
Instruction	107,077	0	0
Support Services			
Students	0	211,209	0
Instruction	0	0	0
General Administration	0	12,056	0
School Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	0	0
Student Transportation	0	0	0
Food Service	0	0	0
Capital Outlay	0	0	17,543
Debt Service			
Principal	0	0	0
Interest	0	0	0
Bond Issue Costs	0	0	0
Total Expenditures	<u>107,077</u>	<u>223,265</u>	<u>17,543</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	72,622
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>166,536</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 239,158</u>

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

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

	Capital Projects	Capital Projects	
	Bond Building 31100	Senate Bill Nine 31700	Debt Service 41000
Revenues			
Property Taxes	\$ 0	\$ 129,248	\$ 353,074
Interest Income	1,434	642	533
Fees	0	0	0
State and Local Grants	0	0	0
Federal Grants	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>1,434</u>	<u>129,890</u>	<u>353,607</u>
Expenditures			
Current			
Instruction	0	0	0
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	1,534	3,237
School Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	14,948	0
Student Transportation	0	0	0
Food Service	0	0	0
Capital Outlay	0	50,481	0
Debt Service			
Principal	748,830	0	310,000
Interest	0	0	54,747
Bond Issue Costs	18,232	0	0
Total Expenditures	<u>767,062</u>	<u>66,963</u>	<u>367,984</u>
Excess (Deficiency) of Revenues Over Expenditures	(765,628)	62,927	(14,377)
Fund Balances at Beginning of Year	<u>1,465,237</u>	<u>181,929</u>	<u>371,555</u>
Fund Balance at End of Year	<u>\$ 699,609</u>	<u>\$ 244,856</u>	<u>\$ 357,178</u>

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

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

	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>
Revenues		
Property Taxes	\$ 0	\$ 512,910
Interest Income	533	5,328
Fees	56,118	94,068
State and Local Grants	64,492	4,009,261
Federal Grants	231,254	561,596
Miscellaneous	0	100,517
Total Revenues	<u> 352,397</u>	<u> 5,283,680</u>
Expenditures		
Current		
Instruction	147,554	2,357,735
Support Services		
Students	9,486	490,475
Instruction	22,716	63,908
General Administration	0	177,691
School Administration	2,123	162,122
Central Services	0	108,157
Operation of Plant	0	529,830
Student Transportation	0	509,433
Food Service	150,295	163,112
Capital Outlay	6,798	93,291
Debt Service		
Principal	0	1,058,830
Interest	0	54,747
Bond Issue Costs	0	18,232
Total Expenditures	<u> 338,972</u>	<u> 5,787,563</u>
Excess (Deficiency) of Revenues Over Expenditures	13,425	(503,883)
Fund Balances at Beginning of Year	<u> 150,757</u>	<u> 2,587,935</u>
Fund Balance at End of Year	<u>\$ 164,182</u>	<u>\$ 2,084,052</u>

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

STATE OF NEW MEXICO
FORT SUMNER 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 \$ (503,883)

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, June 30, 2014	\$ (33,377)	
Property Taxes, June 30, 2015	<u>31,577</u>	(1,800)

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	(370,794)	
Capital Outlays	<u>93,291</u>	(277,503)

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	309,554	
Pension Expense	<u>(287,449)</u>	<u>22,105</u>

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

1,058,830

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	13,410	
Accrued Interest, June 30, 2015	<u>(25,658)</u>	(12,248)

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences, June 30, 2014	4,231	
Compensated Absences, June 30, 2015	<u>(2,911)</u>	<u>1,320</u>

Changes in Net Position of Governmental Activities \$ 286,821

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

STATE OF NEW MEXICO
FORT SUMNER 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	\$ 29,328	29,328	\$ 30,552	\$ 1,224
Interest Income	1,500	1,500	2,186	686
Fees	0	0	37,950	37,950
State Grant	3,517,182	3,411,492	3,411,442	(50)
Miscellaneous	0	0	10,352	10,352
Total Revenues	<u>3,548,010</u>	<u>3,442,320</u>	<u>3,492,482</u>	<u>50,162</u>
Expenditures				
Instruction				
Personnel Services	1,556,765	1,491,658	1,408,613	83,045
Employee Benefits	563,563	530,607	508,457	22,150
Professional & Tech Services	20,551	29,927	25,241	4,686
Other Purchased Services	55,400	82,272	68,401	13,871
Supplies	69,992	110,507	66,874	43,633
Total Instruction	<u>2,266,271</u>	<u>2,244,971</u>	<u>2,077,586</u>	<u>167,385</u>
Support Services				
Students				
Personnel Services	170,816	154,958	150,036	4,922
Employee Benefits	78,694	67,223	63,156	4,067
Professional & Tech Services	59,900	57,229	55,920	1,309
Total Students	<u>309,410</u>	<u>279,410</u>	<u>269,112</u>	<u>10,298</u>
Instruction				
Personnel Services	17,686	27,336	27,172	164
Employee Benefits	15,794	14,196	13,815	381
Other Purchased Services	5,000	0	0	0
Supplies	3,400	348	205	143
Total Instruction	<u>41,880</u>	<u>41,880</u>	<u>41,192</u>	<u>688</u>
General Administration				
Personnel Services	95,631	68,513	68,342	171
Employee Benefits	35,175	19,912	18,871	1,041
Professional & Tech Services	26,800	70,458	62,522	7,936
Other Purchased Services	6,000	6,818	5,087	1,731
Supplies	3,100	1,005	923	82
Total General Administration	<u>\$ 166,706</u>	<u>\$ 166,706</u>	<u>\$ 155,745</u>	<u>\$ 10,961</u>

STATE OF NEW MEXICO
FORT SUMNER 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	\$ 152,521	\$ 127,521	\$ 115,740	\$ 11,781
Employee Benefits	60,733	60,733	42,668	18,065
Professional & Tech Services	2,750	2,750	1,242	1,508
Other Purchased Services	1,000	1,000	349	651
Total School Administration	<u>217,004</u>	<u>192,004</u>	<u>159,999</u>	<u>32,005</u>
Central Services				
Personnel Services	72,111	72,112	72,111	1
Employee Benefits	40,391	19,468	18,293	1,175
Professional & Tech Services	2,750	2,840	2,426	414
Other Purchased Services	5,650	5,828	1,834	3,994
Supplies	6,125	11,779	11,778	1
Total Central Services	<u>127,027</u>	<u>112,027</u>	<u>106,442</u>	<u>5,585</u>
Operation of Plant				
Personnel Services	131,827	132,904	127,655	5,249
Employee Benefits	66,996	62,131	58,675	3,456
Professional & Tech Services	100	100	0	100
Purchased Property Services	215,309	240,540	211,030	29,510
Other Purchased Services	112,500	105,057	102,220	2,837
Supplies	32,500	18,500	9,181	9,319
Total Operation of Plant	<u>559,232</u>	<u>559,232</u>	<u>508,761</u>	<u>50,471</u>
Transportation				
Purchased Property Services	3,500	3,500	1,158	2,342
Other Purchased Services	750	750	750	0
Supplies	0	2,350	2,350	0
Supply Assets	0	560	0	560
Total Transportation	<u>4,250</u>	<u>7,160</u>	<u>4,258</u>	<u>2,902</u>
Other Support Services				
Professional & Tech Services	5,606	5,606	0	5,606
Total Other Support Services	<u>5,606</u>	<u>5,606</u>	<u>0</u>	<u>5,606</u>
Total Support Services	<u>1,431,115</u>	<u>1,364,025</u>	<u>1,245,509</u>	<u>118,516</u>
Food Service				
Personnel Services	14,039	14,039	10,115	3,924
Employee Benefits	20,485	5,485	2,438	3,047
Supplies	1,000	1,000	264	736
Total Food Service	<u>35,524</u>	<u>20,524</u>	<u>12,817</u>	<u>7,707</u>
Total Expenditures	<u>\$ 3,732,910</u>	<u>\$ 3,629,520</u>	<u>\$ 3,335,912</u>	<u>\$ 293,608</u>

STATE OF NEW MEXICO
FORT SUMNER 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		
Excess (Deficiency) of Revenues Over Expenditures	\$ (184,900)	\$ (187,200)	\$ 156,570	\$ 343,770
Cash Balance Beginning of Year	<u>235,819</u>	<u>235,819</u>	<u>235,819</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 50,919</u>	<u>\$ 48,619</u>	<u>\$ 392,389</u>	<u>\$ 343,770</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 156,570	
Net Change in Taxes Receivable			36	
Net Change in Outstanding Taxes			31	
Net Change in Accounts Payable			(15,469)	
Net Change in Deferred Revenue			(31)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 141,137</u>	

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

STATE OF NEW MEXICO
FORT SUMNER 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 Grants	\$ 505,468	\$ 512,712	\$ 512,712	\$ 0
Total Revenues	<u>505,468</u>	<u>512,712</u>	<u>512,712</u>	<u>0</u>
Expenditures				
Support Services				
Transportation				
Personnel Services	60,383	50,226	50,226	0
Employee Benefits	45,981	37,076	37,075	1
Professional & Tech Services	100	79	79	0
Purchased Property Services	31,122	42,036	42,036	0
Other Purchased Services	344,850	325,806	325,806	0
Supplies	23,032	62,892	44,424	18,468
Fixed Assets	0	0	18,469	(18,469)
Other	0	5,403	5,403	0
Total Transportation	<u>505,468</u>	<u>523,518</u>	<u>523,518</u>	<u>0</u>
Total Support Services	<u>505,468</u>	<u>523,518</u>	<u>523,518</u>	<u>0</u>
Total Expenditures	<u>505,468</u>	<u>523,518</u>	<u>523,518</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(10,806)	(10,806)	0
Cash Balance Beginning of Year	<u>10,806</u>	<u>10,806</u>	<u>10,806</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 10,806</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			\$ (10,806)	
Net Change in Due from Grantor			125	
Net Change in Accounts Payable			(125)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (10,806)</u>	

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
GENERAL FUND-INSTRUCTIONAL MATERIAL-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 Grants	\$ 13,240	\$ 20,489	\$ 20,490	\$ 1
Total Revenues	<u>13,240</u>	<u>20,489</u>	<u>20,490</u>	<u>1</u>
Expenditures				
Instruction				
Supplies	18,533	26,077	23,673	2,404
Total Instruction	<u>18,533</u>	<u>26,077</u>	<u>23,673</u>	<u>2,404</u>
Total Expenditures	<u>18,533</u>	<u>26,077</u>	<u>23,673</u>	<u>2,404</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,293)	(5,588)	(3,183)	2,405
Cash Balance Beginning of Year	<u>5,588</u>	<u>5,588</u>	<u>5,588</u>	<u>0</u>
Cash Balance End of Year	\$ <u>295</u>	\$ <u>0</u>	\$ <u>2,405</u>	\$ <u>2,405</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>(3,183)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(3,183)</u>	

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

STATE OF NEW MEXICO
FORT SUMNER 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	\$ 148,350	\$ 162,080	\$ 111,004	\$ (51,076)
Total Revenues	<u>148,350</u>	<u>162,080</u>	<u>111,004</u>	<u>(51,076)</u>
Expenditures				
Instruction				
Personnel Services	47,065	57,146	57,146	0
Employee Benefits	22,503	25,371	25,371	0
Professional & Tech Services	360	0	0	0
Supplies	23,419	24,560	24,560	0
Total Instruction	<u>93,347</u>	<u>107,077</u>	<u>107,077</u>	<u>0</u>
Total Expenditures	<u>93,347</u>	<u>107,077</u>	<u>107,077</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	55,003	55,003	3,927	(51,076)
Cash Balance Beginning of Year	<u>(55,003)</u>	<u>(55,003)</u>	<u>(55,003)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (51,076)</u>	<u>\$ (51,076)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 3,927	
Net Change in Due from Grantor			<u>(3,927)</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
FORT SUMNER MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-ELELMETARY SCHOOL COUNSELING-25215
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	\$ 351,413	\$ 351,413	\$ 116,352	\$ (235,061)
Total Revenues	<u>351,413</u>	<u>351,413</u>	<u>116,352</u>	<u>(235,061)</u>
Expenditures				
Support Services				
Students				
Personnel Services	0	36,320	36,320	0
Employee Benefits	0	8,356	8,354	2
Professional & Tech Services	0	39,761	39,759	2
Other Purchased Services	0	7,750	7,750	0
Supplies	<u>340,119</u>	<u>235,876</u>	<u>109,276</u>	<u>126,600</u>
Total Students	<u>340,119</u>	<u>328,063</u>	<u>201,459</u>	<u>126,604</u>
General Administration				
Professional & Tech Services	0	12,056	12,056	0
Total General Administration	<u>\$ 0</u>	<u>\$ 12,056</u>	<u>\$ 12,056</u>	<u>\$ 0</u>
Total Support Services	<u>340,119</u>	<u>340,119</u>	<u>213,515</u>	<u>126,604</u>
Total Expenditures	<u>340,119</u>	<u>340,119</u>	<u>213,515</u>	<u>126,604</u>
Excess (Deficiency) of Revenues Over Expenditures	11,294	11,294	(97,163)	(108,457)
Cash Balance Beginning of Year	<u>(11,294)</u>	<u>(11,294)</u>	<u>(11,294)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (108,457)</u>	<u>\$ (108,457)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (97,163)	
Net Change in Due from Grantor			106,913	
Net Change in Accounts Payables			(9,750)	
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
FORT SUMNER MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-WIND FARM PROJECTS-29134
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$ 90,165	\$ 90,165	\$ 90,165	\$ 0
Total Revenues	<u>90,165</u>	<u>90,165</u>	<u>90,165</u>	<u>0</u>
Expenditures				
Support Services				
Operation of Plant				
Other Purchased Services	<u>156,701</u>	<u>156,701</u>	<u>17,543</u>	<u>139,158</u>
Total Operation of Plant	<u>156,701</u>	<u>156,701</u>	<u>17,543</u>	<u>139,158</u>
Total Support Services	<u>156,701</u>	<u>156,701</u>	<u>17,543</u>	<u>139,158</u>
Total Expenditures	<u>156,701</u>	<u>156,701</u>	<u>17,543</u>	<u>139,158</u>
Excess (Deficiency) of Revenues Over Expenditures	(66,536)	(66,536)	72,622	(139,158)
Cash Balance Beginning of Year	<u>166,536</u>	<u>166,536</u>	<u>166,536</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 239,158</u>	<u>\$ (139,158)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>72,622</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u><u>72,622</u></u>	

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2015

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 156,577
Total Assets	<u>\$ 156,577</u>
Liabilities	
Deposits Held for Others	\$ 156,577
Total Liabilities	<u>\$ 156,577</u>

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

Summary of Significant Accounting Policies

The financial statements of the Fort Sumner Municipal Schools (District) , has 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 Agency funds are accounted for using the economic resources measurement focus and accrual basis of accounting.

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 (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.

Major Special Revenue Funds

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

Elementary School Counseling (25215). To account for a federal grant funded by the U.S. Department of Education to provide staff and materials for elementary school counseling. School counseling programs serve schools by assisting students in reaching their academic, professional, personal and developmental goals. Yet, many school counseling programs are underfunded and consequently the goals that counselors strive to achieve cannot be accomplished. Nevertheless, grants do exist that can aid counselors in strengthening their school counseling programs. The fund was created by the authority of federal grant provisions.

Wind Farm Projects (29134). To account for a local grant funded by a wind farm in lieu of paying property taxes, to teach the students about future wind farm technology, a growing industry in the area. The fund was created by grant provisions.

Major Capital Projects Funds

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

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

Major Debt Service Fund

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 - Agency Funds 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, and including grants for transportation, instructional materials, food service. special revenue funds such as special education as well as others and federal and state programs 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).

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

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.

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 Superintendent of Public Instruction) the local school board submits to the District Budget Planning Unit (SBPU) 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 SBPU 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 SBPU 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 SBPU.
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 SBPU.
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.

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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	5-20 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.

Short -Term Debt

Short-term debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans. The District does not have any activity in short-term debt.

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 positions are reported as restricted when constraints placed 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

Unavailable 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 Inflow of Resources

The District reports deferred revenues on its Statement of Net Position and Fund Balance Sheet. Deferred inflow of resources arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for deferred inflow of resources is removed from the combined balance sheet and the revenue is recognized. Deferred inflow of resources 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.

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Compensated Absences

Twelve-month employees will earn ten (10) days annual leave per contract year. The Superintendent will earn fifteen (15) days annual leave per contract year. Twelve-month employees may accumulate up to twenty (20) days of annual leave. The Superintendent may accumulate up to thirty (30) days of annual leave. Any leave beyond these limits must be used by June 30 of the current contract year or within 18 months after the granting of a special provision to extend the limits. Special provisions to extend the limits of accumulated annual leave by twelve-month employees may be approved by the Superintendent. The Superintendent may extend the limits of accumulated annual leave by receiving the approval of the Board of Education. Upon cancellation of the employment contract, no payment shall be made for more than twenty (20) days of unused annual leave for twelve-month employees and thirty (30) days for the Superintendent.

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.

The Citizens Bank of Clovis

<u>Name of Account</u>	Balance Per Bank 6/30/15	Reconciled Balance	<u>Type</u>	<u>Interest or Non-Interest</u>
Payment Account	\$ 2,299,303	\$ 1,909,749	Checking	Interest
High School	160,362	156,578	Checking	Interest
Draw Account	57	57	Checking	Non-Interest
Total Deposited	<u>2,459,722</u>	<u>\$ 2,066,384</u>		
Less: FDIC Coverage	(250,000)			
Uninsured Amount	<u>2,209,722</u>			
50% collateral requirement	1,104,861			
Pledged securities	<u>6,249,595</u>			
Over (Under) requirement	<u>\$ 5,144,734</u>			

The following securities are pledged

<u>Description</u>	<u>CUSIP #</u>	<u>Par/ Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
GNMA II Pool #80719	36225CYR1	\$ 26,459	03/20/43	TIB-Dallas, TX
GNR 2012-36 ND	38378DWZ4	2,590,815	01/16/40	TIB-Dallas, TX
GNR 2013-47 E	38378JZD7	1,111,074	08/20/30	TIB-Dallas, TX
GNR 2013-88 DA	38378TK66	2,521,247	06/20/33	TIB-Dallas, TX
		<u>\$ 6,249,595</u>		

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Custodial Credit Risk-Deposits

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 250,000
Collateralized:	
Collateral held by the pledging bank in District's name	2,209,722
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 2,459,722</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, none of District's bank balance of \$2,459,722 was exposed to custodial credit risk.

B. Receivables

	<u>Operational Fund 11000</u>	<u>Senate Bill Nine 31700</u>	<u>Debt Service 41000</u>
Property Taxes Receivable:			
Available	\$ 159	\$ 667	\$ 1,862
Unavailable	1,838	7,583	22,156
Total Property Taxes Receivable	<u>\$ 1,997</u>	<u>\$ 8,250</u>	<u>\$ 24,018</u>

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

Federal Agencies	\$ 187,631
State Agencies	18,076
Total	<u>\$ 205,707</u>

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Funds</u>		
	Title I 24101	Elementary School Counseling 25215	Other Governmental Funds
General Fund	\$ 51,076	\$ 108,457	46,049
Totals	<u>\$ 51,076</u>	<u>\$ 108,457</u>	<u>46,049</u>

The above interfund balances resulted from reimbursement grants. The shortfalls were covered by the General Fund. All transactions will be repaid within one year.

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D. Capital Assets

Capital Assets Balances and Activity for the Year Ended June 30, 2015, is as follows:

	Balance 6/30/14	Additions	Deletions/ Adjustments	Balance 6/30/15
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 0	\$ 0	\$ 0	\$ 0
Total Capital Assets, not being Depreciated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Capital Assets, being Depreciated				
Buildings & Improvements	22,071,083	42,253	0	22,113,336
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>2,206,196</u>	<u>51,038</u>		<u>2,257,234</u>
Total Capital Assets, being Depreciated	<u>24,277,279</u>	<u>93,291</u>	<u>0</u>	<u>24,370,570</u>
Total Capital Assets	<u>24,277,279</u>	<u>93,291</u>	<u>0</u>	<u>24,370,570</u>
Less Accumulated Depreciation				
Buildings & Improvements	3,838,717	298,215	0	4,136,932
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>1,050,564</u>	<u>72,578</u>		<u>1,123,142</u>
Total Accumulated Depreciation	<u>4,889,280</u>	<u>370,793</u>	<u>0</u>	<u>5,260,074</u>
Capital Assets, net	<u>\$ 19,387,999</u>	<u>\$ (277,502)</u>	<u>\$ 0</u>	<u>\$ 19,110,496</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 370,793
Total depreciation expenses	<u>\$ 370,793</u>

E. Long-Term Debt and other Liabilities

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

	Balance 6/30/14	Additions	Reductions	Balance 6/30/15	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 4,053,830	\$ 0	\$ 1,058,830	\$ 2,995,000	\$ 290,000
Total Bonds	<u>4,053,830</u>	<u>0</u>	<u>1,058,830</u>	<u>2,995,000</u>	<u>290,000</u>
Other Liabilities					
Compensated					
Absences	4,230	4,550	5,869	2,911	2,911
Total Other Liabilities	<u>4,230</u>	<u>4,550</u>	<u>5,869</u>	<u>2,911</u>	<u>2,911</u>
Long-Term Liabilities	<u>\$ 4,058,060</u>	<u>\$ 4,550</u>	<u>\$ 1,064,699</u>	<u>\$ 2,997,911</u>	<u>\$ 292,911</u>

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Payments on the general obligation bonds are made by the Debt Service Funds. The compensated absences liability will ultimately be liquidated by several of the District's governmental funds, with most being paid by the General Fund.

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.

<u>Series</u>	<u>Date of Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance</u>
2007	11/16/07	1,500,000	3.570 %	600,000
2010	10/15/2009	880,000	2.09%	600,000
2014	06/15/2014	1,500,000	1.20%	1,500,000
				<u>\$ 2,700,000</u>

The annual requirements to amortize the general obligation bonds including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 290,000	\$ 57,472	\$ 347,472
2017	320,000	48,848	368,848
2018	345,000	39,454	384,454
2019	360,000	31,303	391,303
2020	275,000	25,104	300,104
2021-2025	910,000	59,318	969,318
2026	200,000	100	200,100
	<u>\$ 2,700,000</u>	<u>\$ 261,599</u>	<u>\$ 2,961,599</u>

F. Commitments

There are no major construction commitments planned for the future.

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.

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

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

Contributions. The contribution requirements of 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 \$309,554 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 \$4,799,652 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 .08412 percent, which was a decrease of .00277 percent from its proportion measured as of June 30, 2013.

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For the year ended June 30, 2015, the District recognized pension expense of \$287,449. At the June 30, 2015, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ (71,496)
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	0	(436,299)
Changes in proportion and differences between the District contributions and proportionate share of contributions	0	(129,065)
The District's contributions subsequent to the measurement date	309,554	0
Total	<u>\$ 309,554</u>	<u>\$ (636,860)</u>

\$309,554 reported as deferred outflows of resources related to pensions resulting from the District 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:

Year ended June 30:	
2016	\$ (178,718)
2017	(178,718)
2018	(170,361)
2019	(109,063)
Total	<u>\$ (636,860)</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.

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:

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

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%
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.

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

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
The District's proportionate share of the net pension liability	\$ 6,530,482	\$ 4,799,654	\$ 3,353,852

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.

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.

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 \$44,601, \$46,785, and \$47,913 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 presented on each individual Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

Reconciliations are located at the bottom of each budget actual.

J. 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

K. Surety Bond

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

L. Subsequent Events

Subsequent events were evaluated through October 22, 2015 which is the date the financial statements were available to be issued.

M. Joint Powers Agreements

A joint powers agreement was entered into with the Regional Education Cooperative No. 6 (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 94-142 among others. The REC is the fiscal agent and responsible for the audit.

There are ten schools that participate in the REC, they are Dora, Elida, Floyd, Fort Sumner, Grady, House, Logan, Melrose, San Jon, and Texico. 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 financial statements for the REC were prepared by another IPA. The audit report is available at the REC located at 1500 South Ave K, Station 9, Portales, New Mexico 88130.

N. Budget Violations

The district has maintained expenditures at the function level in which actual expenditures exceeded budgetary authority in the following fund:

	Amount
Senate Bill Nine	
General Administration	\$ (633)

O. Restatement

Net Position was decreased by \$(5,149,063) for the pension liability and \$(71,464) for bond issue cost and related amortization for a total of \$(5,220,526).

**SUPPLEMENTAL INFORMATION RELATED TO
MAJOR FUNDS**

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
 CAPITAL PROJECT 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				
Interest Income	\$ 500	\$ 500	\$ 1,434	\$ 934
Total Revenues	<u>500</u>	<u>500</u>	<u>1,434</u>	<u>934</u>
Expenditures				
Capital Outlay				
Purchased Property Services	701,601	701,601	0	701,601
Principal	<u>748,830</u>	<u>748,830</u>	<u>748,830</u>	<u>0</u>
Total Capital Outlay	<u>1,450,431</u>	<u>1,450,431</u>	<u>748,830</u>	<u>701,601</u>
Total Expenditures	<u>1,450,431</u>	<u>1,450,431</u>	<u>748,830</u>	<u>701,601</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,449,931)	(1,449,931)	(747,396)	702,535
Other Financing Sources (Uses)				
Bond Issue Cost	<u>(50,000)</u>	<u>(50,000)</u>	<u>(18,232)</u>	<u>(31,768)</u>
Total Other Sources (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(18,232)</u>	<u>(31,768)</u>
Net Change in Fund Balance	(1,499,931)	(1,499,931)	(765,628)	734,303
Cash Balance Beginning of Year	<u>1,483,005</u>	<u>1,483,005</u>	<u>1,483,005</u>	<u>0</u>
Cash Balance End of Year	<u>\$ (16,926)</u>	<u>\$ (16,926)</u>	<u>\$ 717,377</u>	<u>\$ 734,303</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (765,628)	
Net Change in Fund Balance			<u>\$ (765,628)</u>	

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
 CAPITAL PROJECTS 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				
Property Taxes	\$ 123,748	\$ 123,748	\$ 129,093	\$ 5,345
Interest Income	1,000	1,000	642	(358)
State Grants	9,740	20,530	0	(20,530)
Total Revenues	<u>134,488</u>	<u>145,278</u>	<u>129,735</u>	<u>(15,543)</u>
Expenditures				
Support Services				
General Administration				
Professional & Tech Services	900	900	1,533	(633)
Total General Administration	<u>900</u>	<u>900</u>	<u>1,533</u>	<u>(633)</u>
Total Support Services	<u>900</u>	<u>900</u>	<u>1,533</u>	<u>(633)</u>
Capital Outlay				
Purchased Property Services	159,740	159,740	14,949	144,791
Supplies	30,000	30,000	0	30,000
Fixed Assets	122,552	133,342	50,481	82,861
Total Capital Outlay	<u>312,292</u>	<u>323,082</u>	<u>65,430</u>	<u>257,652</u>
Total Expenditures	<u>313,192</u>	<u>323,982</u>	<u>66,963</u>	<u>257,019</u>
Excess (Deficiency) of Revenues Over Expenditures	(178,704)	(178,704)	62,772	241,476
Cash Balance Beginning of Year	<u>181,417</u>	<u>181,417</u>	<u>181,417</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,713</u>	<u>\$ 2,713</u>	<u>\$ 244,189</u>	<u>\$ 241,476</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 62,772	
Net Change in Taxes Receivable			155	
Net Change in Outstanding Taxes			216	
Net Change in Deferred Revenue			(216)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 62,927</u>	

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
DEBT SERVICE-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				
Property Taxes	\$ 350,000	\$ 350,000	\$ 352,710	\$ 2,710
Interest Income	300	300	533	233
Total Revenues	<u>350,300</u>	<u>350,300</u>	<u>353,243</u>	<u>2,943</u>
Expenditures				
Support Services				
General Administration				
Professional & Tech Services	3,500	3,500	3,236	264
Total General Administration	<u>3,500</u>	<u>3,500</u>	<u>3,236</u>	<u>264</u>
Total Support Services	<u>3,500</u>	<u>3,500</u>	<u>3,236</u>	<u>264</u>
Debt Service				
Principal	310,000	310,000	310,000	0
Interest	54,747	54,747	54,747	0
Total Debt Service	<u>364,747</u>	<u>364,747</u>	<u>364,747</u>	<u>0</u>
Total Expenditures	<u>368,247</u>	<u>368,247</u>	<u>367,983</u>	<u>264</u>
Excess (Deficiency) of Revenues Over Expenditures	(17,947)	(17,947)	(14,740)	3,207
Cash Balance Beginning of Year	<u>370,056</u>	<u>370,056</u>	<u>370,056</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 352,109</u>	<u>\$ 352,109</u>	<u>\$ 355,316</u>	<u>\$ 3,207</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (14,740)	
Net Change in Taxes Receivable			363	
Net Change in Outstanding Taxes			(2,047)	
Net Change in Deferred Revenue			2,047	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (14,377)</u>	

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

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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.

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 created by the authority of federal grant provisions.

McKinney-Vento Homeless Education (24113). To account for a program funded by the U.S. Department of Education through the New Mexico Public Education Department to provide services for schools that have children and youth who were displaced. The students are entitled to the same services as any other student in the District, including transportation, special education, etc. The fund was created by the authority of federal grant provisions.

IDEA B Risk Pool (24120). 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.

Improving Teacher Quality (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).

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 financial assistance to purchased instructional materials for the college classes offered to students who are taking them for dual credits. The fund was created by the authority of state grant provisions.

2012 GO Student Library (27107). To account for revenues and expenditures from a state grant to provide for public school and juvenile detention libraries. The funding made available to update and expand library collections in order to circulate and provide access of materials to students and teachers. Funding provided by the State of New Mexico.

NONMAJOR SPECIAL REVENUE FUNDS

NM Reads to Lead K-3 (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.

Next Generation Assessments (27185). To account for a state grant used to purchase computer equipment for the science classroom. The fund was created by the authority of state grant provisions.

School Based Health (29130). To account for funds to provide health services to students. The fund was created by state grant provisions.

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

	Special Revenue		
	Food Service 21000	Athletics 22000	IDEA B Entitlement 24106
Assets			
Cash and Cash Equivalents	\$ 46,946	\$ 1,048	\$ 0
Receivables			
Due From Grantor	0	0	24,321
Inventory	2,457	0	0
Total Assets	<u>\$ 49,403</u>	<u>\$ 1,048</u>	<u>\$ 24,321</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payables	\$ 2,830	\$ 0	\$ 0
Interfund Balance	0	0	24,321
Total Liabilities	<u>2,830</u>	<u>0</u>	<u>24,321</u>
Deferred Inflows of Resources			
Deferred Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	2,457	0	0
Restricted for:			
Special Revenue Funds	44,116	1,048	0
Total Fund Balance	<u>46,573</u>	<u>1,048</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 49,403</u>	<u>\$ 1,048</u>	<u>\$ 24,321</u>

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

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

	Special Revenue		
	IDEA Preschool 24109	Homeless Education 24113	IDEA B Risk Pool 24120
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	2,100	541	61
Inventory	0	0	0
Total Assets	\$ 2,100	\$ 541	\$ 61
Liabilities and Fund Balance			
Liabilities			
Accounts Payables	\$ 0	\$ 0	\$ 0
Interfund Balance	2,100	541	61
Total Liabilities	2,100	541	61
Deferred Inflows of Resources			
Deferred 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 and Fund Balance	\$ 2,100	\$ 541	\$ 61

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

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

	Special Revenue		
	Improving Teacher Quality 24154	Rural Education Achievement Program 25233	Duel Credit Instructional Materials 27103
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	950	0	3,202
Inventory	0	0	0
Total Assets	<u>\$ 950</u>	<u>\$ 0</u>	<u>\$ 3,202</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payables	\$ 0	\$ 0	\$ 0
Interfund Balance	950	0	3,202
Total Liabilities	<u>950</u>	<u>0</u>	<u>3,202</u>
Deferred Inflows of Resources			
Deferred Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 950</u>	<u>\$ 0</u>	<u>\$ 3,202</u>

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

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

	Special Revenue		
	2012 GO Student Library 27107	NM Reads to Lead 27114	Next Generation Assessment 27185
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	0	14,874	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 14,874</u>	<u>\$ 0</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payables	\$ 0	\$ 0	\$ 0
Interfund Balance	0	14,874	0
Total Liabilities	<u>0</u>	<u>14,874</u>	<u>0</u>
Deferred Inflows of Resources			
Deferred Revenue	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 14,874</u>	<u>\$ 0</u>

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

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

	<u>Special Revenue</u>	
	<u>School Based Health Clinic 29130</u>	<u>Total</u>
Assets		
Cash and Cash Equivalents	\$ 116,561	\$ 164,555
Receivables		
Due From Grantor	0	46,049
Inventory	0	2,457
Total Assets	<u>\$ 116,561</u>	<u>\$ 213,061</u>
Liabilities and Fund Balance		
Liabilities		
Accounts Payables	\$ 0	\$ 2,830
Interfund Balance	0	46,049
Total Liabilities	<u>0</u>	<u>48,879</u>
Deferred Inflows of Resources		
Deferred Revenue	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>
Fund Balance		
Nonspendable-Inventory	0	2,457
Restricted for:		
Special Revenue Funds	116,561	161,725
Total Fund Balance	<u>116,561</u>	<u>164,182</u>
Total Liabilities and Fund Balance	<u>\$ 116,561</u>	<u>\$ 213,061</u>

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

STATE OF NEW MEXICO
FORT SUMNER 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	IDEA B Entitlement 24106
Revenues			
Interest Income	533	\$ 0	\$ 0
Fees	33,294	22,824	0
State and Local Grants	0	0	0
Federal Grants	122,173	0	88,002
Total Revenues	<u>156,000</u>	<u>22,824</u>	<u>88,002</u>
Expenditures			
Current			
Instruction	0	24,712	56,192
Support Services			
Students	0	0	22,324
Instruction	0	0	9,486
School Administration	0	0	0
Food Service	150,295	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>150,295</u>	<u>24,712</u>	<u>88,002</u>
Excess (Deficiency) of Revenues Over Expenditures	5,705	(1,888)	0
Fund Balances at Beginning of Year	<u>40,868</u>	<u>2,936</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 46,573</u>	<u>\$ 1,048</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
FORT SUMNER 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	Homeless Education	IDEA B Risk Pool 24120
Revenues			
Interest Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State and Local Grants	0	0	0
Federal Grants	5,686	541	61
Total Revenues	<u>5,686</u>	<u>541</u>	<u>61</u>
Expenditures			
Current			
Instruction	5,686	541	61
Support Services			
Students	0	0	0
Instruction	0	0	0
School Administration	0	0	0
Food Service	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>5,686</u>	<u>541</u>	<u>61</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
FORT SUMNER MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2015

	Special Revenue		
	Improving Teacher Quality 24154	Rural Education Achievement Program 25233	Duel Credit Instructional Materials 27103
Revenues			
Interest Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State and Local Grants	0	0	4,492
Federal Grants	2,123	12,668	0
Total Revenues	<u>2,123</u>	<u>12,668</u>	<u>4,492</u>
Expenditures			
Current			
Instruction	0	5,870	4,492
Support Services			
Students	0	0	0
Instruction	0	0	0
School Administration	2,123	0	0
Food Service	0	0	0
Capital Outlay	0	6,798	0
Total Expenditures	<u>2,123</u>	<u>12,668</u>	<u>4,492</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
FORT SUMNER MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2015

	Special Revenue		
	2012 GO Student Library 27107	NM Reads to Lead 27114	Next Generation Assessment 27185
Revenues			
Interest Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State and Local Grants	0	50,000	0
Federal Grants	0	0	0
Total Revenues	<u>0</u>	<u>50,000</u>	<u>0</u>
Expenditures			
Current			
Instruction	0	50,000	0
Support Services			
Students	0	0	0
Instruction	0	0	0
School Administration	0	0	0
Food Service	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>0</u>	<u>50,000</u>	<u>0</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
FORT SUMNER MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2015

	Special Revenue	
	School Based Health Clinic 29130	Total
Revenues		
Interest Income	\$ 0	\$ 533
Fees	0	56,118
State and Local Grants	10,000	64,492
Federal Grants	0	231,254
Total Revenues	<u>10,000</u>	<u>352,397</u>
Expenditures		
Current		
Instruction	0	147,554
Support Services		
Students	392	22,716
Instruction	0	9,486
School Administration	0	2,123
Food Service	0	150,295
Capital Outlay		6,798
Total Expenditures	<u>392</u>	<u>338,972</u>
Excess (Deficiency) of Revenues Over Expenditures	9,608	13,425
Fund Balances at Beginning of Year	<u>106,953</u>	<u>150,757</u>
Fund Balance End of Year	<u>\$ 116,561</u>	<u>\$ 164,182</u>

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

STATE OF NEW MEXICO
FORT SUMNER 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				
Interest Income	\$ 300	\$ 300	\$ 533	\$ 233
Fees	36,000	15,488	33,294	17,806
Federal Grant	108,000	108,000	116,018	8,018
Total Revenues	<u>144,300</u>	<u>123,788</u>	<u>149,845</u>	<u>26,057</u>
Expenditures				
Food Service				
Personnel Services	54,830	49,230	46,038	3,192
Employee Benefits	48,244	33,332	28,063	5,269
Professional & Tech Services	500	500	0	500
Other Purchased Services	1,150	1,150	0	1,150
Supplies	82,158	82,158	67,484	14,674
Total Food Service	<u>186,882</u>	<u>166,370</u>	<u>141,585</u>	<u>24,785</u>
Total Expenditures	<u>186,882</u>	<u>166,370</u>	<u>141,585</u>	<u>24,785</u>
Excess (Deficiency) of Revenues Over Expenditures	(42,582)	(42,582)	8,260	50,842
Cash Balance Beginning of Year	<u>38,686</u>	<u>38,686</u>	<u>38,686</u>	<u>0</u>
Cash Balance End of Year	<u><u>\$ (3,896)</u></u>	<u><u>\$ (3,896)</u></u>	<u><u>\$ 46,946</u></u>	<u><u>\$ 50,842</u></u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 8,260	
Net Change in Inventory			274	
Net Change in Accounts Payables			(2,829)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u><u>\$ 5,705</u></u>	

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

STATE OF NEW MEXICO
FORT SUMNER 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	\$ 20,000	\$ 20,000	\$ 22,823	\$ 2,823
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>22,823</u>	<u>2,823</u>
Expenditures				
Instruction				
Personnel Services	1,800	100	0	100
Employee Benefits	426	251	0	251
Professional & Tech Services	400	1,300	1,300	0
Other Purchased Services	15,000	15,975	15,895	80
Supplies	3,036	7,798	7,516	282
Total Instruction	<u>20,662</u>	<u>25,424</u>	<u>24,711</u>	<u>713</u>
Total Expenditures	<u>20,662</u>	<u>25,424</u>	<u>24,711</u>	<u>713</u>
Excess (Deficiency) of Revenues Over Expenditures	(662)	(5,424)	(1,888)	3,536
Cash Balance Beginning of Year	<u>2,936</u>	<u>2,936</u>	<u>2,936</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,274</u>	<u>\$ (2,488)</u>	<u>\$ 1,048</u>	<u>\$ 3,536</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,888)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (1,888)</u>	

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

STATE OF NEW MEXICO
FORT SUMNER 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	\$ 114,887	\$ 133,360	\$ 89,197	\$ (44,163)
Total Revenues	<u>114,887</u>	<u>133,360</u>	<u>89,197</u>	<u>(44,163)</u>
Expenditures				
Instruction				
Personnel Services	31,017	38,350	38,350	0
Employee Benefits	<u>18,262</u>	<u>18,759</u>	<u>17,843</u>	<u>916</u>
Total Instruction	<u>49,279</u>	<u>57,109</u>	<u>56,193</u>	<u>916</u>
Support Services				
Students				
Personnel Services	13,460	15,649	15,648	1
Employee Benefits	<u>25,461</u>	<u>25,461</u>	<u>6,676</u>	<u>18,785</u>
Total Students	<u>38,921</u>	<u>41,110</u>	<u>22,324</u>	<u>18,786</u>
Instruction				
Personnel Services	948	7,852	7,715	137
Employee Benefits	<u>224</u>	<u>1,774</u>	<u>1,771</u>	<u>3</u>
Total Instruction	<u>1,172</u>	<u>9,626</u>	<u>9,486</u>	<u>140</u>
Total Support Services	<u>40,093</u>	<u>50,736</u>	<u>31,810</u>	<u>18,926</u>
Total Expenditures	<u>89,372</u>	<u>107,845</u>	<u>88,003</u>	<u>19,842</u>
Excess (Deficiency) of Revenues Over Expenditures	25,515	25,515	1,194	(24,321)
Cash Balance Beginning of Year	<u>(25,515)</u>	<u>(25,515)</u>	<u>(25,515)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(24,321)</u>	\$ <u>(24,321)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,194	
Net Change in Due from Grantor			<u>(1,194)</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
FORT SUMNER 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	\$ 4,844	\$ 5,914	\$ 3,814	\$ (2,100)
Total Revenues	<u>4,844</u>	<u>5,914</u>	<u>3,814</u>	<u>(2,100)</u>
Expenditures				
Instruction				
Personnel Services	2,936	4,630	4,630	0
Employee Benefits	<u>1,680</u>	<u>1,056</u>	<u>1,056</u>	<u>0</u>
Total Instruction	<u>4,616</u>	<u>5,686</u>	<u>5,686</u>	<u>0</u>
Total Expenditures	<u>4,616</u>	<u>5,686</u>	<u>5,686</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	228	228	(1,872)	(2,100)
Cash Balance Beginning of Year	<u>(228)</u>	<u>(228)</u>	<u>(228)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,100)</u>	<u>\$ (2,100)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,872)	
Net Change in Due from Grantor			<u>1,872</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
FORT SUMNER MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-McKINNEY VENTO-HOMELESS EDUCATION-24113
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	\$ 4,394	\$ 4,935	\$ 4,394	\$ (541)
Total Revenues	<u>4,394</u>	<u>4,935</u>	<u>4,394</u>	<u>(541)</u>
Expenditures				
Instruction				
Supplies	0	541	541	0
Total Instruction	<u>0</u>	<u>541</u>	<u>541</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>541</u>	<u>541</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	4,394	4,394	3,853	(541)
Cash Balance Beginning of Year	<u>(4,394)</u>	<u>(4,394)</u>	<u>(4,394)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(541)</u>	\$ <u>(541)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 3,853	
Net Change in Due from Grantor			<u>(3,853)</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
FORT SUMNER MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-IDEA B RISK POOL-24120
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	\$ 637	\$ 698	\$ 637	\$ (61)
Total Revenues	<u>637</u>	<u>698</u>	<u>637</u>	<u>(61)</u>
Expenditures				
Instruction				
Supplies	0	61	61	0
Total Instruction	<u>0</u>	<u>61</u>	<u>61</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>61</u>	<u>61</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	637	637	576	(61)
Cash Balance Beginning of Year	<u>(637)</u>	<u>(637)</u>	<u>(637)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (61)</u>	<u>\$ (61)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 576	
Net Change in Due from Grantor			<u>(576)</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
FORT SUMNER 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	\$ 16,723	\$ 34,514	\$ 3,710	\$ (30,804)
Total Revenues	<u>16,723</u>	<u>34,514</u>	<u>3,710</u>	<u>(30,804)</u>
Expenditures				
Support Services				
School Administration				
Professional & Tech Services	13,435	31,226	2,122	29,104
Other Purchased Services	<u>750</u>	<u>750</u>	<u>0</u>	<u>750</u>
Total School Administration	<u>14,185</u>	<u>31,976</u>	<u>2,122</u>	<u>29,854</u>
Total Support Services	<u>14,185</u>	<u>31,976</u>	<u>2,122</u>	<u>29,854</u>
Total Expenditures	<u>14,185</u>	<u>31,976</u>	<u>2,122</u>	<u>29,854</u>
Excess (Deficiency) of Revenues Over Expenditures	2,538	2,538	1,588	(950)
Cash Balance Beginning of Year	<u>(2,538)</u>	<u>(2,538)</u>	<u>(2,538)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (950)</u>	<u>\$ (950)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,588	
Net Change in Due from Grantor			<u>(1,588)</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
FORT SUMNER 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	\$ 12,844	\$ 12,844	\$ 12,844	\$ 0
Total Revenues	<u>12,844</u>	<u>12,844</u>	<u>12,844</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	12,668	12,668	5,870	6,798
Fixed Assets	<u>0</u>	<u>0</u>	<u>6,798</u>	<u>(6,798)</u>
Total Instruction	<u>12,668</u>	<u>12,668</u>	<u>12,668</u>	<u>0</u>
Total Expenditures	<u>12,668</u>	<u>12,668</u>	<u>12,668</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	176	176	176	0
Cash Balance Beginning of Year	<u>(176)</u>	<u>(176)</u>	<u>(176)</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			\$ 176	
Net Change in Due from Grantor			<u>(176)</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
FORT SUMNER MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-DUEL 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	\$ 459	\$ 15,774	\$ 1,749	\$ (14,025)
Total Revenues	<u>459</u>	<u>15,774</u>	<u>1,749</u>	<u>(14,025)</u>
Expenditures				
Instruction				
Supplies	0	15,315	4,492	10,823
Total Instruction	<u>0</u>	<u>15,315</u>	<u>4,492</u>	<u>10,823</u>
Total Expenditures	<u>0</u>	<u>15,315</u>	<u>4,492</u>	<u>10,823</u>
Excess (Deficiency) of Revenues Over Expenditures	459	459	(2,743)	(3,202)
Cash Balance Beginning of Year	<u>(459)</u>	<u>(459)</u>	<u>(459)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (3,202)</u>	<u>\$ (3,202)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (2,743)	
Net Change in Due from Grantor			<u>2,743</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
FORT SUMNER MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-2012 GO STUDENT LIBRARY-27107
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	\$ 9,266	\$ 9,266	\$ 9,266	\$ 0
Total Revenues	<u>9,266</u>	<u>9,266</u>	<u>9,266</u>	<u>0</u>
Expenditures				
Support Services				
Instruction				
Supplies	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	9,266	9,266	9,266	0
Cash Balance Beginning of Year	<u>(9,266)</u>	<u>(9,266)</u>	<u>(9,266)</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			\$ 9,266	
Net Change in Due from Grantor			<u>(9,266)</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
FORT SUMNER 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	\$ 68,973	\$ 68,973	\$ 54,099	\$ (14,874)
Total Revenues	<u>68,973</u>	<u>68,973</u>	<u>54,099</u>	<u>(14,874)</u>
Expenditures				
Instruction				
Personnel Services	37,120	30,091	30,091	0
Employee Benefits	10,507	14,398	14,398	0
Supplies	<u>2,373</u>	<u>5,511</u>	<u>5,511</u>	<u>0</u>
Total Instruction	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	18,973	18,973	4,099	(14,874)
Cash Balance Beginning of Year	<u>(18,973)</u>	<u>(18,973)</u>	<u>(18,973)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(14,874)</u>	\$ <u>(14,874)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 4,099	
Net Change in Due from Grantor			<u>(4,099)</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
FORT SUMNER MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-NEXT GENERATION ASSESSMENT-27185
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	\$ 2,023	\$ 2,023	\$ 2,023	\$ 0
Total Revenues	<u>2,023</u>	<u>2,023</u>	<u>2,023</u>	<u>0</u>
Expenditures				
Support Services				
Students				
Supply Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Students	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	2,023	2,023	2,023	0
Cash Balance Beginning of Year	<u>(2,023)</u>	<u>(2,023)</u>	<u>(2,023)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,023	
Net Change in Due from Grantor			<u>(2,023)</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
FORT SUMNER MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-SCHOOL BASED HEALTH CLINIC-29130
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	\$ 12,000	\$ 12,000	\$ 10,000	\$ (2,000)
Total Revenues	<u>12,000</u>	<u>12,000</u>	<u>10,000</u>	<u>(2,000)</u>
Expenditures				
Support Services				
Students				
Other Purchased Services	50,162	50,162	0	50,162
Supplies	<u>70,790</u>	<u>70,790</u>	<u>392</u>	<u>70,398</u>
Total Students	<u>120,952</u>	<u>120,952</u>	<u>392</u>	<u>120,560</u>
Total Support Services	<u>120,952</u>	<u>120,952</u>	<u>392</u>	<u>120,560</u>
Total Expenditures	<u>120,952</u>	<u>120,952</u>	<u>392</u>	<u>120,560</u>
Excess (Deficiency) of Revenues Over Expenditures	(108,952)	(108,952)	9,608	118,560
Cash Balance Beginning of Year	<u>106,953</u>	<u>106,953</u>	<u>106,953</u>	<u>0</u>
Cash Balance End of Year	<u><u>\$ (1,999)</u></u>	<u><u>\$ (1,999)</u></u>	<u><u>\$ 116,561</u></u>	<u><u>\$ 118,560</u></u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>9,608</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u><u>9,608</u></u>	

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

REQUIRED SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
FORT SUMNER 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	0.08412%
District's proportionate share of the net pension liability	\$ 4,799,654
District's covered-employee payroll	\$ 2,208,493
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	217.33%
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	\$ 309,554
Contributions in relation to the contractually required contribution	\$ 309,554
Contribution deficiency (excess)	0
District's covered-employee payroll	\$ 2,208,493
Contributions as a percentage of covered-employee payroll	13.35%

* 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

FORT SUMNER MUNICIPAL SCHOOLS

Notes to Required Supplementary Information for the Pension Plan

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
FORT SUMNER MUNICIPAL SCHOOLS
 AGENCY FUNDS
 Statement of Fiduciary Assets and Liabilities-Agency Funds
 For the Year Ended June 30, 2015

	Beginning Balance 6/30/14	Additions	Deductions	Ending Balance 6/30/15
Assets				
Activity Trust Fund	\$ 161,588	\$ 136,921	\$ 141,932	\$ 156,577
TOTAL Assets	<u>\$ 161,588</u>	<u>\$ 136,921</u>	<u>\$ 141,932</u>	<u>\$ 156,577</u>
Liabilities				
Due to Student Groups	\$ 161,588	\$ 136,921	\$ 141,932	\$ 156,577
Total Liabilities	<u>\$ 161,588</u>	<u>\$ 136,921</u>	<u>\$ 141,932</u>	<u>\$ 156,577</u>

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
 AGENCY FUNDS - ACTIVITY
 Schedule of Fiduciary Assets and Liabilities-Agency Funds
 For the Year Ended June 30, 2015

	Beginning Balance 6/30/14	Additions	Deductions	Ending Balance 6/30/15
Assets				
Draw	\$ 50	\$ 0	\$ 0	\$ 50
All School	46,506	1,162	6,920	40,748
Library	358	217	57	518
Student Council	534	529	112	951
SPED	0	1,135	545	590
Close Up	300	0	255	45
National Honor Society	1,322	776	634	1,464
Athletic Boosters	11,916	39,713	39,628	12,001
Vixen Volleyball	5,271	12,968	10,995	7,243
Fox Basketball	1,152	1,160	1,718	594
Vixen Basketball	103	5,645	5,550	198
Fox Football	2,892	5,090	5,024	2,958
Harley Raffle	5,271	0	0	5,271
BPA	1,461	25,943	23,904	3,500
Greenhouse	57,359	6,468	12,800	51,026
Gate	0	811	811	0
FFA	302	14,679	13,718	1,263
Science Club	6,501	0	218	6,283
Drama	822	0	0	822
McMillian Memorial Fund	247	0	0	247
Cheerleaders	1,580	8,312	5,993	3,898
Music	106	0	0	106
Student Achievement	4,542	0	722	3,820
Class of 2014	205	349	0	554
Class of 2015	2,602	0	2,602	(0)
Class of 2016	1,779	5,712	5,736	1,755
Elementary	6,067	1,655	996	6,726
Class of 2018	191	0	0	191
Class of 2017	180	690	0	870
Annual	1,833	1,929	1,347	2,415
FCA	136	1,050	1,146	40
Robin Simmons Art Scholarship	0	930	500	430
Total Assets	\$ 161,588	\$ 136,921	\$ 141,932	\$ 156,577
Liabilities				
Deposits Held for Others	\$ 161,588	\$ 136,921	\$ 141,932	\$ 156,577
Total Liabilities	\$ 161,588	\$ 136,921	\$ 141,932	\$ 156,577

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

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

		Beginning Cash 6/30/14	Revenues	Expenditures	Adjustments Transfer/ Loans/Income	Ending Cash 6/30/15
Operational	11000	\$ 235,818	\$ 3,492,483	\$ 3,335,912	\$ 0	\$ 392,389
Transportation	13000	10,806	512,712	523,518	0	0
Instructional Materials	14000	5,588	20,490	23,673	0	2,405
Food Services	21000	38,685	149,845	141,584	0	46,946
Athletics	22000	2,937	22,823	24,712	0	1,048
Activities	23000	161,588	136,921	141,931	0	156,578
Federal Flowthrough	24000	(88,315)	212,754	203,489	0	(79,050)
Federal Direct	25000	(11,471)	129,196	226,183	0	(108,457)
State Flowthrough	27000	(30,721)	67,137	54,492	0	(18,076)
Local or State	29000	273,491	100,165	17,937	0	355,719
Bond Building	31100	1,483,005	1,435	767,063	0	717,377
Senate Bill Nine	31700	181,417	129,735	66,963	0	244,189
Debt Service	41000	370,055	353,244	367,983	0	355,316
Total		\$ <u>2,632,883</u>	\$ <u>5,328,940</u>	\$ <u>5,895,440</u>	\$ <u>0</u>	\$ <u>2,066,384</u>

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

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
Vendor Schedule
For the Year Ended June 30, 2015

Bid or Quote Number: Sole Source
Contract Amount: \$72,499
Contracting Vendor: Herman Brock
Preference: None
Scope of the work: Psychologist and Diagnostician
337 Salt Cedar Dr.
Fort Sumner, NM 88119

Other Vendors responding to the bid:
None

FEDERAL COMPLIANCE

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2015

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	State ID Number	Total Federal Awards Expended
<u>U. S. Department of Agriculture</u>			
Pass-through State Public Education Department:			
School Breakfast Program	10.553	21000	\$ 32,151
National School Lunch Program	10.555	21000	83,867
			<u>116,018</u>
Pass-through State Department of Human Services:			
Supplemental Nutrition Assistance Program	10.551	21000	(1) 6,155
			<u>122,173</u>
<u>U. S. Department of Education</u>			
Pass-through State Public Education Department:			
Special Education Cluster			
IDEA B Entitlement	84.027	24106	88,002
IDEA Preschool	84.173	24109	5,686
IDEA B Risk Pool	84.027	24120	61
			<u>93,749</u>
Pass-through State Public Education Department:			
Title I	84.010	24101	107,077
Improving Teacher Quality	84.367	24154	2,123
Mc Kinney-Vento Homeless Education	84.196	24213	541
Direct Programs			
Improvement of Education	84.215	25215	223,265
Rural Education Achievement Program	84.358	25233	12,668
			<u>439,423</u>
			<u>561,596</u>
Total Federal Assistance			\$ <u>561,596</u>

(1) Non-cash assistance

See accompanying notes to the Schedule of Expenditures of Federal Awards

Note 1: Significant Accounting Policies used in preparing the Schedule of Expenditure of Federal Awards

The modified accrual basis was used to prepare the Schedule of Expenditures of Federal Awards

Note 2: Insurance Requirements

There are no insurance requirements on the federal awards disclosed on the Schedule of Expenditures of Federal Awards

Note 3: Loans or Loan Guarantees

There were no loans or loan guarantees outstanding at year end.

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

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

Independent Auditor's Report

Mr. Tim Keller
State Auditor of the State of New Mexico
Board Members of the Fort Sumner 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 the Fort Sumner 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 22, 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 Questioned Costs, that we consider to be significant deficiencies. 2013-001, 2013-002, 2014-004, 2015-001.

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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001, 2013-002, 2014-004, 2015-001.

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 questioned cost. Responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 22, 2015

Report on Compliance With Requirements
Applicable To Each Major Program and Internal Control
Over Compliance in Accordance With OMB Circular A-133

Independent Auditor's Report

Mr. Tim Keller
State Auditor of the State of New Mexico
Board Members of the Fort Sumner Municipal Schools

Mr. Keller and Members of the Board

Compliance

We have audited Fort Sumner Municipal Schools (District) compliance with the types of compliance requirements described in the *OMB A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

DeAnn Willoughby CPA PC

Clovis, New Mexico
October 22, 2015

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2015

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting

* Material weaknesses identified? No

* Significant deficiencies identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

* Material weaknesses identified? No

* Significant deficiencies identified? No

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 No

Identification of major programs:

<u>CFDA Numbers)</u>	<u>Name of Federal Program of Cluster</u>
10.553	Child Nutrition Cluster
10.555	School Breakfast Program
84.010	National School Lunch Program
	Title I

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Audited qualified as low risk Auditee Yes

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2015

Federal Compliance Findings

Prior Year Audit Findings None
Current Year Audit Findings None

Financial Statements Findings

Prior Year Audit Findings	<u>Status</u>
2012-001 Expenditure Issues	Resolved
2013-001 Expenditures Over Budget	Repeated & Modified
2013-002 PED Cash Reports	Repeated & Modified
2014-001 I-9's	Resolved
2014-002 New Mexico New Hiring	Resolved
2014-003 Stale Dated Checks	Resolved
2014-004 Payroll	Repeated & Modified
2014-005 Credit Cards	Resolved

Current Year Audit Findings

2013-001 Expenditures Over Budget-Compliance and Internal Control-Significant Deficiency

Condition

The District has maintained expenditures at the function level in which actual expenditures exceeded budgetary authority in the following fund:

	Variance with Final Budget- Favorable <u>(Unfavorable)</u>
Senate Bill Nine-31700	
General Administration	\$ <u>(633)</u>

Management has made progress in resolving this finding.

Criteria

Sound financial management and state regulation 6.20.2.9 (A), NMAC and state statutes 22-8-5 through 22-8-12.2, NMSA 1978, require that budgets not be exceeded at the legal level of control. For school district's, the expenditure function is the legal level of control.

Cause

The District did not make the appropriate budgetary adjustments requests which would alleviate over-expenditure within the functions prior to the year end.

Effect

As a result, the District is in noncompliance with New Mexico law, and the control established by the use of budgets has been compromised. Continued over-expenditure of budgeted balances may result in unnecessary usage of operating funds to absorb over-expenditure of budgeted balances may result in unnecessary usage of operating funds to absorb over-expenditures.

Recommendation

The District should establish a policy of budgetary review, and make the necessary budget adjustments.

Response

We will be more diligent to amend our budget to avoid a budget violation. The business manager is confident this finding will be resolved by the end of the fiscal year.

2013-002 PED Cash Reports-Compliance and Internal Control-Significant Deficiency

Condition

The District's submitted (PED) Cash Report at year end did not properly reflect the June 30, 2015 reconciled cash balances. The difference was \$1,321.88.

Management has made progress in resolving this finding.

Criteria

6.20.2.11 (B) (6) NMAC and Regulation SBE-6 the reports sent to the New Mexico Public Education Department (PED) must agree to the District's general ledger and must be submitted quarterly and annually by July 31, 2015.

Cause

Vision software was updated to a different operating system causing issues with the bank reconciliation module.

Effect

The District is not in compliance with NMAC 6.20.2.11 (b) (6) and Regulation SBE-6. Noncompliance may result in poor decision making by the District's governing board.

Recommendation

The software vendor should correct the issues.

Response

We have contacted Visions and resolved this finding. The Business Manager is responsible and is responsible this finding will be resolved by the end of this fiscal year.

2014-004 Payroll-Compliance and Internal Control-Significant Deficiency

Condition

Of sixteen personnel files sampled we noted the following:

1 stipend for \$1,000.00 was only signed by the employee, no Superintendent's signature.

1 employee was paid \$27,238.47. However the signed contract and stipend totaled \$17,987.00.

Management has made progress in resolving this finding.

Criteria

NMAC 6.20.2.18 states the local board shall establish written policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP.

Cause

The contracts were not reviewed and signed management.

Effect

Contracts are the legal basis for compensation to an employee. Without documentation, the amount of pay could be disputed by the employee causing the District additional funds and legal fees.

Recommendation

We recommend all contracts are reviewed and signed by the superintendent. The payroll clerk should review the set up in Visions comparing the information to the contract before the first payroll is run.

Response

We will review and sign the contracts and review the setup in Visions. The Payroll Clerk is responsible and is confident this finding will be resolved by the end of this fiscal year.

2015-001 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 Bond Building Fund \$(16,926), Food Service Fund \$(3,896), Athletics Fund \$(2,488), and School Based Health Clinic Fund \$(1,999).

Criteria

All District funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the Public Education Department for approval. Cash balances re-budgeted to make up for 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 budgeted expenditures.

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

Greater attention should be given to the budget monitoring process end of the year cash balance estimates.

Response

We have implemented a system to avoid this issue in the future.

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 22, 2015 with Freda Daugherty-Superintendent, Tom Wilton-Board Member, Angela Allred-Business Manager and De'Aun Willoughby, CPA.