

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**AUDIT REPORT**

***For the Year Ended June 30, 2009***  
***(with Auditor's Report Thereon)***

**RICE & ASSOCIATES**  
**CERTIFIED PUBLIC ACCOUNTANTS**

STATE OF NEW MEXICO  
TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
AUDIT REPORT  
For The Year Ended June 30, 2009  
(with Auditor's Report Thereon)

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
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STATE OF NEW MEXICO  
TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
Official Roster  
Year Ended June 30, 2009

Board of Education

<u>Name</u>	<u>Title</u>
Mr. Paul Tooley	President
Ms. Ann Filosa	Vice President
Ms. Lydia Bamonte	Secretary
Mr. Louis Schwab	Member
Ms. Cathy Vickers	Member

School Officials

Mr. Tom Burris	Superintendent
Ms. Sherry Fletcher	Assistant Superintendent
Ms. Rebecca Gutierrez	Business Manager

*Rice and Associates, C.P.A.*

AUDITING  
BOOKKEEPING  
(505) 292-8275

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Albuquerque, NM 87112

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TAX PREPARATION  
FAX (505) 294-8904

**INDEPENDENT AUDITOR'S REPORT**

Mr. Hector H. Balderas  
New Mexico State Auditor  
and  
Board of Education  
Truth or Consequences Municipal Schools  
Truth or Consequences, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Truth or Consequences Municipal Schools, as of and for the year ended June 30, 2009, which collectively comprise the School's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Schools' non-major governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009 as listed in the table of contents. These financial statements are the responsibility of the Truth or Consequences Municipal Schools management. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Truth or Consequences Municipal Schools internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Truth or Consequences Municipal Schools, as of June 30, 2009, and the respective changes in financial position, thereof, and the respective budgetary comparisons for the General, Title I, PL 94-142 Entitlement and Microsoft Funds for the year then ended in conformity 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 non-major governmental fund of Truth or Consequences Municipal Schools, as of June 30, 2009, and the respective changes in financial position, thereof and the respective budgetary comparisons for the Bond Building and Debt Service Funds and the non-major governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2009 on our consideration of Truth or Consequences Municipal Schools internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

The District has not presented the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements and the combining and individual fund financial statements and the budgetary comparisons of Truth or Consequences Municipal Schools. The accompanying financial information listed as Schedule of Cash Receipts and Disbursements, Schedule of Changes in Assets and Liabilities - All Agency Funds, Schedule of Budgetary Basis to GAAP Basis Reconciliation and Schedule of Expenditures of Federal Awards is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic, combining and individual fund financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements of each of the respective individual funds taken as a whole.



November 12, 2009

**FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Statement of Net Assets  
 June 30, 2009

Statement 1

	Governmental Activities
<b>ASSETS</b>	
Current assets	
Cash	\$ 6,756,765
Taxes receivable	32,079
Due from grantor	140,889
Inventory	10,441
Total current assets	6,940,174
Non-current assets	
Land (non-depreciable)	102,596
Capital assets (depreciable)	38,457,558
Less accumulated depreciation	(11,941,984)
Total non-current assets	26,618,170
<b>Total assets</b>	<b>33,558,344</b>
<b>LIABILITIES</b>	
Current liabilities	
Cash overdraft	140,889
Accounts payable	23,969
Accrued interest	259,404
Deferred revenue	135,288
Current portion of long-term obligations	885,000
Total current liabilities	1,444,550
Long-term obligations	
Compensated absences payable	183,704
Non-current portion of long-term obligations	6,680,000
Total long-term obligations	6,863,704
<b>Total liabilities</b>	<b>8,308,254</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	19,053,170
Restricted for	
Special revenue inventory	10,441
Capital projects	2,833,211
Debt service	1,722,073
Unrestricted	1,631,195
<b>Total net assets</b>	<b>\$ 25,250,090</b>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Statement of Activities  
 Year Ended June 30, 2009

Statement 2

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>EXPENSES:</b>					
<b>Governmental activities:</b>					
Direct instruction	\$ 8,488,972	\$ 30,978	\$ 1,717,483	\$ 32,434	\$ (6,708,077)
Instructional support	5,720,165	-	1,272,515	-	(4,447,650)
Food services	682,362	90,091	652,852	-	60,581
Depreciation - unallocated	890,373	-	-	-	(890,373)
Interest on long-term obligations	259,402	-	-	-	(259,402)
<b>Total</b>	<b>\$ 16,041,274</b>	<b>\$ 121,069</b>	<b>\$ 3,642,850</b>	<b>\$ 32,434</b>	<b>(12,244,921)</b>
<b>General revenues:</b>					
<b>Taxes</b>					
Property taxes, levied for general purposes					115,333
Property taxes, levied for capital projects					461,358
Property taxes, levied for debt service					1,323,311
Federal, State and Local aid not restricted to specific purpose					
General					10,826,415
Forest Reserve					360,213
Interest and investment earnings					55,551
Miscellaneous (Indirect Costs)					23,028
Sub-total, general revenues					13,165,209
Change in net assets					920,288
Net assets - beginning of year					24,329,802
<b>Net assets - end of year</b>					<b>\$ 25,250,090</b>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Balance Sheet - All Governmental Funds  
 June 30, 2009

Statement 3

	General	Title I	PL 94-142 Entitlement	Microsoft	Bond Building	Debt Service	Other Governmental	Total
<b>ASSETS</b>								
Cash on deposit	\$ 1,531,290	\$ 46,941	\$ -	\$ 65,589	\$ 2,833,211	\$ 1,699,662	\$ 580,072	\$ 6,756,765
Accounts receivable, collectible	1,933	-	-	-	-	22,411	7,735	32,079
Inventory, at cost	-	-	-	-	-	-	10,441	10,441
Due from grantor	-	-	45,846	-	-	-	95,043	140,889
<b>Total assets</b>	<b><u>\$ 1,533,223</u></b>	<b><u>\$ 46,941</u></b>	<b><u>\$ 45,846</u></b>	<b><u>\$ 65,589</u></b>	<b><u>\$ 2,833,211</u></b>	<b><u>\$ 1,722,073</u></b>	<b><u>\$ 693,291</u></b>	<b><u>\$ 6,940,174</u></b>
<b>LIABILITIES</b>								
Cash overdraft	\$ -	\$ -	\$ 45,846	\$ -	\$ -	\$ -	\$ 95,043	\$ 140,889
Deferred revenues	-	44,417	-	65,589	-	-	25,282	135,288
Accounts payable	21,445	2,524	-	-	-	-	-	23,969
<b>Total liabilities</b>	<b><u>21,445</u></b>	<b><u>46,941</u></b>	<b><u>45,846</u></b>	<b><u>65,589</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>120,325</u></b>	<b><u>300,146</u></b>
<b>FUND BALANCE</b>								
Reserved for retirement of long-term debt	-	-	-	-	-	1,722,073	-	1,722,073
Reserved for inventory	-	-	-	-	-	-	10,441	10,441
Unreserved:								
Designated for subsequent years expenditures	-	-	-	-	2,833,211	-	-	2,833,211
Undesignated, reported in:								
General Fund	1,511,778	-	-	-	-	-	-	1,511,778
Special Revenue Funds	-	-	-	-	-	-	77,765	77,765
Capital Projects Fund	-	-	-	-	-	-	484,760	484,760
<b>Total fund balance</b>	<b><u>1,511,778</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,833,211</u></b>	<b><u>1,722,073</u></b>	<b><u>572,966</u></b>	<b><u>6,640,028</u></b>
<b>Total liabilities and fund balance</b>	<b><u>\$ 1,533,223</u></b>	<b><u>\$ 46,941</u></b>	<b><u>\$ 45,846</u></b>	<b><u>\$ 65,589</u></b>	<b><u>\$ 2,833,211</u></b>	<b><u>\$ 1,722,073</u></b>	<b><u>\$ 693,291</u></b>	<b><u>\$ 6,940,174</u></b>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Reconciliation of the Balance Sheet - Government Funds  
 to the Statement of Net Assets  
 June 30, 2009

Statement 4

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances - governmental funds		\$ 6,640,028
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds

The cost of capital assets	38,560,154		
Accumulated depreciation	<u>(11,941,984)</u>		
Net capital assets			26,618,170

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	(7,565,000)		
Accrued interest on bonds	(259,404)		
Compensated absences	<u>(183,704)</u>		
			<u>(8,008,108)</u>

Total net assets - governmental funds		<u>\$ 25,250,090</u>
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The accompanying notes are an integral part of these financial statements.



STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Statement of Revenues, Expenditures and Changes in  
 Fund Balances - All Governmental Funds  
 Year Ended June 30, 2009

Statement 5

	General	Title I	PL 94-142 Entitlement	Microsoft	Bond Building	Debt Service	Other Governmental	Total
<b>REVENUES</b>								
Taxes	\$ 115,333	\$ -	\$ -	\$ -	\$ -	\$ 1,323,311	\$ 461,358	\$ 1,900,002
Charges for services	1,885	-	-	-	-	-	119,184	121,069
Local sources	72,996	-	-	-	-	-	-	72,996
State sources	11,963,981	-	-	-	-	-	263,242	12,227,223
Federal sources	383,241	802,690	334,256	-	-	-	1,064,534	2,584,721
Earnings from investments	7,673	-	-	-	41,845	5,489	544	55,551
<b>Total revenues</b>	<b>12,545,109</b>	<b>802,690</b>	<b>334,256</b>	<b>-</b>	<b>41,845</b>	<b>1,328,800</b>	<b>1,908,862</b>	<b>16,961,562</b>
<b>EXPENDITURES</b>								
<b>Current:</b>								
Direct instruction	7,054,088	698,826	193,180	-	-	-	574,497	8,520,591
Instructional support	5,051,123	103,864	141,076	-	-	-	424,102	5,720,165
Food services	-	-	-	-	-	-	682,362	682,362
Capital outlay	171,267	-	-	-	291,078	-	23,045	485,390
<b>Debt service:</b>								
Bonds	-	-	-	-	-	860,000	-	860,000
Interest	-	-	-	-	-	278,707	-	278,707
<b>Total expenditures</b>	<b>12,276,478</b>	<b>802,690</b>	<b>334,256</b>	<b>-</b>	<b>291,078</b>	<b>1,138,707</b>	<b>1,704,006</b>	<b>16,547,215</b>
Net change in fund balances	268,631	-	-	-	(249,233)	190,093	204,856	414,347
Fund balance beginning of year	1,243,147	-	-	-	3,082,444	1,531,980	368,110	6,225,681
Fund balance end of year	<u>\$ 1,511,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,833,211</u>	<u>\$ 1,722,073</u>	<u>\$ 572,966</u>	<u>\$ 6,640,028</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances - Governmental Funds  
 to the Statement of Activities  
 For the Year Ended June 30, 2009

Statement 6

Total net change in fund balances - governmental funds \$ 414,347

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

Capital outlays to purchase or build capital  
 assets are reported in governmental funds as  
 expenditures. However, for governmental  
 activities those costs are shown in the statement  
 of net assets and allocated over their estimated  
 useful lives as annual depreciation expenses in the  
 statement of activities. This is the amount by which  
 depreciation expense exceeds capital outlays in the period

Depreciation expense	(890,373)	
Capital outlays	<u>518,271</u>	

Excess of depreciaton expense over capital outlays (372,102)

In the Statement of Activities, certain operating  
 expenses - accrued interest payable and compensated  
 absences are measured by the amount incurred during the year.  
 In the fund financial statements, however, expenditures are  
 measured by the amount of financial resources used  
 (essentially the amounts actually paid). The (increases)  
 decreases in the liabilities for the year were:

Accrued interest payable		19,305
Compensated absences		<u>(1,262)</u>

The issuance of long-term debt (e.g. bonds) provides  
 current financial resources to governmental funds  
 while the repayment of the principal of long-term debt  
 consumes the current financial resources of governmental  
 funds.

Repayment of long-term debt	<u>860,000</u>	
		<u>860,000</u>

Change in net assets of governmental activities \$ 920,288

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 General Fund  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 110,982	\$ 110,982	\$ 114,937	\$ 3,955
Charges for services	1,054	1,054	1,885	831
Local sources	98,626	98,626	72,996	(25,630)
State sources	11,704,234	11,797,184	11,963,981	166,797
Federal sources	40,571	40,571	383,241	342,670
Earnings from investments	30,965	30,965	7,673	(23,292)
<b>Total revenues</b>	<b><u>\$ 11,986,432</u></b>	<b><u>\$ 12,079,382</u></b>	<b><u>\$ 12,544,713</u></b>	<b><u>\$ 465,331</u></b>
<b>EXPENDITURES</b>				
Direct instruction	\$ 7,463,730	\$ 7,556,680	\$ 7,051,565	\$ 505,115
Instructional support	5,672,503	5,672,503	5,132,609	539,894
Capital outlay	96,110	96,110	89,781	6,329
<b>Total expenditures</b>	<b><u>\$ 13,232,343</u></b>	<b><u>\$ 13,325,293</u></b>	<b><u>\$ 12,273,955</u></b>	<b><u>\$ 1,051,338</u></b>
<b>BUDGETED CASH BALANCE</b>	<b><u>\$ 1,245,911</u></b>	<b><u>\$ 1,245,911</u></b>		

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Title I  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Federal sources	\$ 961,757	\$ 961,757	\$ 826,663	\$ (135,094)
Total revenues	<u>\$ 961,757</u>	<u>\$ 961,757</u>	<u>\$ 826,663</u>	<u>\$ (135,094)</u>
<b>EXPENDITURES</b>				
Direct instruction	\$ 843,428	\$ 843,428	\$ 703,837	\$ 139,591
Instructional support	<u>118,329</u>	<u>118,329</u>	<u>103,864</u>	<u>14,465</u>
Total expenditures	<u>\$ 961,757</u>	<u>\$ 961,757</u>	<u>\$ 807,701</u>	<u>\$ 154,056</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 PL 94-142 Entitlement  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Federal sources	\$ 395,822	\$ 395,822	\$ 288,409	\$ (107,413)
Total revenues	<u>\$ 395,822</u>	<u>\$ 395,822</u>	<u>\$ 288,409</u>	<u>\$ (107,413)</u>
<b>EXPENDITURES</b>				
Direct instruction	\$ 237,298	\$ 237,298	\$ 193,180	\$ 44,118
Instructional support	158,524	158,524	141,076	17,448
Total expenditures	<u>\$ 395,822</u>	<u>\$ 395,822</u>	<u>\$ 334,256</u>	<u>\$ 61,566</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Microsoft  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
State sources	\$ -	\$ 65,589	\$ 65,589	\$ -
Total revenues	<u>\$ -</u>	<u>\$ 65,589</u>	<u>\$ 65,589</u>	<u>\$ -</u>
<b>EXPENDITURES</b>				
Direct instruction	\$ -	\$ 65,589	\$ -	\$ 65,589
Total expenditures	<u>\$ -</u>	<u>\$ 65,589</u>	<u>\$ -</u>	<u>\$ 65,589</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Statement of Net Assets  
 Fiduciary Funds  
 June 30, 2009

	Private Purpose Trust Funds	Agency Funds	Total
<b>ASSETS</b>			
Cash on deposit	\$ 52,460	\$ 184,541	\$ 237,001
Total assets	<u>\$ 52,460</u>	<u>\$ 184,541</u>	<u>\$ 237,001</u>
<b>LIABILITIES</b>			
Deposits held for others	\$ -	\$ 184,541	\$ 184,541
Total liabilities	<u>-</u>	<u>184,541</u>	<u>184,541</u>
<b>NET ASSETS</b>			
Reserved for scholarship	12,902	-	12,902
Reserved for endowment	<u>39,558</u>	<u>-</u>	<u>39,558</u>
Total net assets	<u>52,460</u>	<u>-</u>	<u>52,460</u>
Total liabilities and net assets	<u>\$ 52,460</u>	<u>\$ 184,541</u>	<u>\$ 237,001</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Statement of Changes in Fiduciary Net Assets  
 Trust Funds  
 June 30, 2009

	Private Purpose Trust Funds
Gifts and contributions	\$ 3,000
Interest earned	335
Total receipts	3,335
Scholarships awarded	13,500
Total disbursements	13,500
Change in net assets	(10,165)
Net assets, beginning of year	62,625
Net assets, end of year	\$ 52,460

The accompanying notes are an integral part of these financial statements.



STATE OF NEW MEXICO  
TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
Notes to Financial Statements  
Year Ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Truth of Consequences Municipal Schools (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the District's accounting policies are described below.

In June 1999, the GASB unanimously approved Statement #34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. In June 2001, the GASB approved Statement No. 37, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*. Statement 37 clarifies and modifies Statement No. 34 and should be implemented simultaneously with Statement No. 34. Statement No. 38 modifies, establishes and rescinds certain financial statement disclosure requirements.

The District implemented the provisions of GASB #'s 34, 37 and 38 effective July 1, 2002. As part of Statement No. 34, there is a new reporting requirement regarding the local government's infrastructure (roads, bridges, etc.). The District does not own any infrastructure assets and therefore is unaffected by this requirement.

The District provides kindergarten, elementary, middle and secondary educational services to school age residents of the District. The District operates under the direction of a local school board, under the provision of Chapter 22, Article 5, Paragraph 4, New Mexico Statutes 1978.

A. Reporting Entity

The Truth of Consequences Municipal Schools School Board was created under the provision of Chapter 22, Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District. The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the State Board of Education and the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years.

Notes to Financial Statements (continued)

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. This District also has no other legally separate organizations for which the elected School Board 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 District has no component units, as defined by GASB Statement No. 14.

The accounting policies of the School District as reflected in the accompanying financial statements, conform to generally accepted accounting principles for local governmental units. The following is a summary of the more significant policies:

B. Basis of Presentation

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.

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 general fixed assets, and the servicing of general long-term debt.

Under the requirements of GASB 34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following:

General Fund - The primary operating fund of the District accounts for all financial resources, except those required to be accounted for in other funds.

Notes to Financial Statements (continued)

Special Revenue Fund - Title I ESEA Fund - The Title I project provides remedial instruction in language arts for educationally deprived students in low income areas. The project is funded by the Federal Government through the New Mexico State Department of Education, under the Elementary and Secondary Education Act of 1965, Title I, Chapter 1, Part A, 20 U.S.C. 2701 et seq.

Special Revenue Fund - PL 94-142 Entitlement - 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 Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100,639, and 101-476, 20 U.S.C. 1411-1420.

Special Revenue Fund - Microsoft - To account for funds received through a settlement to be used for the purchase of hardware and software for use in the classroom from the Institute of Computer Technology.

Capital Projects Fund - Bond Building - To account for the resources received from the sale of general obligation bonds for the purpose of constructing and renovating school buildings and the purchase of equipment and furnishings.

Debt Service Fund - General Obligation Bonds - To account for resources received for the purpose of paying general obligation bonds and interest coupons. Funds are received from property taxes levied against property located within the school district and levied specifically for this purpose.

Fiduciary Funds

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 District also reports additional Government funds as non-major. They include:

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

Capital Project Funds - these funds are used to account for the acquisition of capital assets or construction of major capital projects.

C. Measurement Focus and Basis of Accounting

**Government-Wide Financial Statements (GWFS)**

The Statement of Net Assets 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 Net Assets at the fund financial statement level.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

## Notes to Financial Statements (continued)

All governmental activities of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

### **Program Revenues**

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as *program revenues*. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

### **Allocation of Indirect Expenses**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated on the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

### **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 60 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.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

### **Revenues**

Ad valorem taxes (property 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. Total delinquent property taxes were not available from the County Treasurers for the current year.

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

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

### **Expenditures**

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

### **Fiduciary Funds**

Agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity.

#### **D. Budgets and Budgetary Accounting**

All budgets, and any amendments or revision thereof, are approved by the State of New Mexico, Department of Finance and Administration, Department of Education. Budgets for the General, Special Revenue, Debt Service and Capital Projects Fund are adopted on a basis inconsistent with generally accepted accounting principles (GAAP) Encumbrance accounting is not used by the School District.

## Notes to Financial Statements (continued)

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debts Service Fund and Capital Projects Fund.

Appropriations do not lapse at the end of the fiscal year and unexpended fund balances are budgeted in the succeeding fiscal year. The Board of Education is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the State of New Mexico, Department of Finance and Administration, Department of Education. Budgeted amounts in the accompanying financial statements include transfers and revisions to the original appropriations.

Expenditures of the School District may not legally exceed appropriations at the level at which the budget is adopted, that is, expenditures in each category of line items may not exceed the budgeted appropriation for that category.

### E. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances lapse at the fiscal year end and are therefore not included as a reservation of fund balance. Authorization for the eventual expenditure will be included in the following years budget appropriations.

### F. Assets, Liabilities and Fund Equity

#### 1. **Cash & 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.

Notes to Financial Statements (continued)

**2. Accounts Receivable**

Accounts receivable are recorded in the various governmental funds. They consist of amounts receivable from local governments relating to various grant agreements and property taxes receivable. The information required to report property taxes at full accrual was not available during the year.

Accounts receivable consist of the following:

	<u>General</u>	<u>Other Major</u>	<u>Other Governmental</u>	<u>Total</u>
Property taxes	<u>\$ 1,933</u>	<u>\$ 22,411</u>	<u>\$ 7,735</u>	<u>\$ 32,079</u>

**3. Inventories**

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Cafeteria 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.

**4. Capital Assets**

Capital assets are recorded at historical cost 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. This is an increase from the \$1,000 threshold reported in prior years. This is a change in accounting estimate. All previously reported Capital Assets that do not meet the updated amount will be depreciated currently and in future periods until they are fully depreciated. Donated capital assets are recorded at their estimated fair value at the date of donation. 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. The District does not capitalize interest in regards to its 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:

Notes to Financial Statements (continued)

Land improvements	10-25 years
Buildings & building improvements	30-50 years
Furniture & equipment	5-25 years
Vehicles	8-10 years

GASB Statement #34 requires the recording and depreciation of infrastructure assets, which include roads, bridges, traffic signals, etc. The District did not own any infrastructure assets as of June 30.

The District does not capitalize computer software or software developed for internal use (if applicable) unless they exceed the \$5,000 threshold. Also, the District does not capitalize library books unless they exceed the \$5,000 threshold.

**5. Deferred Revenues**

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

**6. Compensated Absences**

Qualified employees are entitled to accumulate annual leave of 12 days per fiscal year. Upon termination, employees will be paid for up to 15 days of accrued annual leave. In addition, terminating employees will be paid one day of sick leave for each year of service in excess of three years.

Vested or accumulated leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are reported in the district-wide statement of net assets.

**7. Long-Term Liabilities**

For government-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.

For fund financial reporting issuance costs are recognized in the period the bonds are issued. Bond proceeds are reported as an other financing source.



**8. Fund Balances of Fund Financial Statements**

Reservations of fund balance represent amounts that are not appropriable for expenditures or legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The District designates the portion of the year-end fund balance, not otherwise designated or reserved, for subsequent years' expenditures. These designations are established to earmark resources for specific future use and to indicate that the fund equity does not represent available spendable resources.

**9. Restricted Net Assets**

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net assets used 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.

The District's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**G. REVENUES**

**1. Property Tax Levies**

Truth of Consequences Municipal Schools receives property taxes from the Sierra County Treasurer for operational, public school capital improvements and debt service purposes. Property taxes are assessed on January 1st of each year, except on livestock, and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year. Property taxes are collected by the County Treasurer and remitted to the School District in the month following collection.

Although there are no restrictions placed on property taxes collected for operation purposes, restrictions do exist on the amounts collected under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) and the amounts collected as a result of issuing general obligation bonds.

Under the provisions of the Public School Capital Improvements Act, any local school board may adopt a resolution to submit to the qualified electors of the school district the question of whether or not a property tax should be imposed on the net taxable value of property allocated to the school district for the purpose of capital improvements. The resolution shall:

1. Identify the capital improvements;

Notes to Financial Statements (continued)

2. Specify the rate of the proposed tax, which shall not exceed two dollars (\$2.00) on each \$1,000 of net taxable value of property;
3. Specify the date an election will be held;
4. Limit the imposition of the tax to no more than three property tax years.

If approved, any revenues produced by the tax and any state distribution resulting to the District under the Act shall be expended only for the capital improvements specified in the authorized resolution.

General obligation bonds may be issued for the purpose of erecting, remodeling, making additions to and the furnishing of school buildings, or purchasing or improving school grounds or any combination of these purposes. Such bonds shall be fully negotiable and constitute negotiable instruments.

The school board shall establish adequate budgetary provisions, approved by the School Management Division, to promptly pay, as it becomes due, all principal and interest on general obligation bonds issued by the school district.

The full faith and credit of a school district shall be pledged to the payment of the principal and interest on general obligation bonds issued by the school district.

The board of county commissioners shall levy and collect upon all taxable property within a school district in the county such tax as is necessary to pay the interest and principal on general obligation bonds issued by the school district as the interest and principal become due, without limitation as to rate or amount.

2. State Equalization Guarantee

Each school district in the State of New Mexico receives a "state equalization guarantee distribution" which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined" (in Chapter 22, Section 8-25, NMSA 1978) "is at least equal to the school district's program cost."

A school district's program costs are determined through the use of various formulas using "program units" which take into consideration (1) early childhood education; (2) basic education; (3) special education; (4) bilingual-cultural education; (5) size, etc. Payment is made from the public school fund under the authority of the chief (director of public school finance). The District received \$10,826,415 in state equalization guarantee distributions during the year.

3. Transportation Distribution

Money in the transportation distribution of the public school fund shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in the grades K through twelve attending public school within the school district. Except in unusual circumstances as determined by the local school board and confirmed by the state transportation director, midday bus routes for early childhood education students shall not be approved for funding in excess of twenty miles one way.

Money in the vocational education transportation distribution of the public school fund is used for the purpose of making payments to school districts for transportation of students to and from their regular attendance centers and the place where vocation education programs are being offered, pursuant to Section 22-16-4.1 (NMSA 1978) of the Act. The transportation distribution is allocated to each school district according to an objective formula developed by the state transportation director and the director of public school finance.

In the event the sum of the proposed transportation allocations to each school district exceeds the amounts in the transportation distribution, each school district to receive an allocation shares in a reduction in the proportion that each school district's forty-day average daily membership bears to the forty-day average daily membership of all school districts to receive allocations.

Local school boards shall negotiate school bus contracts in accordance with regulations promulgated by the state transportation director with the approval of the State Board of Education.

Local school boards, with the approval of the state transportation director, may provide additional transportation services pursuant to Section 22-16-2 NMSA 1978 to meet established program needs.

The District received \$919,037 in transportation distribution during the year.

4. SB-9 State Match

The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount

Notes to Financial Statements (continued)

by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

The District received \$32,434 in state SB-9 matching during the year.

5. Critical Capital Outlay

Under the provisions of Chapter 22, Article 24, a critical capital outlay fund was created. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program, and the capital outlay expenditures are limited to the purchase, or construction of temporary or permanent classrooms.

The council shall approve an application for grant assistance from the fund when the council determines that:

1. A critical need exists requiring action;
2. The residents of the school district have provided all available resources to the district to meet its capital outlay requirements;
3. The school district has used its resources in a prudent manner.
4. The district is in a county or counties which have participated in the reappraisal program and the reappraised values are on the tax rolls, or will be used for the tax year 1979 as certified by the property tax division; and
5. The school district has provided insurance for buildings of the school district in accordance with the provisions of Section 13-5-3 NMSA 1978.

## Notes to Financial Statements (continued)

The council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district has complied with the provisions of this section. The council shall list all applications in order of priority and all allocations shall be made on a priority basis.

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved.

During the year ended June 30, the District received \$0 in critical capital outlay funds and \$0 in special capital outlay funds.

### 6. Instructional Materials

The New Mexico State Department of Education (Department) received federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. Beginning with the fiscal year ended June 30, 2002, Districts received their total allocation at the beginning of the fiscal year, instead of being reimbursed for purchases as was done in prior years. During the year ended June 30, the District received \$218,529 in instructional materials allocation.

### 7. Federal Grants

The District receives revenues from various Federal departments (both direct and indirect) which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program operated under its own budget, which has been approved by the Federal Department or the flow-through agency (usually the New Mexico Department of Education). The various budgets are approved by the Local School Board and the New Mexico Department of Education.

The District also receives reimbursement under the National School Lunch and Breakfast Programs for its food service operations, and distributions of commodities through the New Mexico Human Services Department.

Notes to Financial Statements (continued)

**H. Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**I. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. DEPOSITORY COLLATERAL

The following is the Cash on Deposit at each financial institution.

Bank of the Southwest	Checking	Debt Service	\$ 403,374
Bank of the Southwest	Checking	Critical Capital Outlay	468,081
Bank of the Southwest	Savings	Investment	-
Bank of the Southwest	Checking	Operational	879,125
Bank of the Southwest	Checking	Federal	294,387
Bank of the Southwest	Savings	Howe Trust	7,000
Bank of the Southwest	Savings	Lang Trust	3,842
Bank of the Southwest	Checking	Payroll Clearing	<u>926,987</u>
			<b><u>\$2,982,796</u></b>
First Savings Bank	Checking	Cafeteria	<b><u>\$ 69,027</u></b>
Compass Bank	Checking	Activity	<b><u>\$ 190,064</u></b>
New Mexico State Treasurer	Investment Pool		<b><u>\$4,745,558</u></b>

Notes to Financial Statements (continued)

Total amount on deposit	\$7,987,445
Outstanding checks	(1,186,487)
Deposits in transit	34,200
Due from REC	17,539
Petty Cash	<u>180</u>

Total per financial statements **\$6,852,877**

*Custodial Credit Risk - Deposits* - Custodial Credit Risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk. As of June 30, 2009, -0- of the School's bank balance of \$3,241,887 was exposed to custodial credit risk as follows:

A. Uninsured and uncollateralized	\$ -0-
B. Uninsured and collateralized with securities held by the pledging banks trust department, not in the Schools name	<u>-0-</u>
Total	<b><u>\$ -0-</u></b>

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the cooperative for at least one half of the amount on deposit with the institution. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. The following schedule details the public money held by financial institutions and pledged collateral held by the District as follows:

	<u>Bank of the Southwest</u>	<u>First Savings Bank</u>	<u>Compass Bank</u>
Cash on deposit at June 30	\$ 2,982,796	\$ 69,027	\$ 190,064
Less F.D.I.C.	<u>(2,982,796)</u>	<u>(69,027)</u>	<u>(190,064)</u>
Uninsured funds	-	-	-
50% Collateral requirement (as per section 6-10-17, NMSA, 1978)	-	-	-
Pledged collateral by pledging banks trust department or agent but not in the Schools name	<u>-</u>	<u>-</u>	<u>-</u>
Excess of pledged collateral	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

The accounts of the State Treasurers Investment Pool are monitored by the State Treasurers Office and the State Treasurer issues separate financial statements which disclose the collateral pledged to secure these deposits.

Notes to Financial Statements (continued)

The investments are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. Obligations of the United States Government or obligations explicitly guaranteed by the United States Government are not considered to have credit risk.

The Local Government Investment Pool does not have unit shares. Per Section 6-10-10, 1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts in the fund were invested. Participation in the local government investment pool is voluntary.

The credit rating of the investment pool at the New Mexico State Treasurer is as follows:

New MexiGrow LGIP AAAM rated	<u>\$4,745,558</u>	43-day WAM
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3. DUE FROM GRANTOR

The amount shown as due from grantor represents federal, state and local expenditures in excess of revenues. Most federal, state or local projects earn revenue as expenditures are incurred and are subsequently reimbursed by the grantor.

4. CASH OVERDRAFTS

The cash overdrafts shown in some federal, state and local projects in the special revenue fund represent expenditures made by the District which will be reimbursed by the grantor. Receivables from grantor are presented to off-set these overdrafts.

5. DEFERRED REVENUE

Deferred revenue represents advances on cost-reimbursement type grants which have not yet been earned.



Notes to Financial Statements (continued)

6. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

During the year ended June 30, 2009, the following changes occurred in the liabilities reported in the District-Wide Statement of Net Assets:

	Balance June 30, 2008	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 2009	Due Within One Year
General Obligation Bonds	\$ 8,425,000	\$ -	\$ 860,000	\$ 7,565,000	\$ 885,000
Compensated Absences	<u>182,444</u>	<u>50,822</u>	<u>49,560</u>	<u>183,706</u>	<u>-</u>
Total	<u>\$ 8,607,444</u>	<u>\$ 50,822</u>	<u>\$ 909,560</u>	<u>\$ 7,748,706</u>	<u>\$ 885,000</u>

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 Districts governmental funds, with most being paid by the General Fund, Transportation Fund, Cafeteria Fund and Title I Fund.

B. General Obligation Bonds

The general obligation bonds will be paid from taxes levied against property owners living within the School District boundaries. The annual requirements to retire general obligation bonds as of June 30, are as follows:

Date of issue - April 30, 2001  
Original amount - \$2,500,000  
Interest rate - 3.850% to 4.750%

<u>Due in Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 125,000	\$ 39,269	\$ 164,269
2011	125,000	33,550	158,550
2012	150,000	27,500	177,500
2013	150,000	20,825	170,825
2014	175,000	13,425	188,425
2015	<u>200,000</u>	<u>4,700</u>	<u>204,700</u>
Total	<u>\$ 925,000</u>	<u>\$ 139,269</u>	<u>\$ 1,064,269</u>

Notes to Financial Statements (continued)

Date of issue - August 16, 2002  
 Original amount - \$1,500,000  
 Interest rate - 1.964% to 4.304%

<u>Due in Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 100,000	\$ 24,006	\$ 124,006
2011	100,000	20,111	120,111
2012	100,000	16,150	116,150
2013	100,000	12,129	112,129
2014	100,000	8,031	108,031
2015	50,000	4,918	54,918
2016	90,000	1,937	91,937
Total	<u>\$ 640,000</u>	<u>\$ 87,282</u>	<u>\$ 727,282</u>

Date of issue - April 16, 2004  
 Original amount - \$1,750,000  
 Interest rate - 1.047% to 3.492%

<u>Due in Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 100,000	\$ 31,945	\$ 131,945
2011	100,000	29,397	129,397
2012	100,000	26,640	126,640
2013	100,000	23,698	123,698
2014	100,000	20,609	120,609
2015	125,000	16,998	141,998
2016	200,000	11,583	211,583
2017	235,000	4,103	239,103
Total	<u>\$ 1,060,000</u>	<u>\$ 164,973</u>	<u>\$ 1,224,973</u>

Date of issue - September 21, 2005  
 Original amount - \$1,750,000  
 Interest rate - 2.376% to 3.290%

<u>Due in Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 100,000	\$ 24,248	\$ 124,248
2011	100,000	21,539	121,539
2012	100,000	18,715	118,715
2013	100,000	15,785	115,785
2014	100,000	12,766	112,766
2015	100,000	9,672	109,672
2016	100,000	6,507	106,507
2017	100,000	3,276	103,276
2018	50,000	822	50,822
Total	<u>\$ 850,000</u>	<u>\$ 113,330</u>	<u>\$ 963,330</u>

Notes to Financial Statements (continued)

Date of issue - June 12, 2006  
 Original amount - \$1,500,000  
 Interest rate - 3.530% to 4.210%

<u>Due in Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 100,000	\$ 42,090	\$ 142,090
2011	100,000	38,405	138,405
2012	100,000	34,685	134,685
2013	100,000	30,900	130,900
2014	75,000	27,515	102,515
2015	25,000	25,542	50,542
2016	50,000	24,023	74,023
2017	100,000	20,945	120,945
2018	150,000	15,758	165,758
2019	300,000	6,315	306,315
Total	<u>\$ 1,100,000</u>	<u>\$ 266,178</u>	<u>\$ 1,366,178</u>

Date of issue - March 1, 2007  
 Original amount - \$1,750,000  
 Interest rate - 3.235% to 3.412%

<u>Due in Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 220,000	\$ 37,578	\$ 257,578
2011	100,000	32,402	132,402
2012	75,000	29,568	104,568
2013	50,000	27,536	77,536
2014	50,000	25,903	75,903
2015	100,000	23,437	123,437
2016	100,000	20,127	120,127
2017	145,000	16,030	161,030
2018	200,000	10,209	210,209
2019	200,000	3,412	203,412
Total	<u>\$ 1,240,000</u>	<u>\$ 226,202</u>	<u>\$ 1,466,202</u>

Date of issue - March 28, 2008  
 Original amount - \$1,750,000  
 Interest rate - 2.82% to 3.88%

<u>Due in Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 140,000	\$ 60,268	\$ 200,268
2011	175,000	55,743	230,743
2012	75,000	52,069	127,069
2013	25,000	50,563	75,563
2014	25,000	49,789	74,789
2015	25,000	48,992	73,992
2016	50,000	47,752	97,752
2017	50,000	46,061	96,061
2018	100,000	43,399	143,399
2019	100,000	39,743	139,743
2020	475,000	28,845	503,845
2021	510,000	9,898	519,898
Total	<u>\$ 1,750,000</u>	<u>\$ 533,122</u>	<u>\$ 2,283,122</u>
Totals - all issues	<u>\$ 7,565,000</u>	<u>\$ 1,530,356</u>	<u>\$ 9,095,356</u>

Notes to Financial Statements (continued)

C. Operating Leases

The District was not entered into any operating leases during the fiscal year.

D. Short-Term Liabilities

The District did not have any short-term liabilities during the fiscal year.

7. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and Workmens Compensation. For these risks of loss the School District belongs to a public entity risk pool currently operated as a common risk management and insurance program for 89 member school districts. (New Mexico Public School Insurance Authority). Amounts of settlement have not exceeded insurance coverage in the past three years.

8. SOUTHWEST REGIONAL EDUCATIONAL COOPERATIVE #10

The School District is a member of the Southwest Regional Educational Cooperative #10. The Southwest Regional Educational Cooperative #10 issues a separate, publicly available financial report that includes financial statements and required supplementary information. A copy of that audit report can be obtained by writing to the Southwest Regional Educational Cooperative #10, PO Box 952, Truth or Consequences, NM 87901.

9. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

	<u>General</u>	<u>Title I</u>	<u>PL 94-142 Entitlement</u>	<u>Microsoft</u>
Revenues per modified accrual basis	\$ 12,545,109	\$ 802,690	\$ 334,256	\$ -
Receivables	(396)	-	-	-
Deferred revenues/Due from grantor	-	23,973	(45,847)	65,589
Revenues per budgetary basis	<u>\$ 12,544,713</u>	<u>\$ 826,663</u>	<u>\$ 288,409</u>	<u>\$ 65,589</u>
Expenditures per modified accrual basis	\$ 12,276,478	\$ 802,690	\$ 334,256	\$ -
Accounts payable	(2,523)	5,011	-	-
Expenditures per budgetary basis	<u>\$ 12,273,955</u>	<u>\$ 807,701</u>	<u>\$ 334,256</u>	<u>\$ -</u>

Notes to Financial Statements (continued)

	<u>Bond Building</u>	<u>Debt Service</u>	<u>Non-Major Special Revenue</u>	<u>Non-Major Capital Projects</u>
Revenues per modified accrual basis	\$ 41,845	\$ 1,328,800	\$ 1,414,579	\$ 494,283
Receivables	-	(4,809)	-	48,467
Deferred revenues/Due from grantor	<u>-</u>	<u>-</u>	<u>(27,479)</u>	<u>-</u>
Revenues per budgetary basis	<u>\$ 41,845</u>	<u>\$ 1,323,991</u>	<u>\$ 1,387,100</u>	<u>\$ 542,750</u>
Expenditures per modified accrual basis	\$ 291,078	\$ 1,138,707	\$ 1,359,174	\$ 344,832
Inventory changes	-	-	(961)	-
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures per budgetary basis	<u>\$ 291,078</u>	<u>\$ 1,138,707</u>	<u>\$ 1,358,213</u>	<u>\$ 344,832</u>

The reconciliation for each non-major fund can be found in the Supplementary information section of this report.

10. CAPITAL ASSETS

Capital assets balances and activity for the year ended June 30, 2009 are as follows:

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2009</u>
Governmental activities:				
Land	\$ 102,596	\$ -	\$ -	\$ 102,596
Total capital assets not being depreciated	<u>102,596</u>	<u>-</u>	<u>-</u>	<u>102,596</u>
Buildings & building improvements	33,480,968	295,209	-	33,776,177
Furniture & Equipment	<u>4,458,319</u>	<u>223,062</u>	<u>-</u>	<u>4,681,381</u>
Total	<u>38,041,883</u>	<u>518,271</u>	<u>-</u>	<u>38,560,154</u>
Less accumulated depreciation:				
Buildings & building improvements	(6,545,005)	(623,801)	-	(7,168,806)
Furniture & Equipment	<u>(4,506,606)</u>	<u>(266,572)</u>	<u>-</u>	<u>(4,773,178)</u>
Total	<u>(11,051,611)</u>	<u>(890,373)</u>	<u>-</u>	<u>(11,941,984)</u>
Governmental activities Capital assets, net	<u>\$ 26,990,272</u>	<u>\$ (372,102)</u>	<u>\$ -</u>	<u>\$ 26,618,170</u>

The District has no infrastructure as of June 30, 2009.

Depreciation expense was charged to governmental activities as follows:

Unallocated	<u>\$ 890,373</u>
Total depreciation expense	<u>\$ 890,373</u>

Notes to Financial Statements (continued)

11. ENDOWMENTS

The District received an endowment from the Estate of Joe W. Lang. This endowment is to be used for investment purposes with only the proceeds from such investments restricted to use for scholarships. The corpus of \$39,558 which was received in 1999 is to remain intact indefinitely. The District received a \$10,000 endowment from the Sarah Genevieve Howe Estate to be called the Robert Howe Educational Trust. This endowment is to be used for investment purposes restricted to use for scholarships. The corpus of \$-0- is to remain intact indefinitely. The District received a \$30,000 endowment from the Mary E. Irvin Revocable Trust in 1995. This endowment is to be used for scholarships. The amount is to be paid out at \$3,000 per year for 10 years. Any proceeds received from investing the \$30,000 can also be used for scholarship purposes.

12. RETIREMENT PLAN

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

*Funding Policy.* Plan members are required to contribute 7.825% of their gross salary. Truth or Consequences Municipal Schools is required to contribute 10.9% of the gross covered salary. Effective July 1, 2008, plan members are required to contribute 7.9% of their gross salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. The contribution requirements of plan members and the Truth or Consequences Municipal Schools are established in State statute under Chapter 22, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Truth or Consequences Municipal Schools contributions to ERA for the years ending June 30, 2009, 2008, and 2007 were \$981,473, \$913,925 and \$825,776 respectively, which equals the amount of the required contributions for each fiscal year.

13. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

*Plan Description.* Truth or Consequences Municipal Schools contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provided 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 employers 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 post-employment healthcare plan. The report and further information can be obtained by writing to Retiree Health Care Authority, 4308 Carlisle Boulevard, Suite 104, Albuquerque, New Mexico 87107.

*Funding Policy.* The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorized 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 for the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

Notes to Financial Statements (continued)

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65 of their salary.

Employers joining the program after 01/01/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

Truth or Consequences Municipal Schools contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were \$109,515, \$109,000 and \$105,763, respectively, which equal the required contributions for each year.



**OTHER MAJOR FUNDS BUDGETS**

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Bond Building  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Earnings from investments	\$ 59,389	\$ 59,389	\$ 41,845	\$ (17,544)
Total revenues	<u>\$ 59,389</u>	<u>\$ 59,389</u>	<u>\$ 41,845</u>	<u>\$ (17,544)</u>
<b>EXPENDITURES</b>				
Capital outlay	\$ 3,103,195	\$ 3,103,195	\$ 291,078	\$ 2,812,117
Total expenditures	<u>\$ 3,103,195</u>	<u>\$ 3,103,195</u>	<u>\$ 291,078</u>	<u>\$ 2,812,117</u>
BUDGED CASH BALANCE	<u>\$ 3,043,806</u>	<u>\$ 3,043,806</u>		

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Debt Service  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 1,138,710	\$ 1,138,710	\$ 1,318,502	\$ 179,792
Earnings from investments	<u>32,173</u>	<u>32,173</u>	<u>5,489</u>	<u>(26,684)</u>
Total revenues	<u><b>\$ 1,170,883</b></u>	<u><b>\$ 1,170,883</b></u>	<u><b>\$ 1,323,991</b></u>	<u><b>\$ 153,108</b></u>
<b>EXPENDITURES</b>				
Bonds	\$ 860,000	\$ 860,000	\$ 860,000	\$ -
Interest	<u>278,707</u>	<u>278,707</u>	<u>278,707</u>	<u>-</u>
Total expenditures	<u><b>\$ 1,138,707</b></u>	<u><b>\$ 1,138,707</b></u>	<u><b>\$ 1,138,707</b></u>	<u><b>\$ -</b></u>

The accompanying notes are an integral part of these financial statements.

**NON-MAJOR FUNDS**

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Governmental Funds  
 Combined Balance Sheet - By Fund Type  
 June 30, 2009

	Special Revenue Funds	Capital Project Funds	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash on deposit	\$ 103,047	\$ 477,025	\$ 580,072
Taxes receivable	-	7,735	7,735
Due from grantor	95,043	-	95,043
Inventory, at cost	<u>10,441</u>	<u>-</u>	<u>10,441</u>
Total assets	<u><b>\$ 208,531</b></u>	<u><b>\$ 484,760</b></u>	<u><b>\$ 693,291</b></u>
<b>LIABILITIES</b>			
Cash overdraft	\$ 95,043	\$ -	\$ 95,043
Deferred revenues	25,282	-	25,282
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>120,325</u>	<u>-</u>	<u>120,325</u>
<b>FUND BALANCE</b>			
Reserved for inventory	10,441	-	10,441
Unreserved:			
Undesignated	<u>77,765</u>	<u>484,760</u>	<u>562,525</u>
Total fund balance	<u>88,206</u>	<u>484,760</u>	<u>572,966</u>
Total liabilities and fund balance	<u><b>\$ 208,531</b></u>	<u><b>\$ 484,760</b></u>	<u><b>\$ 693,291</b></u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Governmental Funds  
 Combined Statement of Revenues, Expenditures and Changes in  
 Fund Balances - By Fund Type  
 Year Ended June 30, 2009

	Special Revenue Funds	Capital Project Funds	Total
<b>REVENUES</b>			
Taxes	\$ -	\$ 461,358	\$ 461,358
Charges for services	119,184	-	119,184
Local sources	-	-	-
State sources	230,808	32,434	263,242
Federal sources	1,064,534	-	1,064,534
Earnings from investments	53	491	544
	<u>1,414,579</u>	<u>494,283</u>	<u>1,908,862</u>
Total revenues			
<b>EXPENDITURES</b>			
Current:			
Direct instruction	574,497	-	574,497
Instructional support	102,315	321,787	424,102
Food services	682,362	-	682,362
Capital outlay	-	23,045	23,045
	<u>1,359,174</u>	<u>344,832</u>	<u>1,704,006</u>
Total expenditures			
Net change in fund balance	55,405	149,451	204,856
Fund balance beginning of year	<u>32,801</u>	<u>335,309</u>	<u>368,110</u>
Fund balance end of year	<u>\$ 88,206</u>	<u>\$ 484,760</u>	<u>\$ 572,966</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Combined Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Governmental Fund Types - Non-Major  
 Special Revenue Funds  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Charges for services	\$ 142,528	\$ 142,528	\$ 119,184	\$ (23,344)
Local sources	-	-	-	-
State sources	13,334	275,425	237,808	(37,617)
Federal sources	849,903	1,310,086	1,030,055	(280,031)
Earnings from investments	36	36	53	17
<b>Total revenues</b>	<b><u>\$ 1,005,801</u></b>	<b><u>\$ 1,728,075</u></b>	<b><u>\$ 1,387,100</u></b>	<b><u>\$ (340,975)</u></b>
<b>EXPENDITURES</b>				
Direct instruction	\$ 285,193	\$ 904,783	\$ 574,497	\$ 330,286
Instructional support	44,937	141,222	102,315	38,907
Food services	733,904	740,303	681,401	58,902
<b>Total expenditures</b>	<b><u>\$ 1,064,034</u></b>	<b><u>\$ 1,786,308</u></b>	<b><u>\$ 1,358,213</u></b>	<b><u>\$ 428,095</u></b>
<b>BUDGETED CASH BALANCE</b>	<b><u>\$ 58,233</u></b>	<b><u>\$ 58,233</u></b>		

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Combined Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Governmental Fund Types - Non-Major  
 Capital Projects Funds  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 443,932	\$ 443,932	\$ 459,825	\$ 15,893
State sources	-	-	82,434	82,434
Earnings from investments	943	943	491	(452)
<b>Total revenues</b>	<b><u>\$ 444,875</u></b>	<b><u>\$ 444,875</u></b>	<b><u>\$ 542,750</u></b>	<b><u>\$ 97,875</u></b>
<b>EXPENDITURES</b>				
Capital outlay	\$ 734,431	\$ 734,431	\$ 344,832	\$ 389,599
<b>Total expenditures</b>	<b><u>\$ 734,431</u></b>	<b><u>\$ 734,431</u></b>	<b><u>\$ 344,832</u></b>	<b><u>\$ 389,599</u></b>
<b>BUDGETED CASH BALANCE</b>	<b><u>\$ 289,556</u></b>	<b><u>\$ 289,556</u></b>		

The accompanying notes are an integral part of these financial statements.



## NON-MAJOR SPECIAL REVENUE FUNDS

**ALL FUNDS** - All funds were created by management directive.

**TITLE I STIMULUS** - To account for funds received from the Federal Government to supplement State and Local funding to help low-achieving children, especially in high-poverty schools. The program finances the additional academic support and learning opportunities that are often required to help disadvantaged students progress along with their classmates. Financing and authority for this program are the American Recovery and Reinvestment Act.

**TITLE I MIGRANT** - To account for revenues and expenditures of supplemental educational programs for students that show a deficiency in various subjects. (P.L. 100-297)

**TITLE III REHABILITATION** - Created to assist in operating comprehensive, coordinated, effective, efficient and accountable programs of vocational rehabilitation. (Rehabilitation Act of 1973 Part A & B, Section 100-111).

**RURAL LOW INCOME GRANT** - Created 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).

**TITLE I 1003g** - To account for monies received to be used in conjunction with school improvement strategies and activities. Financing and authority is Title I of the Elementary and Secondary Education Act, and the General Education Provisions Act (PL 103-382).

**FRESH FRUIT & VEGETABLE PROGRAM** - To account for cash received to assist States in providing free fresh fruits and vegetables to school children in designated participating schools. Authority is Section 120 of the Child Nutrition and WIC Reauthorization Act (Public Law 108-265).

**TECHNOLOGY LITERACY CHALLENGE** - To account for monies received to be used to improve student learning through the use of technology as a teaching tool. Authority for this program is Public Law 103-382.

**TITLE I HOMELESS** - To account for grant monies received to help the McKinney-Vento Homeless Education Program. Financing and authority for this program is Title I of the Elementary and Secondary Education Act, and the General Education Provision Act (PL 103-382).

**SCHOOL IMPROVEMENT FRAMEWORK** - To account for resources received from the State for the purpose of providing an additional math or reading class for students who are not proficient on the (NMSBA) New Mexico Standards Based Assessment.

**K-3 PLUS PROGRAM** - To account for resources received from the State of New Mexico for full-day Kindergarten and grades one through three for extended year classrooms.

**TITLE IV PROGRAM** - To account for resources received from the Federal Department of Education Title IV mini-grant for Social/Emotional education programs and mental health services.

**(Non-Major Special Revenue Funds - continued)**

**TITLE III INCENTIVE** - To account for resources received from the Federal Department of Education to purchase educational based materials and activities that promote English and home language development for students.

**LITERACY AND SCHOOL LIBRARIES PROGRAM** - To account for resources received from the Federal Department of Education for the ARREY (Arrey Rocks: Reading for Every Youth) project. This program is to improve students literacy skills by providing a balanced collection of materials.

**CARL D. PERKINS - REDISTRIBUTION** - To account for grant monies not used by other agencies and "redistributed" to those who currently have a working Carl D. Perkins program.

**SCHOOLS IN NEED IMPROVEMENT FRAMEWORK** - To account for resources received from the State to help with the original School Improvement Framework program.

**ENGLISH LANGUAGE GRANT FUND** - To account for monies received to ensure that Limited English Proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same challenging State academic content and student academic achievement standards as all children and youth are expected to meet. Financing and authority for this program is Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101, 3129.

**IMPROVING TEACHER QUALITY** - To account for grant funds to increase student academic achievement through strategies such as improving teacher and principal quality. Financing and authority is Elementary and Secondary Education Act of 1965 as amended, Title II, Part A, Public Law 107-110.

**CARL D. PERKINS - SECONDARY FUND** - To account for grant monies received to develop more fully the academic, vocational, and technical skills of secondary and post secondary students who elect to enroll in vocational and technical programs. Financing and authority for this program is Carl D. Perkins Vocational and Technical Education Act of 1998, Title I; Workforce Investment Act, Section 503.

**ROTC** - Federally funded program to provide a ROTC to the District.

**PL 94-142 DISCRETIONARY** - To account for federal resources administered by the State Department of Education to provide for special educational needs for handicapped children 6-21 years old. Financing and authority is provided by the Individual With Disabilities Education Act, Part B.

**TECHNOLOGY FOR EDUCATION** - To account for State funding which is to be used by the District to promote the comprehensive integration of advanced technologies in education settings, through the conduct of technical assistance, professional development, information and resource dissemination, and collaboration activities.

**AFTER SCHOOL ENRICHMENT PROGRAM** - To account for resources received from the New Mexico Public Education Department for an after school program at Arrey Elementary.

**(Non-Major Special Revenue Funds - continued)**

**LIBRARY BOND** - To account for resources received from the State of New Mexico Public Education Department and the Department of Cultural Affairs through a GO Bond C specifically issued for public school libraries. Laws 2002, Chapter 93 appropriate "funds to acquire library books, equipment and library resources for public school libraries.

**BEGINNING TEACHER MENTORING PROGRAM** - To account for monies appropriated by the State Legislature to be used for stipends to mentors, for professional development opportunities, release time; including payment of substitutes, materials and supplies and for minor administrative costs. Financing and authority is provided by the State Legislature.

**INCENTIVES FOR SCHOOL IMPROVEMENT ACT** - To account for monies received to be used as determined by the school principal and teachers in cooperation with other school employees and the community. It shall not be used for salaries, salary increases or bonuses. Financing and authority is provided by NMSA 22-13A-5.

**BREAKFAST PROGRAM** - To account for monies received from the 2006 Legislative General Appropriations Act to be used for Elementary Breakfast food expenses. Financing and authority is provided by the State Legislature.

**PRE K START UP PROGRAM** - To account for monies received from the State Legislature to start a Pre Kindergarten Program. Funding is to be used for supplies used in the classroom. Financing and authority is provided by the State Legislature.

**PRE K PROGRAM** - To account for monies received from the State Legislature to provide a Pre-Kindergarten Program. Funding is to be used for salaries, benefits, limited supplies and transportation costs. Financing and authority is provided by the State Legislature.

**LIBRARY BOOK** - To account for monies received to be used for the purchase of school library books. Financing and authority is provided by the New Mexico State Legislature, 2008 Senate Bill 471.

**ATHLETICS FUND** - To account for the activities of the athletic functions of the District. (State Department of Education Regulation 93-1).

**SCHOOL LUNCH FUND** - This program provides financing for the School Hot Lunch Program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-12, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 stat. 889, as amended; 84 stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 stat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 stat. 3341; Public Law 100-71, 101 stat. 430.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Funds  
 Combining Balance Sheet  
 June 30, 2009

Statement B-1  
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	Title I Stimulus	Title I Migrant	Title III	Rural Low Income Grant	Title I 1003g	Fresh Fruit & Vegetable Program	Technology Literacy Challenge	Title I Homeless
<b>ASSETS</b>								
Cash on deposit	\$ -	\$ -	\$ -	\$ 1,406	\$ -	\$ 1,433	\$ -	\$ -
Due from grantor	18,859	1,833	13,916	-	-	-	3,600	-
Inventory, at cost	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b><u>\$ 18,859</u></b>	<b><u>\$ 1,833</u></b>	<b><u>\$ 13,916</u></b>	<b><u>\$ 1,406</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,433</u></b>	<b><u>\$ 3,600</u></b>	<b><u>\$ -</u></b>
<b>LIABILITIES</b>								
Cash overdraft	\$ 18,859	\$ 1,833	\$ 13,916	\$ -	\$ -	\$ -	\$ 3,600	\$ -
Deferred revenue	-	-	-	1,406	-	1,433	-	-
<b>Total liabilities</b>	<b><u>18,859</u></b>	<b><u>1,833</u></b>	<b><u>13,916</u></b>	<b><u>1,406</u></b>	<b><u>-</u></b>	<b><u>1,433</u></b>	<b><u>3,600</u></b>	<b><u>-</u></b>
<b>FUND BALANCES</b>								
Reserved for inventory	-	-	-	-	-	-	-	-
Unreserved:								
Undesignated	-	-	-	-	-	-	-	-
<b>Total fund balance</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 18,859</u></b>	<b><u>\$ 1,833</u></b>	<b><u>\$ 13,916</u></b>	<b><u>\$ 1,406</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,433</u></b>	<b><u>\$ 3,600</u></b>	<b><u>\$ -</u></b>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Funds  
 Combining Balance Sheet  
 June 30, 2009

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	School Improvement Framework	K-3 Plus Program	Title IV Program	Title III Incentive	Literacy and School Libraries Program	Carl D. Perkins Redistribution	Schools in Need Improvement Framework	English Language Acquisition
<b>ASSETS</b>								
Cash on deposit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from grantor	3,437	18,926	-	-	-	-	-	446
Inventory, at cost	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b><u>\$ 3,437</u></b>	<b><u>\$ 18,926</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 446</u></b>
<b>LIABILITIES</b>								
Cash overdraft	\$ 3,437	\$ 18,926	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 446
Deferred revenue	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b><u>3,437</u></b>	<b><u>18,926</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>446</u></b>
<b>FUND BALANCES</b>								
Reserved for inventory	-	-	-	-	-	-	-	-
Unreserved:								
Undesignated	-	-	-	-	-	-	-	-
<b>Total fund balance</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 3,437</u></b>	<b><u>\$ 18,926</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 446</u></b>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Funds  
 Combining Balance Sheet  
 June 30, 2009

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	Improving Teacher Quality	Carl D. Perkins Secondary	ROTC	PL 94-142 Discretionary	Technology For Education	After School Enrichment Program	Library Bond	Beginning Teacher Mentoring Program
<b>ASSETS</b>								
Cash on deposit	\$ -	\$ -	\$ 914	\$ -	\$ 5,942	\$ -	\$ -	\$ 7,704
Due from grantor	3,365	1,458	-	16,306	-	-	-	-
Inventory, at cost	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 3,365</b>	<b>\$ 1,458</b>	<b>\$ 914</b>	<b>\$ 16,306</b>	<b>\$ 5,942</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,704</b>
<b>LIABILITIES</b>								
Cash overdraft	\$ 3,365	\$ 1,458	\$ -	\$ 16,306	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	914	-	5,942	-	-	7,704
<b>Total liabilities</b>	<b>3,365</b>	<b>1,458</b>	<b>914</b>	<b>16,306</b>	<b>5,942</b>	<b>-</b>	<b>-</b>	<b>7,704</b>
<b>FUND BALANCES</b>								
Reserved for inventory	-	-	-	-	-	-	-	-
Unreserved:								
Undesignated	-	-	-	-	-	-	-	-
<b>Total fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,365</b>	<b>\$ 1,458</b>	<b>\$ 914</b>	<b>\$ 16,306</b>	<b>\$ 5,942</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,704</b>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Funds  
 Combining Balance Sheet  
 June 30, 2009

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	Incentives For School Improvements	Breakfast Program	Pre K Start Up Program	Pre K Program	Library Book	Athletics	Student Cafeteria Account	Totals
<b>ASSETS</b>								
Cash on deposit	\$ 3,294	\$ 35	\$ -	\$ -	\$ 4,554	\$ 8,558	\$ 69,207	\$ 103,047
Due from grantor	-	-	1,122	11,775	-	-	-	95,043
Inventory, at cost	-	-	-	-	-	-	10,441	10,441
<b>Total assets</b>	<b>\$ 3,294</b>	<b>\$ 35</b>	<b>\$ 1,122</b>	<b>\$ 11,775</b>	<b>\$ 4,554</b>	<b>\$ 8,558</b>	<b>\$ 79,648</b>	<b>\$ 208,531</b>
<b>LIABILITIES</b>								
Cash overdraft	\$ -	\$ -	\$ 1,122	\$ 11,775	\$ -	\$ -	\$ -	\$ 95,043
Deferred revenue	3,294	35	-	-	4,554	-	-	25,282
<b>Total liabilities</b>	<b>3,294</b>	<b>35</b>	<b>1,122</b>	<b>11,775</b>	<b>4,554</b>	<b>-</b>	<b>-</b>	<b>120,325</b>
<b>FUND BALANCES</b>								
Reserved for inventory	-	-	-	-	-	-	10,441	10,441
Unreserved:								
Undesignated	-	-	-	-	-	8,558	69,207	77,765
<b>Total fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,558</b>	<b>79,648</b>	<b>88,206</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,294</b>	<b>\$ 35</b>	<b>\$ 1,122</b>	<b>\$ 11,775</b>	<b>\$ 4,554</b>	<b>\$ 8,558</b>	<b>\$ 79,648</b>	<b>\$ 208,531</b>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
Non-Major Special Revenue Funds  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended June 30, 2009

	Title I Stimulus	Title I Migrant	Title III	Rural Low Income Grant	Title I 1003g	Fresh Fruit & Vegetable Program	Technology Literacy Challenge	Title I Homeless
<b>REVENUES</b>								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	18,859	19,963	13,916	34,601	49,998	16,133	7,209	4,490
Earnings from investments	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>18,859</b>	<b>19,963</b>	<b>13,916</b>	<b>34,601</b>	<b>49,998</b>	<b>16,133</b>	<b>7,209</b>	<b>4,490</b>
<b>EXPENDITURES</b>								
Direct instruction	18,453	19,963	13,916	3,810	49,998	-	7,209	-
Instructional support	406	-	-	30,791	-	-	-	4,490
Food services	-	-	-	-	-	16,133	-	-
<b>Total expenditures</b>	<b>18,859</b>	<b>19,963</b>	<b>13,916</b>	<b>34,601</b>	<b>49,998</b>	<b>16,133</b>	<b>7,209</b>	<b>4,490</b>
Net change in fund balance	-	-	-	-	-	-	-	-
Fund balance at beginning of year	-	-	-	-	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.



STATE OF NEW MEXICO  
TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
Non-Major Special Revenue Funds  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended June 30, 2009

	School Improvement Framework	K-3 Plus Program	Title IV Program	Title III Incentive	Literacy and School Libraries Program	Carl Perkins Redistribution	School in Need Improvement Framework	English Language Acquisition
<b>REVENUES</b>								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-	-	-	-	-
State sources	34,987	26,795	-	-	-	-	-	-
Federal sources	-	-	13,469	-	17,779	17,229	-	3,059
Earnings from investments	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<u>34,987</u>	<u>26,795</u>	<u>13,469</u>	<u>-</u>	<u>17,779</u>	<u>17,229</u>	<u>-</u>	<u>3,059</u>
<b>EXPENDITURES</b>								
Direct instruction	34,987	26,795	13,221	-	-	17,229	-	2,986
Instructional support	-	-	248	-	17,779	-	-	73
Food services	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>34,987</u>	<u>26,795</u>	<u>13,469</u>	<u>-</u>	<u>17,779</u>	<u>17,229</u>	<u>-</u>	<u>3,059</u>
Net change in fund balance	-	-	-	-	-	-	-	-
Fund balance at beginning of year	-	-	-	-	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
Non-Major Special Revenue Funds  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended June 30, 2009

	Improving Teacher Quality	Carl D. Perkins Secondary	ROTC	PL 94-142 Discretionary	Technology For Education	After School Enrichment Program	Library Bond	Beginning Teacher Mentoring Program
<b>REVENUES</b>								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	24,462	-	4,936	3,330
Federal sources	116,278	23,063	58,067	16,306	-	-	-	-
Earnings from investments	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<u>116,278</u>	<u>23,063</u>	<u>58,067</u>	<u>16,306</u>	<u>24,462</u>	<u>-</u>	<u>4,936</u>	<u>3,330</u>
<b>EXPENDITURES</b>								
Direct instruction	113,775	23,063	58,067	16,306	-	-	-	3,330
Instructional support	2,503	-	-	-	24,462	-	4,936	-
Food services	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>116,278</u>	<u>23,063</u>	<u>58,067</u>	<u>16,306</u>	<u>24,462</u>	<u>-</u>	<u>4,936</u>	<u>3,330</u>
Net change in fund balance	-	-	-	-	-	-	-	-
Fund balance at beginning of year	-	-	-	-	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
Non-Major Special Revenue Funds  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Year Ended June 30, 2009

	Incentives For School Improvements	Breakfast Program	Pre K Start Up Program	Pre K Program	Library Book	Athletics	Student Cafeteria Account	Totals
<b>REVENUES</b>								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,093	\$ 90,091	\$ 119,184
Local sources	-	-	-	-	-	-	-	-
State sources	11,513	2,604	-	122,181	-	-	-	230,808
Federal sources	-	-	-	-	-	-	634,115	1,064,534
Earnings from investments	-	-	-	-	-	-	53	53
<b>Total revenues</b>	<b>11,513</b>	<b>2,604</b>	<b>-</b>	<b>122,181</b>	<b>-</b>	<b>29,093</b>	<b>724,259</b>	<b>1,414,579</b>
<b>EXPENDITURES</b>								
Direct instruction	5,366	-	-	111,701	-	34,322	-	574,497
Instructional support	6,147	-	-	10,480	-	-	-	102,315
Food services	-	2,604	-	-	-	-	663,625	682,362
<b>Total expenditures</b>	<b>11,513</b>	<b>2,604</b>	<b>-</b>	<b>122,181</b>	<b>-</b>	<b>34,322</b>	<b>663,625</b>	<b>1,359,174</b>
Net change in fund balance	-	-	-	-	-	(5,229)	60,634	55,405
Fund balance at beginning of year	-	-	-	-	-	13,787	19,014	32,801
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,558</u>	<u>\$ 79,648</u>	<u>\$ 88,206</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - Title I Stimulus  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Federal sources	\$ -	\$ 264,841	\$ -	\$ (264,841)
Total revenues	<u>\$ -</u>	<u>\$ 264,841</u>	<u>\$ -</u>	<u>\$ (264,841)</u>
<b>EXPENDITURES</b>				
Direct instruction	\$ -	\$ 258,935	\$ 18,453	\$ 240,482
Instructional support	-	5,906	406	5,500
Total expenditures	<u>\$ -</u>	<u>\$ 264,841</u>	<u>\$ 18,859</u>	<u>\$ 245,982</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - Title I Migrant  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 20,000	\$ 20,000	\$ 19,963	\$ (37)
Total revenues	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 19,963</u>	<u>\$ (37)</u>
EXPENDITURES				
Direct instruction	\$ 20,000	\$ 20,000	\$ 19,963	\$ 37
Total expenditures	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 19,963</u>	<u>\$ 37</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - Title III  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ 29,200	\$ 6,154	\$ (23,046)
Total revenues	<u>\$ -</u>	<u>\$ 29,200</u>	<u>\$ 6,154</u>	<u>\$ (23,046)</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 29,200	\$ 13,916	\$ 15,284
Total expenditures	<u>\$ -</u>	<u>\$ 29,200</u>	<u>\$ 13,916</u>	<u>\$ 15,284</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - Rural Low Income Grant  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Federal sources	\$ 54,167	\$ 54,167	\$ 34,537	\$ (19,630)
Total revenues	<u>\$ 54,167</u>	<u>\$ 54,167</u>	<u>\$ 34,537</u>	<u>\$ (19,630)</u>
<b>EXPENDITURES</b>				
Direct instruction	\$ 12,000	\$ 12,000	\$ 3,810	\$ 8,190
Instructional support	42,167	42,167	30,791	11,376
Total expenditures	<u>\$ 54,167</u>	<u>\$ 54,167</u>	<u>\$ 34,601</u>	<u>\$ 19,566</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - Title I 1003g  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ 50,000	\$ 49,998	\$ (2)
Total revenues	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 49,998</u>	<u>\$ (2)</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 50,000	\$ 49,998	\$ 2
Total expenditures	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 49,998</u>	<u>\$ 2</u>

The accompanying notes are an integral part of these financial statements.



STATE OF NEW MEXICO  
 LAS VEGAS CITY SCHOOL DISTRICT NO. 69  
 Non-Major Special Revenue Fund - Fresh Fruit and Vegetable Program  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 23,502	\$ 27,270	\$ 14,708	\$ (12,562)
Total revenues	<u>\$ 23,502</u>	<u>\$ 27,270</u>	<u>\$ 14,708</u>	<u>\$ (12,562)</u>
EXPENDITURES				
Food services	\$ 23,502	\$ 27,270	\$ 16,133	\$ 11,137
Total expenditures	<u>\$ 23,502</u>	<u>\$ 27,270</u>	<u>\$ 16,133</u>	<u>\$ 11,137</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - Technology Literacy Challenge  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ 7,404	\$ 7,127	\$ (277)
Total revenues	<u>\$ -</u>	<u>\$ 7,404</u>	<u>\$ 7,127</u>	<u>\$ (277)</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 7,404	\$ 7,209	\$ 195
Total expenditures	<u>\$ -</u>	<u>\$ 7,404</u>	<u>\$ 7,209</u>	<u>\$ 195</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - Title I Homeless  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Federal sources	\$ -	\$ 8,000	\$ 4,490	\$ (3,510)
Total revenues	<u>\$ -</u>	<u>\$ 8,000</u>	<u>\$ 4,490</u>	<u>\$ (3,510)</u>
<b>EXPENDITURES</b>				
Instructional support	\$ -	\$ 8,000	\$ 4,490	\$ 3,510
Total expenditures	<u>\$ -</u>	<u>\$ 8,000</u>	<u>\$ 4,490</u>	<u>\$ 3,510</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - School Improvement Framework  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ 35,000	\$ 32,435	\$ (2,565)
Total revenues	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 32,435</u>	<u>\$ (2,565)</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 35,000	\$ 34,987	\$ 13
Total expenditures	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 34,987</u>	<u>\$ 13</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - K-3 Plus Program  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 13,334	\$ 27,423	\$ -	\$ (27,423)
Total revenues	<u>\$ 13,334</u>	<u>\$ 27,423</u>	<u>\$ -</u>	<u>\$ (27,423)</u>
EXPENDITURES				
Direct instruction	\$ 13,334	\$ 27,423	\$ 26,795	\$ 628
Total expenditures	<u>\$ 13,334</u>	<u>\$ 27,423</u>	<u>\$ 26,795</u>	<u>\$ 628</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - Title IV Program  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Federal sources	\$ -	\$ 15,000	\$ 14,903	\$ (97)
Total revenues	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 14,903</u>	<u>\$ (97)</u>
<b>EXPENDITURES</b>				
Direct instruction	\$ -	\$ 14,752	\$ 13,221	\$ 1,531
Instructional support	-	248	248	-
Total expenditures	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 13,469</u>	<u>\$ 1,531</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - Title III Incentive  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ -	\$ 2,992	\$ 2,992
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,992</u>	<u>\$ 2,992</u>
EXPENDITURES				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - Literacy and School Libraries Program  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ 17,786	\$ 17,756	\$ (30)
Total revenues	<u>\$ -</u>	<u>\$ 17,786</u>	<u>\$ 17,756</u>	<u>\$ (30)</u>
EXPENDITURES				
Instructional support	\$ -	\$ 17,786	\$ 17,779	\$ 7
Total expenditures	<u>\$ -</u>	<u>\$ 17,786</u>	<u>\$ 17,779</u>	<u>\$ 7</u>

The accompanying notes are an integral part of these financial statements.



STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - Carl D. Perkins Redistribution  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ 17,985	\$ 17,499	\$ (486)
Total revenues	<u>\$ -</u>	<u>\$ 17,985</u>	<u>\$ 17,499</u>	<u>\$ (486)</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 17,985	\$ 17,229	\$ 756
Total expenditures	<u>\$ -</u>	<u>\$ 17,985</u>	<u>\$ 17,229</u>	<u>\$ 756</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - School in Need Improvement Framework  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ -	\$ 861	\$ 861
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 861</u>	<u>\$ 861</u>
EXPENDITURES				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - English Language Acquisition  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Federal sources	\$ 13,487	\$ 16,275	\$ 13,949	\$ (2,326)
Total revenues	<u>\$ 13,487</u>	<u>\$ 16,275</u>	<u>\$ 13,949</u>	<u>\$ (2,326)</u>
<b>EXPENDITURES</b>				
Direct instruction	\$ 13,287	\$ 15,775	\$ 2,986	\$ 12,789
Instructional support	<u>200</u>	<u>500</u>	<u>73</u>	<u>427</u>
Total expenditures	<u>\$ 13,487</u>	<u>\$ 16,275</u>	<u>\$ 3,059</u>	<u>\$ 13,216</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - Improving Teacher Quality  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Federal sources	\$ 116,796	\$ 116,423	\$ 110,514	\$ (5,909)
Total revenues	<u>\$ 116,796</u>	<u>\$ 116,423</u>	<u>\$ 110,514</u>	<u>\$ (5,909)</u>
<b>EXPENDITURES</b>				
Direct instruction	\$ 114,226	\$ 113,853	\$ 113,775	\$ 78
Instructional support	<u>2,570</u>	<u>2,570</u>	<u>2,503</u>	<u>67</u>
Total expenditures	<u>\$ 116,796</u>	<u>\$ 116,423</u>	<u>\$ 116,278</u>	<u>\$ 145</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - Carl D. Perkins Secondary  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Federal sources	\$ -	\$ 27,478	\$ 22,382	\$ (5,096)
Total revenues	<u>\$ -</u>	<u>\$ 27,478</u>	<u>\$ 22,382</u>	<u>\$ (5,096)</u>
<b>EXPENDITURES</b>				
Direct instruction	\$ -	\$ 27,478	\$ 23,063	\$ 4,415
Total expenditures	<u>\$ -</u>	<u>\$ 27,478</u>	<u>\$ 23,063</u>	<u>\$ 4,415</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - ROTC  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 58,094	\$ 58,094	\$ 58,968	\$ 874
Total revenues	<u>\$ 58,094</u>	<u>\$ 58,094</u>	<u>\$ 58,968</u>	<u>\$ 874</u>
EXPENDITURES				
Direct instruction	\$ 58,094	\$ 58,094	\$ 58,067	\$ 27
Total expenditures	<u>\$ 58,094</u>	<u>\$ 58,094</u>	<u>\$ 58,067</u>	<u>\$ 27</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - PL 94-142 Discretionary  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Federal sources	\$ -	\$ 16,306	\$ -	\$ (16,306)
Total revenues	<u>\$ -</u>	<u>\$ 16,306</u>	<u>\$ -</u>	<u>\$ (16,306)</u>
<b>EXPENDITURES</b>				
Direct instruction	\$ -	\$ 16,306	\$ 16,306	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ 16,306</u>	<u>\$ 16,306</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - Technology for Education  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ 25,106	\$ 23,171	\$ (1,935)
Total revenues	<u>\$ -</u>	<u>\$ 25,106</u>	<u>\$ 23,171</u>	<u>\$ (1,935)</u>
EXPENDITURES				
Instructional support	\$ -	\$ 25,106	\$ 24,462	\$ 644
Total expenditures	<u>\$ -</u>	<u>\$ 25,106</u>	<u>\$ 24,462</u>	<u>\$ 644</u>

The accompanying notes are an integral part of these financial statements.



STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - After School Enrichment Program  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ -	\$ 26,584	\$ 26,584
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,584</u>	<u>\$ 26,584</u>
EXPENDITURES				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - Library Bond  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
State sources	\$ -	\$ 4,936	\$ 20,328	\$ 15,392
Total revenues	<u>\$ -</u>	<u>\$ 4,936</u>	<u>\$ 20,328</u>	<u>\$ 15,392</u>
<b>EXPENDITURES</b>				
Instructional support	\$ -	\$ 4,936	\$ 4,936	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ 4,936</u>	<u>\$ 4,936</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - Beginning Teacher Mentoring  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
State sources	\$ -	\$ 11,034	\$ 11,034	\$ -
Total revenues	<u>\$ -</u>	<u>\$ 11,034</u>	<u>\$ 11,034</u>	<u>\$ -</u>
<b>EXPENDITURES</b>				
Direct instruction	\$ -	\$ 11,034	\$ 3,330	\$ 7,704
Total expenditures	<u>\$ -</u>	<u>\$ 11,034</u>	<u>\$ 3,330</u>	<u>\$ 7,704</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - Incentives for School Improvements  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
State sources	\$ -	\$ 14,781	\$ -	\$ (14,781)
Total revenues	<u>\$ -</u>	<u>\$ 14,781</u>	<u>\$ -</u>	<u>\$ (14,781)</u>
<b>EXPENDITURES</b>				
Direct instruction	\$ -	\$ 8,632	\$ 5,366	\$ 3,266
Instructional support	-	6,149	6,147	2
Total expenditures	<u>\$ -</u>	<u>\$ 14,781</u>	<u>\$ 11,513</u>	<u>\$ 3,268</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - Breakfast Program  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ 2,631	\$ 2,631	\$ -
Total revenues	<u>\$ -</u>	<u>\$ 2,631</u>	<u>\$ 2,631</u>	<u>\$ -</u>
EXPENDITURES				
Food services	\$ -	\$ 2,631	\$ 2,604	\$ 27
Total expenditures	<u>\$ -</u>	<u>\$ 2,631</u>	<u>\$ 2,604</u>	<u>\$ 27</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - Pre K Start Up Program  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ -	\$ 2,257	\$ 2,257
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,257</u>	<u>\$ 2,257</u>
EXPENDITURES				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - Pre K Program  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
State sources	\$ -	\$ 149,960	\$ 113,953	\$ (36,007)
Total revenues	<u>\$ -</u>	<u>\$ 149,960</u>	<u>\$ 113,953</u>	<u>\$ (36,007)</u>
<b>EXPENDITURES</b>				
Direct instruction	\$ -	\$ 126,660	\$ 111,701	\$ 14,959
Instructional support	-	23,300	10,480	12,820
Total expenditures	<u>\$ -</u>	<u>\$ 149,960</u>	<u>\$ 122,181</u>	<u>\$ 27,779</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - Library Book  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State sources	\$ -	\$ 4,554	\$ 4,554	\$ -
Total revenues	<u>\$ -</u>	<u>\$ 4,554</u>	<u>\$ 4,554</u>	<u>\$ -</u>
EXPENDITURES				
Instructional support	\$ -	\$ 4,554	\$ -	\$ 4,554
Total expenditures	<u>\$ -</u>	<u>\$ 4,554</u>	<u>\$ -</u>	<u>\$ 4,554</u>

The accompanying notes are an integral part of these financial statements.



STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - Athletics  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Charges for services	\$ 43,262	\$ 43,262	\$ 29,093	\$ (14,169)
Total revenues	<u>\$ 43,262</u>	<u>\$ 43,262</u>	<u>\$ 29,093</u>	<u>\$ (14,169)</u>
<b>EXPENDITURES</b>				
Direct instruction	\$ 54,252	\$ 54,252	\$ 34,322	\$ 19,930
Total expenditures	<u>\$ 54,252</u>	<u>\$ 54,252</u>	<u>\$ 34,322</u>	<u>\$ 19,930</u>
<b>BUDGETED CASH BALANCE</b>	<u>\$ 10,990</u>	<u>\$ 10,990</u>		

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Special Revenue Fund - Cafeteria  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Charges for services	\$ 99,266	\$ 99,266	\$ 90,091	\$ (9,175)
Federal sources	563,857	563,857	634,115	70,258
Earnings from investments	<u>36</u>	<u>36</u>	<u>53</u>	<u>17</u>
Total revenues	<u><b>\$ 663,159</b></u>	<u><b>\$ 663,159</b></u>	<u><b>\$ 724,259</b></u>	<u><b>\$ 61,100</b></u>
<b>EXPENDITURES</b>				
Food services	<u>\$ 710,402</u>	<u>\$ 710,402</u>	<u>\$ 662,664</u>	<u>\$ 47,738</u>
Total expenditures	<u><b>\$ 710,402</b></u>	<u><b>\$ 710,402</b></u>	<u><b>\$ 662,664</b></u>	<u><b>\$ 47,738</b></u>
<b>BUDGETED CASH BALANCE</b>	<u><b>\$ 47,243</b></u>	<u><b>\$ 47,243</b></u>		

The accompanying notes are an integral part of these financial statements.

**NON-MAJOR CAPITAL PROJECTS FUNDS**

**SPECIAL CAPITAL OUTLAY LOCAL** - To account for resources received from the New Mexico State Legislature, Laws of 2007, Chapter 42, to install security cameras in the High School.

**CAPITAL IMPROVEMENTS SB-9** - To account for resources received through Senate Bill 9 and local tax levies obtained for the purpose of building, remodeling, and equipping classroom facilities. Also, to account for resources received from the State of New Mexico Severance Tax bonds 2004, Chapter 338, Laws of 2001, for Capital Improvements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Capital Projects Funds  
 Combining Balance Sheet  
 June 30, 2009

	Special Capital Outlay State	Capital Improvements SB-9	Total
<b>ASSETS</b>			
Cash on deposit	\$ -	\$ 477,025	\$ 477,025
Taxes receivable	-	7,735	7,735
Total assets	<u>\$ -</u>	<u>\$ 484,760</u>	<u>\$ 484,760</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	-	-	-
<b>FUND BALANCE</b>			
Unreserved:			
Undesignated	-	484,760	484,760
Designated for subsequent years expenditures	-	-	-
Total fund balance	<u>-</u>	<u>484,760</u>	<u>484,760</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 484,760</u>	<u>\$ 484,760</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Capital Projects Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 Year Ended June 30, 2009

	Special Capital Outlay State	Capital Improvements SB-9	Total
<b>REVENUES</b>			
Taxes	\$ -	\$ 461,358	\$ 461,358
State sources	-	32,434	32,434
Earnings from investments	-	491	491
<b>Total revenues</b>	<b>-</b>	<b>494,283</b>	<b>494,283</b>
<b>EXPENDITURES</b>			
Instructional support	-	321,787	321,787
Capital outlay	-	23,045	23,045
<b>Total expenditures</b>	<b>-</b>	<b>344,832</b>	<b>344,832</b>
Net change in fund balance	-	149,451	149,451
Fund balance at beginning of year	-	335,309	335,309
<b>Fund balance at end of year</b>	<b>\$ -</b>	<b>\$ 484,760</b>	<b>\$ 484,760</b>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Capital Projects Fund - Special Capital Outlay State  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
State sources	\$ -	\$ -	\$ 50,000	\$ 50,000
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>
<b>EXPENDITURES</b>				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Non-Major Capital Projects Fund - Capital Improvements SB-9  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 443,932	\$ 443,932	\$ 459,825	\$ 15,893
State sources	-	-	32,434	32,434
Earnings from investments	943	943	491	(452)
<b>Total revenues</b>	<b><u>\$ 444,875</u></b>	<b><u>\$ 444,875</u></b>	<b><u>\$ 492,750</u></b>	<b><u>\$ 47,875</u></b>
<b>EXPENDITURES</b>				
Capital outlay	\$ 734,431	\$ 734,431	\$ 344,832	\$ 389,599
<b>Total expenditures</b>	<b><u>\$ 734,431</u></b>	<b><u>\$ 734,431</u></b>	<b><u>\$ 344,832</u></b>	<b><u>\$ 389,599</u></b>
<b>BUDGETED CASH BALANCE</b>	<b><u>\$ 289,556</u></b>	<b><u>\$ 289,556</u></b>		

The accompanying notes are an integral part of these financial statements.

### GENERAL FUND

**OPERATIONAL FUND** - This fund is the chief operating fund of the School District. It is used to account for all financial resources of the School District except for those required to be accounted for in another fund.

**TRANSPORTATION FUND** - To account for resources received from the Public Education Department to be used only for eligible to and from school transportation costs.

**INSTRUCTIONAL MATERIALS FUND** - to account for resources received from the Public Education Department to be used to purchase materials used as the basis for instruction.



STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Combining Balance Sheet  
 General Fund  
 June 30, 2009

	<u>Operational</u>	<u>Transporation</u>	<u>Instructional Materials</u>	<u>Total</u>
<b>ASSETS</b>				
Cash on deposit	\$ 1,366,821	\$ 59,234	\$ 105,235	\$ 1,531,290
Accounts receivable, collectible	<u>1,933</u>	<u>-</u>	<u>-</u>	<u>1,933</u>
Total assets	<u><b>\$ 1,368,754</b></u>	<u><b>\$ 59,234</b></u>	<u><b>\$ 105,235</b></u>	<u><b>\$ 1,533,223</b></u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 21,445</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,445</u>
Total liabilities	<u>21,445</u>	<u>-</u>	<u>-</u>	<u>21,445</u>
<b>FUND BALANCES</b>				
Unreserved: Undesignated	<u>1,347,309</u>	<u>59,234</u>	<u>105,235</u>	<u>1,511,778</u>
Total fund balance	<u>1,347,309</u>	<u>59,234</u>	<u>105,235</u>	<u>1,511,778</u>
Total liabilities and fund balances	<u><b>\$ 1,368,754</b></u>	<u><b>\$ 59,234</b></u>	<u><b>\$ 105,235</b></u>	<u><b>\$ 1,533,223</b></u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 General Fund  
 Year Ended June 30, 2009

	Operational	Transporation	Instructional Materials	Total
<b>REVENUES</b>				
Taxes	\$ 115,333	\$ -	\$ -	\$ 115,333
Charges for services	1,885	-	-	1,885
Local sources	72,996	-	-	72,996
State sources	10,826,415	919,037	218,529	11,963,981
Federal sources	383,241	-	-	383,241
Earnings from investments	7,673	-	-	7,673
<b>Total revenues</b>	<u>11,407,543</u>	<u>919,037</u>	<u>218,529</u>	<u>12,545,109</u>
<b>EXPENDITURES</b>				
Current:				
Direct instruction	6,936,689	-	117,399	7,054,088
Instructional support	4,159,444	885,456	6,223	5,051,123
Food services	-	-	-	-
Capital outlay	89,781	81,486	-	171,267
<b>Total expenditures</b>	<u>11,185,914</u>	<u>966,942</u>	<u>123,622</u>	<u>12,276,478</u>
Net change in fund balance	221,629	(47,905)	94,907	268,631
Fund balance at beginning of year	<u>1,125,680</u>	<u>107,139</u>	<u>10,328</u>	<u>1,243,147</u>
Fund balance at end of year	<u>\$ 1,347,309</u>	<u>\$ 59,234</u>	<u>\$ 105,235</u>	<u>\$ 1,511,778</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 General Fund - Operational Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 110,982	\$ 110,982	\$ 114,937	\$ 3,955
Charges for services	1,054	1,054	1,885	831
Local sources	98,626	98,626	72,996	(25,630)
State sources	10,658,772	10,658,772	10,826,415	167,643
Federal sources	40,571	40,571	383,241	342,670
Earnings from investments	30,965	30,965	7,673	(23,292)
	<u>\$ 10,940,970</u>	<u>\$ 10,940,970</u>	<u>\$ 11,407,147</u>	<u>\$ 466,177</u>
<b>EXPENDITURES</b>				
Direct instruction	\$ 7,346,398	\$ 7,346,398	\$ 6,934,166	\$ 412,232
Instructional support	4,637,234	4,637,234	4,159,444	477,790
Capital outlay	96,110	96,110	89,781	6,329
	<u>\$ 12,079,742</u>	<u>\$ 12,079,742</u>	<u>\$ 11,183,391</u>	<u>\$ 896,351</u>
<b>BUDGETED CASH BALANCE</b>	<u>\$ 1,138,772</u>	<u>\$ 1,138,772</u>		
<b>REVENUES</b>				
Budgetary basis			\$ 11,407,147	
Increase in receivables			396	
			<u>\$ 11,407,543</u>	
<b>EXPENDITURES</b>				
Budgetary basis			\$ 11,183,391	
Increase in payables			2,523	
			<u>\$ 11,185,914</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 General Fund - Transportation Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Local sources	-	-	-	-
State sources	919,037	919,037	919,037	-
Federal sources	-	-	-	-
Earnings from investments	-	-	-	-
<b>Total revenues</b>	<b><u>\$ 919,037</u></b>	<b><u>\$ 919,037</u></b>	<b><u>\$ 919,037</u></b>	<b><u>\$ -</u></b>
<b>EXPENDITURES</b>				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Instructional support	1,026,176	1,026,176	966,942	59,234
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b><u>\$ 1,026,176</u></b>	<b><u>\$ 1,026,176</u></b>	<b><u>\$ 966,942</u></b>	<b><u>\$ 59,234</u></b>
<b>BUDGETED CASH BALANCE</b>	<b><u>\$ 107,139</u></b>	<b><u>\$ 107,139</u></b>		

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 General Fund - Instructional Materials Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Local sources	-	-	-	-
State sources	126,425	219,375	218,529	(846)
Federal sources	-	-	-	-
Earnings from investments	-	-	-	-
<b>Total revenues</b>	<b><u>\$ 126,425</u></b>	<b><u>\$ 219,375</u></b>	<b><u>\$ 218,529</u></b>	<b><u>\$ (846)</u></b>
<b>EXPENDITURES</b>				
Direct instruction	\$ 117,332	\$ 210,282	\$ 117,399	\$ 92,883
Instructional support	9,093	9,093	6,223	2,870
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b><u>\$ 126,425</u></b>	<b><u>\$ 219,375</u></b>	<b><u>\$ 123,622</u></b>	<b><u>\$ 95,753</u></b>
<b>BUDGETED CASH BALANCE</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>		

The accompanying notes are an integral part of these financial statements.

**SUPPLEMENTARY INFORMATION**

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Schedule of Changes in Assets  
 and Liabilities - All Agency Funds  
 Year Ended June 30, 2009

	Balances June 30, 2008	Additions	Deletions	Balances June 30, 2009
<b>ASSETS</b>				
Cash of deposit	\$ 151,689	\$ 252,607	\$ 219,755	\$ 184,541
Total assets	<u>\$ 151,689</u>	<u>\$ 252,607</u>	<u>\$ 219,755</u>	<u>\$ 184,541</u>
<b>LIABILITIES</b>				
Deposits held for others				
T or C Elementary	\$ 13,114	\$ 49,256	\$ 28,456	\$ 33,914
SEC Elementary	10,880	10,234	6,249	14,865
Arrey Elementary	7,002	15,960	18,555	4,407
T or C Middle School	30,921	31,368	28,281	34,008
Hot Springs High School	76,304	132,538	119,259	89,583
Alternative School	2,712	220	290	2,642
Central Office	<u>10,756</u>	<u>13,031</u>	<u>18,665</u>	<u>5,122</u>
Total liabilities	<u>\$ 151,689</u>	<u>\$ 252,607</u>	<u>\$ 219,755</u>	<u>\$ 184,541</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Schedule of Cash Receipts and  
 Disbursements - All Funds by  
 School District Classification  
 Year Ended June 30, 2009

	Operational	Transportation	Instructional Materials	Cafeteria	Athletics
Cash balance, June 30, 2008	\$ 1,143,065	\$ 107,139	\$ 10,328	\$ 7,612	\$ 13,787
Cash Receipts, 2008-2009	11,407,147	919,037	218,529	724,259	29,093
Cash Disbursements, 2008-2009	<u>(11,183,391)</u>	<u>(966,942)</u>	<u>(123,622)</u>	<u>(662,664)</u>	<u>(34,322)</u>
Cash balance, June 30, 2009	<u>\$ 1,366,821</u>	<u>\$ 59,234</u>	<u>\$ 105,235</u>	<u>\$ 69,207</u>	<u>\$ 8,558</u>
	Federal Projects	Local/ State	Bond Building	Special Capital Outlay State	Capital Improvement SB-9
Cash balance, June 30, 2008	\$ 11,112	\$ (20,349)	\$ 3,082,444	\$ (50,000)	\$ 329,107
Cash Receipts, 2008-2009	1,511,012	303,397	41,845	50,000	492,750
Reversions	(4,683)	(382)	-	-	-
Cash Disbursements, 2008-2009	<u>(1,572,376)</u>	<u>(230,808)</u>	<u>(291,078)</u>	<u>-</u>	<u>(344,832)</u>
Cash balance, June 30, 2009	<u>\$ (54,935)</u>	<u>\$ 51,858</u>	<u>\$ 2,833,211</u>	<u>\$ -</u>	<u>\$ 477,025</u>
	Debt Service	Agency	Expendable Trust	Non- Expendable Trust	Non- Expendable Trust
Cash balance, June 30, 2008	\$ 1,514,378	\$ 151,689	\$ 6,551	\$ 45,074	\$ 11,000
Cash Receipts, 2008-2009	1,323,991	252,607	-	335	3,000
Cash Disbursements, 2008-2009	<u>(1,138,707)</u>	<u>(219,755)</u>	<u>(4,500)</u>	<u>(2,000)</u>	<u>(7,000)</u>
Cash balance, June 30, 2009	<u>\$ 1,699,662</u>	<u>\$ 184,541</u>	<u>\$ 2,051</u>	<u>\$ 43,409</u>	<u>\$ 7,000</u>



STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Schedule of Budgetary Basis  
 To GAAP Basis Reconciliation  
 Non-Major Funds  
 Year Ended June 30, 2009

	Title I Stimulus	Title I Migrant	Title III	Rural Low Income Grant	Title I 1003g	Fresh Fruit and Vegetable Program	Technology Literacy Challenge	Title I Homeless	School Improvement Framework
Revenues per modified									
accrual basis	\$ 18,859	\$ 19,963	\$ 13,916	\$ 34,601	\$ 49,998	\$ 16,133	\$ 7,209	\$ 4,490	\$ 34,987
Receivables	-	-	-	-	-	-	-	-	-
Deferred revenue/Due from grantor	<u>(18,859)</u>	<u>-</u>	<u>(7,762)</u>	<u>(64)</u>	<u>-</u>	<u>(1,425)</u>	<u>(82)</u>	<u>-</u>	<u>(2,552)</u>
Revenues per budgetary basis	<u>\$ -</u>	<u>\$ 19,963</u>	<u>\$ 6,154</u>	<u>\$ 34,537</u>	<u>\$ 49,998</u>	<u>\$ 14,708</u>	<u>\$ 7,127</u>	<u>\$ 4,490</u>	<u>\$ 32,435</u>
Expenditures per modified									
accrual basis	\$ 18,859	\$ 19,963	\$ 13,916	\$ 34,601	\$ 49,998	\$ 16,133	\$ 7,209	\$ 4,490	\$ 34,987
Inventory changes	-	-	-	-	-	-	-	-	-
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures per budgetary basis	<u>\$ 18,859</u>	<u>\$ 19,963</u>	<u>\$ 13,916</u>	<u>\$ 34,601</u>	<u>\$ 49,998</u>	<u>\$ 16,133</u>	<u>\$ 7,209</u>	<u>\$ 4,490</u>	<u>\$ 34,987</u>

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Schedule of Budgetary Basis  
 To GAAP Basis Reconciliation  
 Non-Major Funds  
 Year Ended June 30, 2009

	K-3 Plus Program	Title IV Program	Title III Incentive	Literacy and School Libraries Program	Carl D. Perkins Redistribution	School in Need Improvement Framework	English Language Acquisition	Improving Teacher Quality	Carl D. Perkins Secondary
<b>Revenues per modified</b>									
accrual basis	\$ 26,795	\$ 13,469	\$ -	\$ 17,779	\$ 17,229	\$ -	\$ 3,059	\$ 116,278	\$ 23,063
Receivables	-	-	-	-	-	-	-	-	-
Deferred revenue/Due from grantor	<u>(26,795)</u>	<u>1,434</u>	<u>2,992</u>	<u>(23)</u>	<u>270</u>	<u>861</u>	<u>10,890</u>	<u>(5,764)</u>	<u>(681)</u>
<b>Revenues per budgetary basis</b>	<u>\$ -</u>	<u>\$ 14,903</u>	<u>\$ 2,992</u>	<u>\$ 17,756</u>	<u>\$ 17,499</u>	<u>\$ 861</u>	<u>\$ 13,949</u>	<u>\$ 110,514</u>	<u>\$ 22,382</u>
<b>Expenditures per modified</b>									
accrual basis	\$ 26,795	\$ 13,469	\$ -	\$ 17,779	\$ 17,229	\$ -	\$ 3,059	\$ 116,278	\$ 23,063
Inventory changes	-	-	-	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-	-	-	-
<b>Expenditures per budgetary basis</b>	<u>\$ 26,795</u>	<u>\$ 13,469</u>	<u>\$ -</u>	<u>\$ 17,779</u>	<u>\$ 17,229</u>	<u>\$ -</u>	<u>\$ 3,059</u>	<u>\$ 116,278</u>	<u>\$ 23,063</u>

STATE OF NEW MEXICO  
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 Schedule of Budgetary Basis  
 To GAAP Basis Reconciliation  
 Non-Major Funds  
 Year Ended June 30, 2009

	ROTC	PL 94-142 Discretionary	Technology for Education	After School Enrichment Program	Library Bond	Beginning Teacher Mentoring Program	Incentives for School Improvement	Breakfast Program
Revenues per modified accrual basis	\$ 58,067	\$ 16,306	\$ 24,462	\$ -	\$ 4,936	\$ 3,330	\$ 11,513	\$ 2,604
Receivables	-	-	-	-	-	-	-	-
Deferred revenue/Due from grantor	901	(16,306)	(1,291)	26,584	15,392	7,704	(11,513)	27
Revenues per budgetary basis	<u>\$ 58,968</u>	<u>\$ -</u>	<u>\$ 23,171</u>	<u>\$ 26,584</u>	<u>\$ 20,328</u>	<u>\$ 11,034</u>	<u>\$ -</u>	<u>\$ 2,631</u>
Expenditures per modified accrual basis	\$ 58,067	\$ 16,306	\$ 24,462	\$ -	\$ 4,936	\$ 3,330	\$ 11,513	\$ 2,604
Inventory changes	-	-	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-	-	-
Expenditures per budgetary basis	<u>\$ 58,067</u>	<u>\$ 16,306</u>	<u>\$ 24,462</u>	<u>\$ -</u>	<u>\$ 4,936</u>	<u>\$ 3,330</u>	<u>\$ 11,513</u>	<u>\$ 2,604</u>

STATE OF NEW MEXICO  
TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
Schedule of Budgetary Basis  
To GAAP Basis Reconciliation  
Non-Major Funds  
Year Ended June 30, 2009

	Pre-K Start-up Program	Pre-K Program	Library Book	Athletics	Cafeteria	Total Special Revenue	Special Capital Outlay State	Capital Improvements SB-9	Total Capital Projects
Revenues per modified accrual basis	\$ -	\$ 122,181	\$ -	\$ 29,093	\$ 724,259	\$ 1,414,579	\$ -	\$ 494,283	\$ 494,283
Receivables	-	-	-	-	-	-	50,000	(1,533)	48,467
Deferred revenue/Due from grantor	<u>2,257</u>	<u>(8,228)</u>	<u>4,554</u>	<u>-</u>	<u>-</u>	<u>(27,479)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues per budgetary basis	<u>\$ 2,257</u>	<u>\$ 113,953</u>	<u>\$ 4,554</u>	<u>\$ 29,093</u>	<u>\$ 724,259</u>	<u>\$ 1,387,100</u>	<u>\$ 50,000</u>	<u>\$ 492,750</u>	<u>\$ 542,750</u>
Expenditures per modified accrual basis	\$ -	\$ 122,181	\$ -	\$ 34,322	\$ 663,625	\$ 1,359,174	\$ -	\$ 344,832	\$ 344,832
Inventory changes	-	-	-	-	(961)	(961)	-	-	-
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures per budgetary basis	<u>\$ -</u>	<u>\$ 122,181</u>	<u>\$ -</u>	<u>\$ 34,322</u>	<u>\$ 662,664</u>	<u>\$ 1,358,213</u>	<u>\$ -</u>	<u>\$ 344,832</u>	<u>\$ 344,832</u>

STATE OF NEW MEXICO  
TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2009

<u>Source and Program</u>	<u>Federal Number</u>	<u>Pass-Through Entity Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education</u>			
Passed through State of NM			
Department of Education:			
*Impact Aid Title I			
(Chapter 1) Basic	84.010	24.101	\$ 807,701
Title I Migrant	84.011	24.103	19,963
Title I Stimulus	84.010	24.201	18,859
Title I 1003g	84.337	24.124	49,998
Title I Homeless	84.196	24.113	4,490
Title III	84.263	24.163	13,916
Entitlement	84.027	24.106	334,256
Discretionary	84.027	24.107	16,306
Technology Literacy Challenge	84.318	24.133	7,209
Rural Low Income Grant	84.358	24.160	34,601
English Language Grant	84.365	24.153	3,059
Improving Teacher Quality	84.367	24.154	116,278
Carl D. Perkins	84.048	24.174/24.175/ 24.176	40,292
Title IV Program	84.186	24.157	13,469
Title III Incentive	84.365	24.143	-
Sub-total			<u>1,480,397</u>
<u>U.S. Department of Education</u>			
Direct Program			
Literacy and School Libraries Program	84.364	25.235	<u>17,779</u>
<u>U.S. Department of Defense</u>			
Direct Program			
R.O.T.C.	12.000	25.200	<u>58,067</u>
<u>U.S. Department of Agriculture</u>			
Passed through State of NM			
Department of Finance and Administration:			
Forest Reserve	10.665	N/A	360,213
Passed through State of NM			
Department of Education:			
*National School Lunch Program	10.555	N/A	363,898
*School Breakfast Program	10.553	N/A	238,322
Fresh Fruit & Vegetable Program	10.582	N/A	16,133
Passed through State of NM			
Health and Human Services:			
U.S.D.A. Commodities	10.550	N/A	<u>31,895</u>
Sub-total			<u>1,010,461</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,566,704</u></u>

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Truth or Consequences Municipal Schools and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Non-Cash Assistance

The District did not receive any federal awards in the form of non-cash assistance except for U.S.D.A. Commodities during the year.

3. Subrecipients

The District did not provide any federal awards to subrecipients during the year.

\*Treated as a Major Program

STATE OF NEW MEXICO  
TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2009

Part 1 - Summary of Auditor Results

1. Type of Report - Unqualified
2. Significant Deficiency - (06-02) Imprest Bank Account
3. Non-Compliance - NONE
4. Reportable Conditions Over Major Programs - NONE
5. Type of Report Issued on Compliance with the Major Program - Unqualified
6. Audit Findings - NONE
7. Major Programs - Title I CFDA #84.010, National School Lunch CFDA #10.555 and School Breakfast Program CFDA #10.553
8. Dollar Threshold Used to Distinguish Type A and Type B Programs - \$300,000
9. Truth or Consequences Municipal Schools did qualify as a low-risk auditee

Part 2 - Findings

Finding (06-02) Imprest Bank Account, Cafeteria Inventory (09-01), Payment Made Before Goods/Services Received (09-02)

Part 3 - Questioned Costs

NONE

*Rice and Associates, C.P.A.*

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**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**

Mr. Hector H. Balderas  
New Mexico State Auditor  
and  
Board of Education  
Truth or Consequences Municipal Schools  
Truth or Consequences, New Mexico

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the General, Title I, PL 94-142 Entitlement and Microsoft Funds of Truth or Consequences Municipal Schools, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 12, 2009. We also have audited the financial statements of each of the Schools' non-major governmental funds and budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures 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 School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that

adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control. We consider the deficiencies described in the accompanying Status of Comments to be a significant deficiency in internal control over financial reporting. It is listed as Imprest Bank Account (06-02)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies that are also considered material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported under *Government Auditing Standards January 2007 Revision* paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying Status of Comments as findings: Cafeteria Inventory (09-01) and Payment Made Before Goods/Services Received (09-02).

The Truth or Consequences Municipal Schools responses to the findings identified in our audit are described in the accompanying Status of Comments and Responses. We did not audit the Truth or Consequences Municipal Schools response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Office of the State Auditor, the New Mexico State Legislature and the Public Education Department and is not intended to be used by anyone other than these specified parties.

*Rice & Associates, CPA*

November 12, 2009



# Rice and Associates, C.P.A.

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Mr. Hector H. Balderas  
New Mexico State Auditor  
and  
Board of Education  
Truth or Consequences Municipal Schools  
Truth or Consequences, New Mexico

### Compliance

We have audited the compliance of the Truth or Consequences Municipal Schools (District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The District's major federal programs are identified in the summary of the auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs are the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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; 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. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

### Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that

could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 control deficiency in a District's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

The Truth or Consequences Municipal Schools responses to the findings identified in our audit are described in the accompanying Status of Comments and Responses. We did not audit the Truth or Consequences Municipal Schools responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Office of the State Auditor, and the State Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

*Rio Associates, CPA*

November 12, 2009

## STATUS OF COMMENTS

### Prior Year Audit Findings:

1. Imprest Bank Account (06-02) - Repeated.
2. Capital Assets (08-01) - Resolved.
3. Addendums to Employee Contracts (08-02) - Resolved.

### Current Year Audit Findings:

1. Cafeteria Inventory (09-01)
2. Payment Made Before Goods/Services Received (09-02)

Imprest Bank Account

(06-02)

CONDITION	The imprest account payroll clearing is not being reconciled correctly on a monthly basis. Because it is not reconciled correctly on a monthly basis it is ending the year with an incorrect cash balance.
CRITERIA	All imprest accounts should be reconciled correctly on a monthly basis, resulting in zero balances.
CAUSE	Management is not ensuring that this bank account be reconciled to a zero balance each month. The reconciliation has some sort of balance each month that is not being investigated as to what is creating the balance.
EFFECT	The operational fund must make up for all cash deficiencies.
RECOMMENDATION	Management needs to ensure that this account is reconciled correctly each month.
RESPONSE	We are in the process of reconciling this bank account and will have it completed by the end of 2010 fiscal year.

Cafeteria Inventory  
(09-01)

CONDITION	Inventory of all food and food supplies is not being taken each month.
CRITERIA	According to Public Education Department Manual of Procedures an inventory of all food and food supplies will be taken on a monthly basis.
CAUSE	It is unknown why this procedure is not being performed.
EFFECT	Public Education Department Policies and Procedures are not being adhered to.
RECOMMENDATION	Management should designate a particular employee to perform a monthly inventory.
RESPONSE	Inventory will be completed monthly and submitted to Central Office monthly.

Payment Made Before Goods/Services Received  
(09-02)

CONDITION	A payment of \$2,000 was made before the items were purchased. It took up to three months to receive the items purchased.
CRITERIA	According to the Public Education Departments Manual of Procedures , payment of goods and services are to be made after the goods or services are received.
CAUSE	It is unclear why this payment was made before the goods were received.
EFFECT	Public Education Department Policies and Procedures were not adhered to.
RECOMMENDATION	Management should ensure that all goods and services are received before payment is made.
RESPONSE	These types of items will not be purchased and received before payment is made.

## FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2009 were prepared by Rice & Associates, CPA, based on managements chart of accounts and trial balances including any adjusting, correcting or closing entries approved by management. These services are allowable under SAS 112.

## EXIT CONFERENCE

An exit conference was held at the School District on November 12, 2009, to discuss the current audit report. In attendance were Mr. Tom Burris, Superintendent, Ms. Cathy Vickers, Board Member, Ms. Barbara Chavez, Administrative Assistant, Ms. Sabrina Biener, Administrative Assistant, Ms. Becky Gutierrez, Business Manager and Ms. Pamela A. Rice, CPA, Contract Auditor.