

STATE OF NEW MEXICO
TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS
AUDIT REPORT

For the Year Ended June 30, 2011

(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, 2011
(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, 2011

Board of Education

<u>Name</u>	<u>Title</u>
Ms. Ann Filosa	President
Mr. Randy Piper	Vice President
Ms. Cathy Vickers	Secretary
Mr. Louis Schwab	Member
Mr. Jay Johnson	Member

School Officials

Mr. Tom Burris	Superintendent
Ms. Rebecca Gutierrez	Business Manager

Rice and Associates, C.P.A.

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BOOKKEEPING
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS
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Albuquerque, NM 87112

TAX PLANNING
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, and the budgetary comparison for the General, PL 94-142 Entitlement - Stimulus, Education Jobs Fund and Spaceport Funds of Truth or Consequences Municipal Schools, as of and for the year ended June 30, 2011, 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 and fiduciary funds and the budgetary comparisons for the major capital project funds and debt service fund and all non-major funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011 as listed in the table of contents. These financial statements are the responsibility of 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.

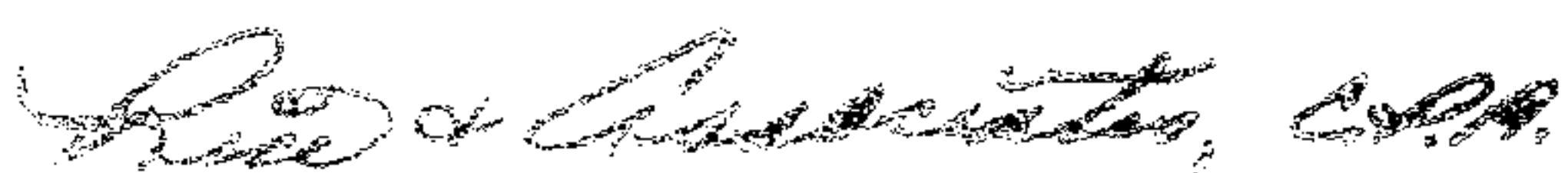
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Truth or Consequences Municipal Schools, as of June 30, 2011, and the respective changes in

financial position, thereof, and the respective budgetary comparisons for the General, PL 94-142 Entitlement - Stimulus, Education Jobs Fund and Spaceport 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 and fiduciary funds of Truth or Consequences Municipal Schools, as of June 30, 2011, and the respective changes in financial position, thereof and the respective budgetary comparisons for the Bond Building, Capital Improvements SB-9, 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 March 27, 2012 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 Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the Schedule of Budgetary Basis to GAAP Basis Reconciliation, the Schedule of Changes in Assets and Liabilities-All Agency Funds and the Schedule of Cash Receipts and Disbursements 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.



March 27, 2012

FINANCIAL STATEMENTS

STATE OF NEW MEXICO
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS
 Statement of Net Assets
 June 30, 2011

Statement 1

	Governmental Activities
ASSETS	
Current assets	
Cash	\$ 5,438,659
Taxes receivable	53,599
Due from grantor	331,898
Inventory	18,872
Total current assets	5,843,028
Non-current assets	
Land (non-depreciable)	209,360
Capital assets (depreciable)	41,196,707
Less accumulated depreciation	(12,336,493)
Total non-current assets	29,069,574
Total assets	34,912,602
LIABILITIES	
Current liabilities	
Accounts payable	44,836
Accrued interest	222,953
Deferred revenue	251,408
Current portion of long-term obligations	800,000
Total current liabilities	1,319,197
Long-term obligations	
Compensated absences payable	173,433
Non-current portion of long-term obligations	5,755,000
Total long-term obligations	5,928,433
Total liabilities	7,247,630
NET ASSETS	
Invested in capital assets, net of related debt	22,514,574
Restricted for	
Special revenue inventory	18,872
Capital projects	1,535,415
Debt service	1,691,549
Unrestricted	1,904,562
Total net assets	\$ 27,664,972

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, 2011

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
EXPENSES:					
Governmental activities:					
Direct instruction	\$ 8,227,344	\$ 35,013	\$ 2,240,813	\$ 295,536	\$ (5,655,982)
Instructional support	5,122,941	-	1,754,823	-	(3,368,118)
Food services	626,726	54,876	575,700	-	3,850
Depreciation - unallocated	3,632,577	-	-	-	(3,632,577)
Interest on long-term obligations	222,953	-	-	-	(222,953)
Total	<u>\$ 17,832,541</u>	<u>\$ 89,889</u>	<u>\$ 4,571,336</u>	<u>\$ 295,536</u>	<u>(12,875,780)</u>
General revenues:					
Taxes					
Property taxes, levied for general purposes					130,927
Property taxes, levied for capital projects					544,245
Property taxes, levied for debt service					1,547,629
Federal, State and Local aid not restricted to specific purpose					9,391,327
General					267,674
Forest Reserve					8,954
Interest and investment earnings					29,599
Miscellaneous (Indirect Costs)					<u>11,920,355</u>
Sub-total, general revenues					<u>11,920,355</u>
Change in net assets					(955,425)
Net assets - beginning of year					<u>28,620,397</u>
Net assets - end of year					<u>\$ 27,664,972</u>

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, 2011

Statement 3

	General	PL 94-142 Entitlement - Stimulus	Education Jobs Fund	Spaceport	Bond Building	Capital Improvements SE-9	Debt Service	Other Governmental	Total
ASSETS									
Cash on deposit	\$ 1,920,356	\$ -	\$ -	\$ 211,301	\$ 987,388	\$ 535,097	\$ 1,654,060	\$ 130,457	\$ 5,438,659
Accounts receivable, collectible	3,180	-	-	-	-	12,930	37,489	-	53,599
Inventory, at cost	-	-	-	-	-	-	-	18,872	18,872
Due from grantor	-	92,898	68,980	-	-	-	-	170,020	331,898
Due from other funds	331,898	-	-	-	-	-	-	-	331,898
Total assets	\$ 2,255,434	\$ 92,898	\$ 68,980	\$ 211,301	\$ 987,388	\$ 548,027	\$ 1,691,549	\$ 319,349	\$ 6,174,926
LIABILITIES									
Due to other funds	\$ -	\$ 92,898	\$ 68,980	\$ -	\$ -	\$ -	\$ -	\$ 170,020	\$ 331,898
Deferred revenues	-	-	-	211,301	-	-	-	40,107	251,408
Accounts payable	44,836	-	-	-	-	-	-	-	44,836
Total liabilities	44,836	92,898	68,980	211,301	-	-	-	210,127	628,142
FUND BALANCE									
Nonspendable	-	-	-	-	-	-	-	18,872	18,872
Restricted	2,623	-	-	-	987,388	548,027	1,691,549	90,350	3,319,937
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	2,207,975	-	-	-	-	-	-	-	2,207,975
Total fund balance	2,210,598	-	-	-	987,388	548,027	1,691,549	109,222	5,546,784
Total liabilities and fund balance	\$ 2,255,434	\$ 92,898	\$ 68,980	\$ 211,301	\$ 987,388	\$ 548,027	\$ 1,691,549	\$ 319,349	\$ 6,174,926

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, 2011

Statement 4

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

Total fund balances - governmental funds		\$ 5,546,784
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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	41,406,067	
Accumulated depreciation	<u>(12,336,493)</u>	
Net capital assets		29,069,574

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	(6,555,000)	
Accrued interest on bonds	(222,953)	
Compensated absences	<u>(173,433)</u>	
		<u>(6,951,386)</u>

Total net assets - governmental funds		<u><u>\$ 27,664,972</u></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, 2017

Statement 5

	General	PL 94-142 Entitlement - Stimulus	Education Jobs Fund	Spaceport	Bond Building	Capital Improvements SB-9	Debt Service	Other Governmental	Total
REVENUES									
Taxes	\$ 130,927	\$ -	\$ -	\$ -	\$ -	\$ 344,245	\$ 1,547,629	\$ -	\$ 2,222,801
Charges for services	899	-	-	-	-	-	-	88,990	89,889
Local sources	95,287	-	-	28,165	-	-	-	-	123,452
State sources	10,291,712	-	-	-	-	31,520	-	137,493	10,460,725
Federal sources	297,273	313,145	276,074	-	-	-	-	2,805,630	3,692,122
Earnings from investments	3,648	-	-	-	3,474	483	1,283	66	8,954
Total revenues	10,819,746	313,145	276,074	28,165	3,474	576,248	1,548,912	3,032,179	16,597,943
EXPENDITURES									
Current:									
Direct instruction	6,053,786	225,461	276,074	28,165	-	-	-	1,660,330	8,243,816
Instructional support	3,951,821	71,321	-	-	5,231	327,677	15,294	751,597	5,122,941
Food services	-	-	-	-	-	-	-	626,726	626,726
Capital outlay	129,344	16,363	-	-	1,321,183	177,509	-	-	1,644,399
Debt service:									
Bonds	-	-	-	-	-	-	1,625,000	-	1,625,000
Interest	-	-	-	-	-	-	257,744	-	257,744
Total expenditures	10,134,951	313,145	276,074	28,165	1,326,414	505,186	1,898,038	3,038,653	17,520,626
Excess (deficiency) revenues over expenditures	684,795	-	-	-	(1,322,940)	71,062	(349,126)	(6,474)	(922,683)
OTHER FINANCING SOURCES (USES)									
Transfer in	-	-	-	-	-	-	-	2,217	2,217
Transfer out	(2,217)	-	-	-	-	-	-	-	(2,217)
Total other financing sources (uses)	(2,217)	-	-	-	-	-	-	2,217	-
Net change in fund balances	682,578	-	-	-	(1,322,940)	71,062	(349,126)	(4,257)	(922,683)
Fund balance beginning of year	1,528,020	-	-	-	2,310,328	476,965	2,040,675	113,479	6,469,467
Fund balance end of year	\$ 2,210,598	\$ -	\$ -	\$ -	\$ 987,388	\$ 548,027	\$ 1,691,549	\$ 109,222	\$ 5,546,784

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, 2011

Statement 6

Total net change in fund balances - governmental funds \$ (922,683)

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	(3,632,577)
Capital outlays	<u>1,923,573</u>

Excess of depreciaton expense over capital outlays (1,709,004)

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	34,791
Compensated absences	16,471

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>1,625,000</u>
Change in net assets of governmental activities	<u>\$ (955,425)</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)
 General Fund
 Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 130,596	\$ 130,596	\$ 129,411	\$ (1,185)
Charges for services	1,100	1,100	899	(201)
Local sources	1,200	5,486	95,287	89,801
State sources	10,492,512	10,592,799	10,291,712	(301,087)
Federal sources	310,491	310,491	297,273	(13,218)
Earnings from investments	2,638	2,638	3,648	1,010
Total revenues	<u>\$ 10,938,537</u>	<u>\$ 11,043,110</u>	<u>\$ 10,818,230</u>	<u>\$ (224,880)</u>
EXPENDITURES				
Direct instruction	\$ 6,673,618	\$ 6,396,375	\$ 6,037,651	\$ 358,724
Instructional support	4,643,631	4,628,691	3,951,821	676,870
Capital outlay	942,393	1,061,937	129,344	932,593
Total expenditures	<u>\$ 12,259,642</u>	<u>\$ 12,087,003</u>	<u>\$ 10,118,816</u>	<u>\$ 1,968,187</u>
BUDGETED CASH BALANCE	<u>\$ 1,321,105</u>	<u>\$ 1,321,136</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 - Stimulus
 Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ 321,132	\$ 220,246	\$ (100,886)
Total revenues	<u>\$ -</u>	<u>\$ 321,132</u>	<u>\$ 220,246</u>	<u>\$ (100,886)</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 241,829	\$ 241,824	\$ 5
Instructional support	-	79,303	71,321	7,982
Total expenditures	<u>\$ -</u>	<u>\$ 321,132</u>	<u>\$ 313,145</u>	<u>\$ 7,987</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)
 Education Jobs Fund
 Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ 276,079	\$ 207,093	\$ (68,986)
Total revenues	<u>\$ -</u>	<u>\$ 276,079</u>	<u>\$ 207,093</u>	<u>\$ (68,986)</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 276,079	\$ 276,074	\$ 5
Total expenditures	<u>\$ -</u>	<u>\$ 276,079</u>	<u>\$ 276,074</u>	<u>\$ 5</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)
 Spaceport
 Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 229,868	\$ 229,868	\$ 138,283	\$ (91,585)
Total revenues	<u>\$ 229,868</u>	<u>\$ 229,868</u>	<u>\$ 138,283</u>	<u>\$ (91,585)</u>
EXPENDITURES				
Direct instruction	\$ 229,868	\$ 229,868	\$ 28,165	\$ 201,703
Total expenditures	<u>\$ 229,868</u>	<u>\$ 229,868</u>	<u>\$ 28,165</u>	<u>\$ 201,703</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, 2011

	Private Purpose Trust Funds	Agency Funds	Total
ASSETS			
Cash on deposit	\$ 47,617	\$ 184,231	\$ 231,848
Total assets	<u>\$ 47,617</u>	<u>\$ 184,231</u>	<u>\$ 231,848</u>
LIABILITIES			
Deposits held for others	\$ -	\$ 184,231	\$ 184,231
Total liabilities	<u>-</u>	<u>184,231</u>	<u>184,231</u>
NET ASSETS			
Reserved for scholarship	8,059	-	8,059
Reserved for endowment	<u>39,558</u>	<u>-</u>	<u>39,558</u>
Total net assets	<u>47,617</u>	<u>-</u>	<u>47,617</u>
Total liabilities and net assets	<u>\$ 47,617</u>	<u>\$ 184,231</u>	<u>\$ 231,848</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, 2011

	<u>Private Purpose Trust Funds</u>
Gifts and contributions	\$ 5,500
Interest earned	<u>89</u>
Total receipts	<u>5,589</u>
Scholarships awarded	<u>5,500</u>
Total disbursements	<u>5,500</u>
Change in net assets	89
Net assets, beginning of year	<u>47,528</u>
Net assets, end of year	<u><u>\$ 47,617</u></u>

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, 2011

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 - PL 94-142 - Entitlement - Stimulus - To account for resources received for the operation and maintenance of meeting special education needs of children with disabilities. Financing and authority for this program are the American Recovery and Reinvestment Act.

Special Revenue Fund - Education Jobs Fund - To account for resources received to assist local education agencies in saving or creating education jobs during the 2010-2011 school year. Financing and authority for this program are the American Recovery and Reinvestment Act of 2009, Public Law 111-5 and 111-226.

Special Revenue Fund - Spaceport - To account for resources received for the Schools participation in the Student Launch Program.

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.

Capital Projects Fund - Capital Improvements SB-9 - To account for the resources received through Senate Bill 9 and local tax levies obtained for the purpose of building, remodeling, and equipping classroom facilities. Also, for resources received from State of New Mexico Severance Tax Bonds.

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.

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.

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>\$ 3,180</u>	<u>\$ 50,419</u>	<u>\$ -</u>	<u>\$ 53,599</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 Balance**

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (School District ordinances).

Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party - such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purpose specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the School District Board. Those committed amounts cannot be used for any other purpose unless the School District's Board removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School District's Board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District Board or a School District official delegated that authority by the School District Board or ordinance.

Notes to Financial Statements (continued)

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

9. **Restricted Net Assets**

The governmental activities financial statements utilize a net assets presentation. Net assets are categorized as follows:

Investment in capital assets, net of related debt - This category reflects the portion of net assets that are associated with capital assets less outstanding capital asset related debt.

Restricted net assets - This category reflects the portion of net assets that have third party limitations on their use.

Unrestricted net assets - This category reflects net assets of the Village not restricted for any project or other purposes.

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:

Notes to Financial Statements (continued)

1. Identify the capital improvements;
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 \$9,374,364 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 \$727,657 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

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 \$31,520 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 \$53,184 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.

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	\$ 1,380,004
Bank of the Southwest	Checking	Critical Capital Outlay	623,904
Bank of the Southwest	Savings	Investment	-
Bank of the Southwest	Checking	Operational	1,556,173
Bank of the Southwest	Checking	Federal	249,216*
Bank of the Southwest	Savings	Howe Trust	6,000*
Bank of the Southwest	Savings	Lang Trust	2,008
Bank of the Southwest	Checking	Payroll Clearing	<u>843,067*</u>
			<u>\$ 4,660,372</u>
First Savings Bank	Checking	Cafeteria	<u>\$ 82,126</u>
Compass Bank	Checking	Activity	<u>\$ 190,394</u>
New Mexico State Treasurer	Investment Pool		<u>\$ 1,813,917</u>

*These accounts participate in a Transaction Account Guarantee (TAG) program.

Notes to Financial Statements (continued)

Total amount on deposit	\$ 6,746,809
Outstanding checks	(1,062,495)
Deposits in transit	-
Due to REC	(13,987)
Petty Cash	<u>180</u>

Total per financial statements **\$ 5,670,507**

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, 2011, \$3,312,090 of the School's bank balance of \$4,932,892 was exposed to custodial credit risk as follows:

A. Uninsured and uncollateralized	\$ 1,275,433
B. Uninsured and collateralized with securities held by the pledging banks trust department, not in the Schools name	<u>2,036,657</u>

Total **\$ 3,312,090**

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	\$ 4,660,372	\$ 82,126	\$ 190,394
Less F.D.I.C.	<u>(1,348,282)</u>	<u>(82,126)</u>	<u>(190,394)</u>
Uninsured funds	3,312,090	-	-
50% Collateral requirement (as per section 6-10-17, NMSA, 1978)	1,656,045	-	-
Pledged collateral by pledging banks trust department or agent but not in the Schools name	<u>2,036,657</u>	<u>-</u>	<u>-</u>
Excess of pledged collateral	<u>\$ 380,612</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Wells Fargo Bank in Dallas, TX</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
GNMA II Pool CUSIP #80119	10/20/27	\$ 11,657
FHLB Letter of Credit	1/06/12	1,725,000
FHLB Letter of Credit	6/04/12	200,000
FHLB Letter of Credit	9/19/11	<u>100,000</u>
		<u>\$ 2,036,657</u>

Notes to Financial Statements (continued)

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.

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>\$1,813,917</u>	36-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, the following changes occurred in the liabilities reported in the District-Wide Statement of Net Assets:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due Within</u> <u>One Year</u>
General Obligation Bonds	\$ 8,180,000	\$ -	\$ 1,625,000	\$ 6,555,000	\$ 800,000
Compensated Absences	<u>189,904</u>	<u>-</u>	<u>16,471</u>	<u>173,433</u>	<u>-</u>
Total	<u>\$ 8,369,904</u>	<u>\$ -</u>	<u>\$ 1,641,471</u>	<u>\$ 6,728,433</u>	<u>\$ 800,000</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</u> <u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 675,000</u>	<u>\$ 66,450</u>	<u>\$ 741,450</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>
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>\$ 440,000</u>	<u>\$ 43,165</u>	<u>\$ 483,165</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>
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>\$ 860,000</u>	<u>\$ 103,631</u>	<u>\$ 963,631</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>
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>\$ 650,000</u>	<u>\$ 67,543</u>	<u>\$ 717,543</u>

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>
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>\$ 900,000</u>	<u>\$ 185,683</u>	<u>\$ 1,085,683</u>

Notes to Financial Statements (continued)

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>
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>\$ 920,000</u>	<u>\$ 156,222</u>	<u>\$ 1,076,222</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>
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>\$ 1,435,000</u>	<u>\$ 417,111</u>	<u>\$ 1,852,111</u>

Date of issue - October 23, 2009
 Original amount - \$1,500,000
 Interest rate - .650% to 4.060%

<u>Due in Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 100,000	\$ 17,626	\$ 117,626
2013	25,000	16,994	41,994
2014	25,000	16,614	41,614
2015	25,000	16,156	41,156
2016	25,000	15,624	40,624
2017	-	15,342	15,342
2018	75,000	14,331	89,331
2019	-	13,320	13,320
2020	50,000	12,568	62,568
2021	50,000	11,030	61,030
2022	100,000	8,593	108,593
2023	100,000	5,230	105,230
2024	100,000	1,759	101,759
Total	<u>\$ 675,000</u>	<u>\$ 165,187</u>	<u>\$ 840,187</u>
Totals - all issues	<u>\$ 6,555,000</u>	<u>\$ 1,204,992</u>	<u>\$ 7,759,992</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>PL 94-142 Entitlement - Stimulus</u>	<u>Education Jobs Fund</u>
Revenues per modified accrual basis	\$10,819,746	\$ 313,145	\$ 276,074
Receivables	(1,516)	-	-
Deferred revenues/Due from grantor	-	(92,899)	(68,981)
Revenues per budgetary basis	<u>\$10,818,230</u>	<u>\$ 220,246</u>	<u>\$ 207,093</u>
Expenditures per modified accrual basis	\$10,134,951	\$ 313,145	\$ 276,074
Accounts payable	(16,135)	-	-
Expenditures per budgetary basis	<u>\$10,118,816</u>	<u>\$ 313,145</u>	<u>\$ 276,074</u>
	<u>Spaceport</u>	<u>Bond Building</u>	<u>Capital Improvements SB-9</u>
Revenues per modified accrual basis	\$ 28,165	\$ 3,474	\$ 576,248
Receivables	-	-	(6,274)
Deferred revenues/Due from grantor	110,118	-	-
Revenues per budgetary basis	<u>\$ 138,283</u>	<u>\$ 3,474</u>	<u>\$ 569,974</u>
Expenditures per modified accrual basis	\$ 28,165	\$ 1,326,414	\$ 505,186
Inventory changes	-	-	-
Accounts payable	-	-	-
Expenditures per budgetary basis	<u>\$ 28,165</u>	<u>\$ 1,326,414</u>	<u>\$ 505,186</u>

Notes to Financial Statements (continued)

	<u>Debt Service</u>	<u>Non-Major Special Revenue</u>
Revenues per modified accrual basis	\$ 1,548,912	\$ 3,032,179
Receivables	(18,196)	-
Deferred revenues/Due from grantor	<u>-</u>	<u>(193,230)</u>
Revenues per budgetary basis	<u>\$ 1,530,716</u>	<u>\$ 2,838,949</u>
Expenditures per modified accrual basis	\$ 1,898,038	\$ 3,038,653
Accounts payable	<u>-</u>	<u>3,508</u>
Expenditures per budgetary basis	<u>\$ 1,898,038</u>	<u>\$ 3,042,161</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, 2011 are as follows:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Governmental activities:				
Land	\$ <u>106,761</u>	\$ <u>102,599</u>	\$ <u>-</u>	\$ <u>209,360</u>
Total capital assets not being depreciated	<u>106,761</u>	<u>102,599</u>	<u>-</u>	<u>209,360</u>
Land improvements	539,709	1,048,846	(36,590)	1,551,965
Vehicles	1,785,315	215,969	(182,668)	1,818,616
Buildings & improvements	34,792,630	464,612	(495,025)	34,762,217
Furniture & equipment	<u>3,441,237</u>	<u>91,546</u>	<u>(468,874)</u>	<u>3,063,909</u>
Total	<u>40,558,891</u>	<u>1,820,973</u>	<u>(1,183,157)</u>	<u>41,196,707</u>
Less accumulated depreciation:				
Land improvements	(149,796)	(98,372)	36,590	(211,578)
Vehicles	(1,206,423)	(121,988)	182,668	(1,145,743)
Buildings & improvements	(6,558,657)	(2,883,656)	495,025	(8,947,288)
Furniture & equipment	<u>(1,972,197)</u>	<u>(528,561)</u>	<u>468,874</u>	<u>(2,031,884)</u>
Total	<u>(9,887,073)</u>	<u>(3,632,577)</u>	<u>1,183,157</u>	<u>(12,336,493)</u>
Governmental activities Capital assets, net	<u>\$ 30,778,579</u>	<u>\$ (1,709,005)</u>	<u>\$ -</u>	<u>\$ 29,069,574</u>

Notes to Financial Statements (continued)

The District had no infrastructure as of June 30, 2011. The District received \$279,173 in Capital Asset Improvements from the Public School Finance Authority.

Depreciation expense was charged to governmental activities as follows:

Unallocated	<u>\$ 3,632,577</u>
Total depreciation expense	<u>\$ 3,632,577</u>

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.

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

Notes to Financial Statements (continued)

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, 2011, 2010, and 2009 were \$1,855,031, \$926,492 and \$981,473, 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

Notes to Financial Statements (continued)

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.

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. During the fiscal year ending June 30, 2011 the statute requires each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute 8.333% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contribution rates for employees and employers will rise as follows:

1. For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY 12	1.834%	.917%
FY 13	2.000%	1.000%

Also, employers joining the program after 1/1/98 are 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, 2011, 2010 and 2009 were \$129,157, \$108,395 and \$109,515, respectively, which equal the required contributions for each year.

Notes to Financial Statements (continued)

14. DEFERRED COMPENSATION PLAN

The District has adopted a deferred compensation plan under Code Section 457. Employees can contribute up to 25% of their salary. The plan is managed by First Financial Administrators, Inc. with One America being the transfer agent holding the funds. Employee contributions to this plan for the year end, June 30, was \$280,205.

15. JOINT POWERS AGREEMENTS

A Joint Powers Agreement was entered into with the City of Truth or Consequences. The School District obtained a grant from the Department of Transportation to help pay for the construction of a specific road. The City is responsible for providing the improvements to the specified road. The JPA is dated October 27, 2009. The Grant is dated August 26, 2009. The end date will be when the construction of the road is completed. The total amount of the project is unknown. The total amount of the Grant is \$13,088. The School District is responsible for the audit of the Grant. The Department of Transportation is the fiscal agent concerning this Grant.

16. FUND BALANCES CLASSIFIED

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented here.

<u>Fund Balances</u>	<u>General Fund</u>	<u>Bond Building</u>	<u>Capital Improvements SB-9</u>	<u>Debt Service</u>	<u>Non-Major Governmental Fund</u>	<u>Total</u>
Nonspendable:						
Interfund loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	18,872	18,872
Total nonspendable	-	-	-	-	18,872	18,872
Restricted for:						
Transportation services	30	-	-	-	-	30
Instructional materials	2,593	-	-	-	-	2,593
Capital improvements	-	987,388	548,027	-	-	1,535,415
Debt service payments	-	-	-	1,691,549	-	1,691,549
Athletic services	-	-	-	-	8,044	8,044
Special grants	-	-	-	-	-	-
Cafeteria services	-	-	-	-	82,306	82,306
Total restricted	2,623	987,388	548,027	1,691,549	90,350	3,319,937
Committed to:						
Other purposes	-	-	-	-	-	-
Total committed	-	-	-	-	-	-
Unassigned:	2,207,975	-	-	-	-	2,207,975
Total Fund Balances	<u>\$ 2,210,598</u>	<u>\$ 987,388</u>	<u>\$ 548,027</u>	<u>\$1,691,549</u>	<u>\$ 109,222</u>	<u>\$ 5,546,784</u>

17. SUBSEQUENT EVENTS

The School District may have to pay USAC amounts for unallowed e-rate purchases in the amount of \$43,217. The School District appealed this decision and the appeal is currently suspended. Because the appeal has been suspended the \$43,217 has not been included in the financial statements.

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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings from investments	\$ 4,282	\$ 4,282	\$ 3,474	\$ (808)
Total revenues	<u>\$ 4,282</u>	<u>\$ 4,282</u>	<u>\$ 3,474</u>	<u>\$ (808)</u>
EXPENDITURES				
Capital outlay	\$ 2,090,998	\$ 2,090,998	\$ 1,326,414	\$ 764,584
Total expenditures	<u>\$ 2,090,998</u>	<u>\$ 2,090,998</u>	<u>\$ 1,326,414</u>	<u>\$ 764,584</u>
BUDGETED CASH BALANCE	<u>\$ 2,086,716</u>	<u>\$ 2,086,716</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)
 Capital Improvements SB-9
 Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 522,386	\$ 522,386	\$ 537,971	\$ 15,585
State sources	-	31,520	31,520	-
Earnings from investments	369	369	483	114
Total revenues	<u>\$ 522,755</u>	<u>\$ 554,275</u>	<u>\$ 569,974</u>	<u>\$ 15,699</u>
EXPENDITURES				
Capital outlay	\$ 946,057	\$ 977,577	\$ 505,186	\$ 472,391
Total expenditures	<u>\$ 946,057</u>	<u>\$ 977,577</u>	<u>\$ 505,186</u>	<u>\$ 472,391</u>
BUDGETED CASH BALANCE	<u>\$ 423,302</u>	<u>\$ 423,302</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 1,882,744	\$ 1,882,744	\$1,529,433	\$ 353,311
Earnings from investments	1,350	1,350	1,283	67
Total revenues	<u>\$ 1,884,094</u>	<u>\$ 1,884,094</u>	<u>\$1,530,716</u>	<u>\$ 353,378</u>
EXPENDITURES				
Instructional support	\$ 18,827	\$ 18,827	\$ 15,294	\$ 3,533
Bonds	1,625,000	1,625,000	1,625,000	-
Interest	257,744	257,744	257,744	-
Total expenditures	<u>\$ 1,901,571</u>	<u>\$ 1,901,571</u>	<u>\$1,898,038</u>	<u>\$ 3,533</u>
BUDGETED CASH BALANCE	<u>\$ 17,477</u>	<u>\$ 17,477</u>		

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

NON-MAJOR FUNDS

NON-MAJOR SPECIAL REVENUE FUNDS

ALL FUNDS - All funds were created by management directive.

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.

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)

PL 94-142-PRESCHOOL - To account for monies received for the operation and maintenance of meeting the special education needs of children with disabilities. Financing and authority is the Individuals With Disabilities Act, Part B, Sec. 611, as amended; Public Law 105-17.

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).

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

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.

PL94-142-ENTITLEMENT - To account for resources for the operation and maintenance of meeting special education needs of children with disabilities. Financing and authority is the Individuals With Disabilities Act, Part B, Sec. 611, as amended; Public Law 105-17

TITLE I HOMELESS-STIMULUS - 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).

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

(Non-Major Special Revenue Funds - continued)

CARL D. PERKINS - UNLIQUIDATED OBLIGATIONS - To account for grant monies received to develop more fully the academic, vocational, and technical skills of secondary and pos 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.

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 pos 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.

CARL D. PERKINS - SECONDARY REDISTRIBUTION - To account for grant monies received to develop more fully the academic, vocational, and technical skills of secondary and pos 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.

SEG - STIMULUS - To account for resources received to supplement State and Local funding normally received for the operation of the school district. Financing and authority for this program are the American Recovery and Reinvestment Act.

ENGLISH LANGUAGE ACQUISITION - 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.

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

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.

(Non-Major Special Revenue Funds - continued)

DUAL CREDIT - To account for resources received from House Bill 2, 2009, to be used for dual credit instructional materials through a course approved by Higher Education Department and through a college/university for which the district has an approved agreement.

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.

NM STATE HIGHWAY GRANT - To account for monies received from the New Mexico Department of Transportation for the design, pavement rehabilitation/improvements and reconstruction of NEW SCHOOL ROAD and accesses to various school campus buildings. These improvements are to be constructed by the City and maintained by the City after its construction. Financing and Authority provided by NMSA, 1978, Section 67-3-28, as amended, and Section 67-3-28.2 NMSA as amended, and Commission Policy No. 44-92.

(Non-Major Special Revenue Funds - continued)

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
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	Title I	Title I Stimulus	Title I Migrant	PL 94-142 Preschool	Rural Low Income Grant	ROTC	Fresh Fruit & Vegetable Program	Technology Literacy Challenge
ASSETS								
Cash on deposit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,996	\$ 1,433	\$ -
Due from grantor	39,289	37,059	4,988	6,049	3,542	-	-	-
Inventory, at cost	-	-	-	-	-	-	-	3,600
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 39,289</u></u>	<u><u>\$ 37,059</u></u>	<u><u>\$ 4,988</u></u>	<u><u>\$ 6,049</u></u>	<u><u>\$ 3,542</u></u>	<u><u>\$ 3,996</u></u>	<u><u>\$ 1,433</u></u>	<u><u>\$ 3,600</u></u>
LIABILITIES								
Cash overdraft	\$ 39,289	\$ 37,059	\$ 4,988	\$ 6,049	\$ 3,542	\$ -	\$ -	\$ 3,600
Deferred revenue	-	-	-	-	-	3,996	1,433	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,996</u>	<u>1,433</u>	<u>-</u>
Total liabilities	<u>39,289</u>	<u>37,059</u>	<u>4,988</u>	<u>6,049</u>	<u>3,542</u>	<u>3,996</u>	<u>1,433</u>	<u>3,600</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u><u>\$ 39,289</u></u>	<u><u>\$ 37,059</u></u>	<u><u>\$ 4,988</u></u>	<u><u>\$ 6,049</u></u>	<u><u>\$ 3,542</u></u>	<u><u>\$ 3,996</u></u>	<u><u>\$ 1,433</u></u>	<u><u>\$ 3,600</u></u>

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

STATE OF NEW MEXICO
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	PL 94-142 Entitlement	Title I Homeless Stimulus	Title I Homeless	Carl D. Perkins Unliquidated Obligations	Improving Teacher Quality	Carl D. Perkins Secondary	Carl D. Perkins Secondary Redistribution	SEG Stimulus
ASSETS								
Cash on deposit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from grantor	54,664	-	-	-	9,291	630	-	-
Inventory, at cost	-	-	-	-	-	-	-	-
Total assets	<u>\$ 54,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,291</u>	<u>\$ 630</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES								
Cash overdraft	\$ 54,664	\$ -	\$ -	\$ -	\$ 9,291	\$ 630	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>54,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,291</u>	<u>630</u>	<u>-</u>	<u>-</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 54,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,291</u>	<u>\$ 630</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
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	English Language Acquisition	Schools in Need Improvement Framework	Technology For Education	Dual Credit	Library Bond	Beginning Teacher Mentoring Program	Incentives For School Improvements	Breakfast Program
ASSETS								
Cash on deposit	\$ -	\$ -	\$ 6,997	\$ -	\$ -	\$ 204	\$ 3,294	\$ 11,081
Due from grantor	1,916	-	-	-	2,924	-	-	-
Inventory, at cost	-	-	-	-	-	-	-	-
Total assets	<u>\$ 1,916</u>	<u>\$ -</u>	<u>\$ 6,997</u>	<u>\$ -</u>	<u>\$ 2,924</u>	<u>\$ 204</u>	<u>\$ 3,294</u>	<u>\$ 11,081</u>
LIABILITIES								
Cash overdraft	\$ 1,916	\$ -	\$ -	\$ -	\$ 2,924	\$ -	\$ -	\$ -
Deferred revenue	-	-	6,997	-	-	204	3,294	11,081
Total liabilities	<u>1,916</u>	<u>-</u>	<u>6,997</u>	<u>-</u>	<u>2,924</u>	<u>204</u>	<u>3,294</u>	<u>11,081</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,916</u>	<u>\$ -</u>	<u>\$ 6,997</u>	<u>\$ -</u>	<u>\$ 2,924</u>	<u>\$ 204</u>	<u>\$ 3,294</u>	<u>\$ 11,081</u>

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

STATE OF NEW MEXICO
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS
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	Pre K Start Up Program	Pre K Program	Library Book	NM State Highway Grant	Athletics	Student Cafeteria Account	Totals
ASSETS							
Cash on deposit	\$ -	\$ -	\$ 14	\$ 13,088	\$ 8,044	\$ 82,306	\$ 130,457
Due from grantor	1,122	4,946	-	-	-	-	170,020
Inventory, at cost	-	-	-	-	-	18,872	18,872
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,872</u>	<u>18,872</u>
Total assets	<u>\$ 1,122</u>	<u>\$ 4,946</u>	<u>\$ 14</u>	<u>\$ 13,088</u>	<u>\$ 8,044</u>	<u>\$ 101,178</u>	<u>\$ 319,349</u>
LIABILITIES							
Cash overdraft	\$ 1,122	\$ 4,946	\$ -	\$ -	\$ -	\$ -	\$ 170,020
Deferred revenue	-	-	14	13,088	-	-	40,107
	<u>-</u>	<u>-</u>	<u>14</u>	<u>13,088</u>	<u>-</u>	<u>-</u>	<u>40,107</u>
Total liabilities	<u>1,122</u>	<u>4,946</u>	<u>14</u>	<u>13,088</u>	<u>-</u>	<u>-</u>	<u>210,127</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	18,872	18,872
Restricted	-	-	-	-	8,044	82,306	90,350
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,044</u>	<u>82,306</u>	<u>90,350</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,044</u>	<u>101,178</u>	<u>109,222</u>
Total liabilities and fund balances	<u>\$ 1,122</u>	<u>\$ 4,946</u>	<u>\$ 14</u>	<u>\$ 13,088</u>	<u>\$ 8,044</u>	<u>\$ 101,178</u>	<u>\$ 319,349</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
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	Title I	Title I Stimulus	Title I Migrant	PL 94-142 Preschool	Rural Low Income Grant	ROTC	Fresh Fruit & Vegetable Program	Technology Literacy Challenge
REVENUES								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	783,583	369,948	17,929	15,641	36,147	61,072	-	-
Earnings from investments	-	-	-	-	-	-	-	-
Total revenues	<u>783,583</u>	<u>369,948</u>	<u>17,929</u>	<u>15,641</u>	<u>36,147</u>	<u>61,072</u>	<u>-</u>	<u>-</u>
EXPENDITURES								
Direct instruction	617,874	362,002	17,929	15,641	36,147	61,072	-	-
Instructional support	165,709	7,946	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-	-
Total expenditures	<u>783,583</u>	<u>369,948</u>	<u>17,929</u>	<u>15,641</u>	<u>36,147</u>	<u>61,072</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	-	-	-	-	-	-	-	-
OTHER FINANCING SOURCES								
Transfer in	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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
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	PL 94-142 Entitlement	Title I Homeless Stimulus	Title I Homeless	Carl D. Perkins Unliquidated Obligations	Improving Teacher Quality	Carl D. Perkins Secondary	Carl D. Perkins Secondary Redistribution	SEG - Stimulus
REVENUES								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	424,907	9,613	874	-	101,917	20,044	3,160	359,566
Earnings from investments	-	-	-	-	-	-	-	-
Total revenues	<u>424,907</u>	<u>9,613</u>	<u>874</u>	<u>-</u>	<u>101,917</u>	<u>20,044</u>	<u>3,160</u>	<u>359,566</u>
EXPENDITURES								
Direct instruction	248,970	-	-	1,730	99,710	20,044	3,160	-
Instructional support	175,937	9,613	874	-	2,207	-	-	359,566
Food services	-	-	-	-	-	-	-	-
Total expenditures	<u>424,907</u>	<u>9,613</u>	<u>874</u>	<u>1,730</u>	<u>101,917</u>	<u>20,044</u>	<u>3,160</u>	<u>359,566</u>
Excess (deficiency) of revenue over expenditures	-	-	-	(1,730)	-	-	-	-
OTHER FINANCING SOURCES								
Transfer in	-	-	-	1,730	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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
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 Combining Statement of Revenues, Expenditures
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	English Language Acquisition	School in Need Improvement Framework	Technology For Education	Dual Credit	Library Bond	Beginning Teacher Mentoring Program	Incentives For School Improvements	Breakfast Program
REVENUES								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	32,614	-	-	-	13,773	11,433	-	7,085
Earnings from investments	-	-	-	-	-	-	-	-
Total revenues	<u>32,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,773</u>	<u>11,433</u>	<u>-</u>	<u>7,085</u>
EXPENDITURES								
Direct instruction	32,614	487	-	-	-	11,433	-	-
Instructional support	-	-	-	-	13,773	-	-	-
Food services	-	-	-	-	-	-	-	7,085
Total expenditures	<u>32,614</u>	<u>487</u>	<u>-</u>	<u>-</u>	<u>13,773</u>	<u>11,433</u>	<u>-</u>	<u>7,085</u>
Excess (deficiency) of revenue over expenditures	-	(487)	-	-	-	-	-	-
OTHER FINANCING SOURCES								
Transfer in	-	487	-	-	-	-	-	-
Total other financing sour	<u>-</u>	<u>487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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
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	Pre K Start Up Program	Pre K Program	Library Book	NM State Highway Grant	Athletics	Cafeteria	Totals
REVENUES							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 34,114	\$ 54,876	\$ 88,990
Local sources	-	-	-	-	-	-	-
State sources	-	105,202	-	-	-	-	137,493
Federal sources	-	-	-	-	-	568,615	2,805,630
Earnings from investments	-	-	-	-	-	66	66
Total revenues	<u>-</u>	<u>105,202</u>	<u>-</u>	<u>-</u>	<u>34,114</u>	<u>623,557</u>	<u>3,032,179</u>
EXPENDITURES							
Direct instruction	-	89,230	-	-	42,287	-	1,660,330
Instructional support	-	15,972	-	-	-	-	751,597
Food services	-	-	-	-	-	619,641	626,726
Total expenditures	<u>-</u>	<u>105,202</u>	<u>-</u>	<u>-</u>	<u>42,287</u>	<u>619,641</u>	<u>3,038,653</u>
Excess (deficiency) of revenue over expenditures	-	-	-	-	(8,173)	3,916	(6,474)
OTHER FINANCING SOURCES							
Transfer in	-	-	-	-	-	-	2,217
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,217</u>
Net change in fund balance	-	-	-	-	(8,173)	3,916	(4,257)
Fund balance at beginning of year	-	-	-	-	16,217	97,262	113,479
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,044</u>	<u>\$ 101,178</u>	<u>\$ 109,222</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
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 797,787	\$ 866,978	\$ 708,790	\$ (158,188)
Total revenues	<u>\$ 797,787</u>	<u>\$ 866,978</u>	<u>\$ 708,790</u>	<u>\$ (158,188)</u>
EXPENDITURES				
Direct instruction	\$ 626,961	\$ 696,152	\$ 617,874	\$ 78,278
Instructional support	<u>170,826</u>	<u>170,826</u>	<u>165,709</u>	<u>5,117</u>
Total expenditures	<u>\$ 797,787</u>	<u>\$ 866,978</u>	<u>\$ 783,583</u>	<u>\$ 83,395</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 349,709	\$ 370,338	\$ 353,650	\$ (16,688)
Total revenues	<u>\$ 349,709</u>	<u>\$ 370,338</u>	<u>\$ 353,650</u>	<u>\$ (16,688)</u>
EXPENDITURES				
Direct instruction	\$ 342,223	\$ 362,392	\$ 362,002	\$ 390
Instructional support	<u>7,486</u>	<u>7,946</u>	<u>7,946</u>	<u>-</u>
Total expenditures	<u>\$ 349,709</u>	<u>\$ 370,338</u>	<u>\$ 369,948</u>	<u>\$ 390</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 15,000	\$ 17,956	\$ 20,913	\$ 2,957
Total revenues	<u>\$ 15,000</u>	<u>\$ 17,956</u>	<u>\$ 20,913</u>	<u>\$ 2,957</u>
EXPENDITURES				
Direct instruction	\$ 15,000	\$ 17,956	\$ 17,929	\$ 27
Total expenditures	<u>\$ 15,000</u>	<u>\$ 17,956</u>	<u>\$ 17,929</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 Preschool
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ 21,853	\$ 9,593	\$ (12,260)
Total revenues	<u>\$ -</u>	<u>\$ 21,853</u>	<u>\$ 9,593</u>	<u>\$ (12,260)</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 21,853	\$ 15,641	\$ 6,212
Total expenditures	<u>\$ -</u>	<u>\$ 21,853</u>	<u>\$ 15,641</u>	<u>\$ 6,212</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ 55,295	\$ 38,914	\$ (16,381)
Total revenues	<u>\$ -</u>	<u>\$ 55,295</u>	<u>\$ 38,914</u>	<u>\$ (16,381)</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 55,295	\$ 36,147	\$ 19,148
Total expenditures	<u>\$ -</u>	<u>\$ 55,295</u>	<u>\$ 36,147</u>	<u>\$ 19,148</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 61,218	\$ 61,218	\$ 63,444	\$ 2,226
Total revenues	<u>\$ 61,218</u>	<u>\$ 61,218</u>	<u>\$ 63,444</u>	<u>\$ 2,226</u>
EXPENDITURES				
Direct instruction	\$ 61,218	\$ 61,218	\$ 61,072	\$ 146
Total expenditures	<u>\$ 61,218</u>	<u>\$ 61,218</u>	<u>\$ 61,072</u>	<u>\$ 146</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 - Frest Fruit and Vegetable Program
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Food services	\$ -	\$ -	\$ -	\$ -
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 - Technology Literacy Challenge
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 - PL 94-142 Entitlement
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 407,419	\$ 489,240	\$ 351,156	\$ (138,084)
Total revenues	<u>\$ 407,419</u>	<u>\$ 489,240</u>	<u>\$ 351,156</u>	<u>\$ (138,084)</u>
EXPENDITURES				
Direct instruction	\$ 246,628	\$ 309,449	\$ 248,970	\$ 60,479
Instructional support	160,791	179,791	175,937	3,854
Total expenditures	<u>\$ 407,419</u>	<u>\$ 489,240</u>	<u>\$ 424,907</u>	<u>\$ 64,333</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-Stimulus
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 10,869	\$ 10,869	\$ 9,613	\$ (1,256)
Total revenues	<u>\$ 10,869</u>	<u>\$ 10,869</u>	<u>\$ 9,613</u>	<u>\$ (1,256)</u>
EXPENDITURES				
Instructional support	\$ 10,869	\$ 10,869	\$ 9,613	\$ 1,256
Total expenditures	<u>\$ 10,869</u>	<u>\$ 10,869</u>	<u>\$ 9,613</u>	<u>\$ 1,256</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 8,000	\$ 8,000	\$ 874	\$ (7,126)
Total revenues	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 874</u>	<u>\$ (7,126)</u>
EXPENDITURES				
Instructional support	\$ 8,000	\$ 8,000	\$ 874	\$ 7,126
Total expenditures	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 874</u>	<u>\$ 7,126</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 Unliquidated Obligations
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ 1,730	\$ -	\$ (1,730)
Total revenues	<u>\$ -</u>	<u>\$ 1,730</u>	<u>\$ -</u>	<u>\$ (1,730)</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 1,730	\$ 1,730	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ 1,730</u>	<u>\$ 1,730</u>	<u>\$ -</u>
OTHER FINANCING SOURCES				
Transfer in	\$ -	\$ 1,730	\$ 1,730	\$ -
Total other financing sources	<u>\$ -</u>	<u>\$ 1,730</u>	<u>\$ 1,730</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 - Improving Teacher Quality
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 111,025	\$ 111,594	\$ 91,184	\$ 20,410
Total revenues	<u>\$ 111,025</u>	<u>\$ 111,594</u>	<u>\$ 91,184</u>	<u>\$ 20,410</u>
EXPENDITURES				
Direct instruction	\$ 108,549	\$ 109,118	\$ 99,710	\$ 9,408
Instructional support	2,476	2,476	2,207	269
Total expenditures	<u>\$ 111,025</u>	<u>\$ 111,594</u>	<u>\$ 101,917</u>	<u>\$ 9,677</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ 22,772	\$ 19,414	\$ (3,358)
Total revenues	<u>\$ -</u>	<u>\$ 22,772</u>	<u>\$ 19,414</u>	<u>\$ (3,358)</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 22,772	\$ 20,044	\$ 2,728
Total expenditures	<u>\$ -</u>	<u>\$ 22,772</u>	<u>\$ 20,044</u>	<u>\$ 2,728</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 - Redistribution
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ 3,242	\$ 3,160	\$ (82)
Total revenues	<u>\$ -</u>	<u>\$ 3,242</u>	<u>\$ 3,160</u>	<u>\$ (82)</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 3,242	\$ 3,160	\$ 82
Total expenditures	<u>\$ -</u>	<u>\$ 3,242</u>	<u>\$ 3,160</u>	<u>\$ 82</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 - SEG - Stimulus
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	<u>\$ 374,511</u>	<u>\$ 374,917</u>	<u>\$ 334,758</u>	<u>\$ (40,159)</u>
Total revenues	<u><u>\$ 374,511</u></u>	<u><u>\$ 374,917</u></u>	<u><u>\$ 334,758</u></u>	<u><u>\$ (40,159)</u></u>
EXPENDITURES				
Direct instruction	<u>\$ 374,511</u>	<u>\$ 374,917</u>	<u>\$ 359,566</u>	<u>\$ 15,351</u>
Total expenditures	<u><u>\$ 374,511</u></u>	<u><u>\$ 374,917</u></u>	<u><u>\$ 359,566</u></u>	<u><u>\$ 15,351</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 11,523	\$ 88,389	\$ 31,911	\$ (56,478)
Total revenues	<u>\$ 11,523</u>	<u>\$ 88,389</u>	<u>\$ 31,911</u>	<u>\$ (56,478)</u>
EXPENDITURES				
Direct instruction	\$ 11,533	\$ 88,389	\$ 32,614	\$ 55,775
Total expenditures	<u>\$ 11,533</u>	<u>\$ 88,389</u>	<u>\$ 32,614</u>	<u>\$ 55,775</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ -	\$ 1,304	\$ 1,304
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,304</u>	<u>\$ 1,304</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 487	\$ 487	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ 487</u>	<u>\$ 487</u>	<u>\$ -</u>
OTHER FINANCING SOURCES				
Transfer in	\$ -	\$ 487	\$ 487	\$ -
Total other financing sources	<u>\$ -</u>	<u>\$ 487</u>	<u>\$ 487</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Instructional support	\$ -	\$ -	\$ -	\$ -
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 - Dual Credit
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ -	\$ 1,000	\$ 1,000
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 1,000</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ 17,188	\$ 14,258	\$ (2,930)
Total revenues	<u>\$ -</u>	<u>\$ 17,188</u>	<u>\$ 14,258</u>	<u>\$ (2,930)</u>
EXPENDITURES				
Instructional support	\$ -	\$ 17,188	\$ 13,773	\$ 3,415
Total expenditures	<u>\$ -</u>	<u>\$ 17,188</u>	<u>\$ 13,773</u>	<u>\$ 3,415</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 - Beginning Teacher Mentoring
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ 11,435	\$ -	\$ 11,435
Total revenues	<u>\$ -</u>	<u>\$ 11,435</u>	<u>\$ -</u>	<u>\$ 11,435</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 11,435	\$ 11,433	\$ 2
Total expenditures	<u>\$ -</u>	<u>\$ 11,435</u>	<u>\$ 11,433</u>	<u>\$ 2</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 - Breakfast Program
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ 7,085	\$ 7,085	\$ -
Total revenues	<u>\$ -</u>	<u>\$ 7,085</u>	<u>\$ 7,085</u>	<u>\$ -</u>
EXPENDITURES				
Food services	\$ -	\$ 7,085	\$ 7,085	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ 7,085</u>	<u>\$ 7,085</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 Start Up Program
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 115,594	\$ 115,594	\$ 106,457	\$ (9,137)
Total revenues	<u>\$ 115,594</u>	<u>\$ 115,594</u>	<u>\$ 106,457</u>	<u>\$ (9,137)</u>
EXPENDITURES				
Direct instruction	\$ 96,056	\$ 96,056	\$ 89,230	\$ 6,826
Instructional support	19,538	19,538	15,972	3,566
Total expenditures	<u>\$ 115,594</u>	<u>\$ 115,594</u>	<u>\$ 105,202</u>	<u>\$ 10,392</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Instructional support	\$ -	\$ -	\$ -	\$ -
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 - NM State Highway Grant
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ 13,088	\$ 13,088	\$ -
Total revenues	<u>\$ -</u>	<u>\$ 13,088</u>	<u>\$ 13,088</u>	<u>\$ -</u>
EXPENDITURES				
Capital outlay	\$ -	\$ 13,088	\$ -	\$ 13,088
Total expenditures	<u>\$ -</u>	<u>\$ 13,088</u>	<u>\$ -</u>	<u>\$ 13,088</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 37,946	\$ 37,946	\$ 34,114	\$ (3,832)
Total revenues	<u>\$ 37,946</u>	<u>\$ 37,946</u>	<u>\$ 34,114</u>	<u>\$ (3,832)</u>
EXPENDITURES				
Direct instruction	\$ 51,818	\$ 51,818	\$ 42,287	\$ 9,531
Total expenditures	<u>\$ 51,818</u>	<u>\$ 51,818</u>	<u>\$ 42,287</u>	<u>\$ 9,531</u>
BUDGETED CASH BALANCE	<u>\$ 13,872</u>	<u>\$ 13,872</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 86,176	\$ 86,176	\$ 54,876	\$ (31,300)
Federal sources	571,930	571,930	568,615	(3,315)
Earnings from investments	53	53	66	13
	<u>53</u>	<u>53</u>	<u>66</u>	<u>13</u>
Total revenues	<u>\$ 658,159</u>	<u>\$ 658,159</u>	<u>\$ 623,557</u>	<u>\$ (34,602)</u>
EXPENDITURES				
Food services	\$ 732,600	\$ 732,600	\$ 623,149	\$ 109,451
Total expenditures	<u>\$ 732,600</u>	<u>\$ 732,600</u>	<u>\$ 623,149</u>	<u>\$ 109,451</u>
BUDGETED CASH BALANCE	<u>\$ 74,441</u>	<u>\$ 74,441</u>		

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, 2011

	<u>Operational</u>	<u>Transporation</u>	<u>Instructional Materials</u>	<u>Total</u>
ASSETS				
Cash on deposit	\$ 2,249,631	\$ 30	\$ 2,593	\$ 2,252,254
Accounts receivable, collectible	<u>3,180</u>	<u>-</u>	<u>-</u>	<u>3,180</u>
Total assets	<u>\$ 2,252,811</u>	<u>\$ 30</u>	<u>\$ 2,593</u>	<u>\$ 2,255,434</u>
LIABILITIES				
Accounts payable	<u>\$ 44,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,836</u>
Total liabilities	<u>44,836</u>	<u>-</u>	<u>-</u>	<u>44,836</u>
FUND BALANCES				
Restricted	-	30	2,593	2,623
Unassigned	<u>2,207,975</u>	<u>-</u>	<u>-</u>	<u>2,207,975</u>
Total fund balance	<u>2,207,975</u>	<u>30</u>	<u>2,593</u>	<u>2,210,598</u>
Total liabilities and fund balances	<u>\$ 2,252,811</u>	<u>\$ 30</u>	<u>\$ 2,593</u>	<u>\$ 2,255,434</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, 2011

REVENUES	Operational	Transporation	Instructional Materials	Total
Taxes	\$ 130,927	\$ -	\$ -	\$ 130,927
Charges for services	899	-	-	899
Local sources	90,980	4,286	21	95,287
State sources	9,391,327	847,201	53,184	10,291,712
Federal sources	297,273	-	-	297,273
Earnings from investments	3,648	-	-	3,648
Total revenues	<u>9,915,054</u>	<u>851,487</u>	<u>53,205</u>	<u>10,819,746</u>
EXPENDITURES				
Current:				
Direct instruction	5,987,349	-	66,437	6,053,786
Instructional support	3,217,807	731,975	2,039	3,951,821
Food services	-	-	-	-
Capital outlay	9,800	119,544	-	129,344
Total expenditures	<u>9,214,956</u>	<u>851,519</u>	<u>68,476</u>	<u>10,134,951</u>
Excess (deficiency) of revnues over expenditures	700,098	(32)	(15,271)	684,795
OTHER FINANCING (USES)				
Transfer out	(2,217)	-	-	(2,217)
Total other financing (uses)	<u>(2,217)</u>	<u>-</u>	<u>-</u>	<u>(2,217)</u>
Net change in fund balance	697,881	(32)	(15,271)	682,578
Fund balance at beginning of year	1,510,094	62	17,864	1,528,020
Fund balance at end of year	<u>\$ 2,207,975</u>	<u>\$ 30</u>	<u>\$ 2,593</u>	<u>\$ 2,210,598</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 130,596	\$ 130,596	\$ 129,411	\$ (1,185)
Charges for services	1,100	1,100	899	(201)
Local sources	1,200	1,200	90,980	89,780
State sources	9,694,027	9,694,027	9,391,327	(302,700)
Federal sources	310,491	310,491	297,273	(13,218)
Earnings from investments	2,638	2,638	3,648	1,010
Total revenues	<u>\$ 10,140,052</u>	<u>\$ 10,140,052</u>	<u>\$ 9,913,538</u>	<u>\$ (226,514)</u>
EXPENDITURES				
Direct instruction	\$ 6,590,481	\$ 6,313,238	\$ 5,971,214	\$ 342,024
Instructional support	3,894,646	3,894,646	3,217,807	676,839
Capital outlay	942,393	942,393	9,800	932,593
Total expenditures	<u>\$ 11,427,520</u>	<u>\$ 11,150,277</u>	<u>\$ 9,198,821</u>	<u>\$ 1,951,456</u>
BUDGETED CASH BALANCE	<u>\$ 1,287,468</u>	<u>\$ 1,287,468</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Local sources	-	4,286	4,286	-
State sources	746,945	847,232	847,201	(31)
Federal sources	-	-	-	-
Earnings from investments	-	-	-	-
Total revenues	<u>\$ 746,945</u>	<u>\$ 851,518</u>	<u>\$ 851,487</u>	<u>\$ (31)</u>
EXPENDITURES				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Instructional support	746,945	732,005	731,975	30
Capital outlay	-	119,544	119,544	-
Total expenditures	<u>\$ 746,945</u>	<u>\$ 851,549</u>	<u>\$ 851,519</u>	<u>\$ 30</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 31</u>		

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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Local sources	-	-	21	21
State sources	51,540	51,540	53,184	1,644
Federal sources	-	-	-	-
Earnings from investments	-	-	-	-
Total revenues	<u>\$ 51,540</u>	<u>\$ 51,540</u>	<u>\$ 53,205</u>	<u>\$ 1,665</u>
EXPENDITURES				
Direct instruction	\$ 83,137	\$ 83,137	\$ 66,437	\$ 16,700
Instructional support	2,040	2,040	2,039	1
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 85,177</u>	<u>\$ 85,177</u>	<u>\$ 68,476</u>	<u>\$ 16,701</u>
BUDGETED CASH BALANCE	<u>\$ 33,637</u>	<u>\$ 33,637</u>		

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, 2011

	Balances June 30, 2010	Additions	Deletions	Balances June 30, 2011
ASSETS				
Cash of deposit	\$ 173,912	\$ 260,225	\$ 249,906	\$ 184,231
Total assets	<u>\$ 173,912</u>	<u>\$ 260,225</u>	<u>\$ 249,906</u>	<u>\$ 184,231</u>
LIABILITIES				
Deposits held for others				
T or C Elementary	\$ 29,328	\$ 38,808	\$ 38,596	\$ 29,540
SEC Elementary	14,191	6,015	7,183	13,023
Arrey Elementary	11,603	18,998	22,205	8,396
T or C Middle School	30,898	26,809	28,830	28,877
Hot Springs High School	78,164	167,202	149,175	96,191
Alternative School	2,642	-	14	2,628
Central Office	7,086	2,393	3,903	5,576
Total liabilities	<u>\$ 173,912</u>	<u>\$ 260,225</u>	<u>\$ 249,906</u>	<u>\$ 184,231</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, 2011

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Cafeteria</u>	<u>Athletics</u>
Cash balance, June 30, 2010	\$ 1,537,131	\$ 62	\$ 17,864	\$ 81,899	\$ 16,217
Cash Receipts, 2010-2011	9,913,538	851,487	53,205	623,556	34,114
Transfer out	(2,217)	-	-	-	-
Cash Disbursements, 2010-2011	<u>(9,198,821)</u>	<u>(851,519)</u>	<u>(68,476)</u>	<u>(623,149)</u>	<u>(42,287)</u>
Cash balance, June 30, 2011	<u>\$ 2,249,631</u>	<u>\$ 30</u>	<u>\$ 2,593</u>	<u>\$ 82,306</u>	<u>\$ 8,044</u>

	<u>Federal Projects</u>	<u>Local/ State</u>	<u>Bond Building</u>	<u>Capital Improvement SB-9</u>
Cash balance, June 30, 2010	\$ 44,044	\$ 121,170	\$ 2,310,328	\$ 470,309
Cash Receipts, 2010-2011	2,464,713	281,475	3,474	569,974
Transfer in	1,730	487	-	-
Cash Disbursements, 2010-2011	<u>(2,827,964)</u>	<u>(166,145)</u>	<u>(1,326,414)</u>	<u>(505,186)</u>
Cash balance, June 30, 2011	<u>\$ (317,477)</u>	<u>\$ 236,987</u>	<u>\$ 987,388</u>	<u>\$ 535,097</u>

	<u>Debt Service</u>	<u>Agency</u>	<u>Expendable Trust</u>	<u>Non- Expendable Trust</u>	<u>Non- Expendable Trust</u>
Cash balance, June 30, 2010	\$ 2,021,382	\$ 173,912	\$ 51	\$ 42,477	\$ 5,000
Cash Receipts, 2010-2011	1,530,716	260,225	-	89	5,500
Cash Disbursements, 2010-2011	<u>(1,898,038)</u>	<u>(249,906)</u>	<u>-</u>	<u>(1,000)</u>	<u>(4,500)</u>
Cash balance, June 30, 2011	<u>\$ 1,654,060</u>	<u>\$ 184,231</u>	<u>\$ 51</u>	<u>\$ 41,566</u>	<u>\$ 6,000</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, 2011

	Title I	Title I Stimulus	Title I Migrant	PL 94-142 Preschool	Rural Low Income Grant	ROTC	Fresh Fruit and Vegetable Program	Technology Literacy Challenge
Revenues per modified accrual basis	\$ 783,583	\$ 369,948	\$ 17,929	\$ 15,641	\$ 36,147	\$ 61,072	\$ -	\$ -
Receivables	-	-	-	-	-	-	-	-
Deferred revenue/Due from grantor	(74,793)	(16,298)	2,984	(6,048)	2,767	2,372	-	-
Revenues per budgetary basis	<u>\$ 708,790</u>	<u>\$ 353,650</u>	<u>\$ 20,913</u>	<u>\$ 9,593</u>	<u>\$ 38,914</u>	<u>\$ 63,444</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures per modified accrual basis	\$ 783,583	\$ 369,948	\$ 17,929	\$ 15,641	\$ 36,147	\$ 61,072	\$ -	\$ -
Inventory changes	-	-	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-	-	-
Expenditures per budgetary basis	<u>\$ 783,583</u>	<u>\$ 369,948</u>	<u>\$ 17,929</u>	<u>\$ 15,641</u>	<u>\$ 36,147</u>	<u>\$ 61,072</u>	<u>\$ -</u>	<u>\$ -</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, 2011

	PL 94-142 Entitlement	Title I Homeless Stimulus	Title I Homeless	Carl D. Perkins Unliquidated Obligations	Improving Teacher Quality	Carl D. Perkins Secondary	Carl D. Perkins Secondary Redistribution	SEG Stimulus
Revenues per modified accrual basis	\$ 424,907	\$ 9,613	\$ 874	\$ -	\$ 101,917	\$ 20,044	\$ 3,160	\$ 359,566
Receivables	-	-	-	-	-	-	-	-
Deferred revenue/Due from grantor	(73,751)	-	-	-	(10,733)	(630)	-	(24,808)
Revenues per budgetary basis	<u>\$ 351,156</u>	<u>\$ 9,613</u>	<u>\$ 874</u>	<u>\$ -</u>	<u>\$ 91,184</u>	<u>\$ 19,414</u>	<u>\$ 3,160</u>	<u>\$ 334,758</u>
Expenditures per modified accrual basis	\$ 424,907	\$ 9,613	\$ 874	\$ 1,730	\$ 101,917	\$ 20,044	\$ 3,160	\$ 359,566
Inventory changes	-	-	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-	-	-
Expenditures per budgetary basis	<u>\$ 424,907</u>	<u>\$ 9,613</u>	<u>\$ 874</u>	<u>\$ 1,730</u>	<u>\$ 101,917</u>	<u>\$ 20,044</u>	<u>\$ 3,160</u>	<u>\$ 359,566</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, 2011

	English Language Acquisition	Schools in Need Improvement Framework	Technology for Education	Dual Credit	Library Bond	Beginning Teacher Mentoring Program	Incentives for School Improvement	Breakfast Program
Revenues per modified accrual basis	\$ 32,614	\$ -	\$ -	\$ -	\$ 13,773	\$ 11,433	\$ -	\$ 7,085
Receivables	-	-	-	-	-	-	-	-
Deferred revenue/Due from grantor	(703)	1,304	-	1,000	485	(11,433)	-	-
Revenues per budgetary basis	<u>\$ 31,911</u>	<u>\$ 1,304</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 14,258</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,085</u>
Expenditures per modified accrual basis	\$ 32,614	\$ 487	\$ -	\$ -	\$ 13,773	\$ 11,433	\$ -	\$ 7,085
Inventory changes	-	-	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-	-	-
Expenditures per budgetary basis	<u>\$ 32,614</u>	<u>\$ 487</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,773</u>	<u>\$ 11,433</u>	<u>\$ -</u>	<u>\$ 7,085</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, 2011

	Pre-K Start-Up Program	Pre-K Program	Library Book	NM State Highway Grant	Athletics	Cafeteria	Total Special Revenue
Revenues per modified accrual basis	\$ -	\$ 105,202	\$ -	\$ -	\$ 34,114	\$ 623,557	\$ 3,032,179
Receivables	-	-	-	-	-	-	-
Deferred revenue/Due from grantor	-	1,255	-	13,800	-	-	(193,230)
Revenues per budgetary basis	<u>\$ -</u>	<u>\$ 106,457</u>	<u>\$ -</u>	<u>\$ 13,800</u>	<u>\$ 34,114</u>	<u>\$ 623,557</u>	<u>\$ 2,838,949</u>
Expenditures per modified accrual basis	\$ -	\$ 105,202	\$ -	\$ -	\$ 42,287	\$ 619,641	\$ 3,038,653
Inventory changes	-	-	-	-	-	3,508	3,508
Accounts payable	-	-	-	-	-	-	-
Expenditures per budgetary basis	<u>\$ -</u>	<u>\$ 105,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,287</u>	<u>\$ 623,149</u>	<u>\$ 3,042,161</u>

STATE OF NEW MEXICO
 TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2011

<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	\$ 783,583
Title I Migrant	84.011	24.103	17,929
* Title I-Stimulus	84.389	24.201	369,948
Title I Homeless	84.196	24.113	874
Title I Homeless-Stimulus	84.196	24.213	9,613
94-142 Entitlement	84.027	24.106	424,907
94-142 Entitlement-Stimulus	84.391	24.206	313,145
94-142 Preschool	84.173	24.109	15,641
Rural Low Income Grant	84.358	24.160	36,147
English Language Grant	84.365	24.153	32,614
Improving Teacher Quality	84.367	24.154	101,917
Carl D. Perkins-Secondary	84.048	24.174	20,044
Carl D. Perkins-Unliquidated	84.048	24.175	1,730
Carl D. Perkins-Secondary Redistribution	84.048	24.176	<u>3,160</u>
Sub-total			<u>2,131,252</u>
<u>U.S. Department of Education</u>			
Direct Program			
SEG-Stimulus	84.394	25.250	359,566
Education Jobs Fund-Stimulus	84.410	25.255	<u>276,074</u>
Sub-total			<u>635,640</u>
<u>U.S. Department of Defense</u>			
Direct Program			
R.O.T.C.	12.000	25.200	<u>61,072</u>
<u>U.S. Department of Agriculture</u>			
Passed through State of NM			
Department of Finance and Administration:			
Forest Reserve	10.665	N/A	267,674
Passed through State of NM			
Department of Education:			
National School Lunch Program	10.555	N/A	378,969
School Breakfast Program	10.553	N/A	159,335
Fresh Fruit & Vegetable Program	10.582	N/A	-
Passed through State of NM			
Health and Human Services:			
U.S.D.A. Commodities	10.550	N/A	<u>30,311</u>
Sub-total			<u>836,289</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,664,253</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, 2011

Part 1 - Summary of Auditor Results

1. Type of Report - Unqualified
2. Significant Deficiency - NONE
3. Non-Compliance - Payment Made Before Contract (10-03), Contract Prepared After Professional Services Were Obtained (10-04), Bids/Quotes Not Obtained (10-07), Outstanding Balances (11-01), Request for Reimbursement Denied (11-02) and Bus Contracts (11-03)
4. Reportable Conditions Over Major Programs - NONE
5. Type of Report Issued on Compliance with the Major Program - Unqualified
6. A-133 Audit Findings - NONE
7. Major Programs - Title I CFDA #84.010 and Title I - Stimulus CFDA #84.389
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

Imprest Bank Account (06-02), Payment Made Before Approval or Contract (10-03), Contract Prepared After Professional Services Were Obtained (10-04), Bids/Quotes Not Obtained (10-07), Outstanding Balances (11-01), Request for Reimbursements Denied (11-02) and Bus Contracts (11-03)

Part 3 - Questioned Costs

NONE

Rice and Associates, C.P.A.

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11805 Menaul NE
Albuquerque, NM 87112

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TAX PREPARATION
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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, PL 94-142 Entitlement - Stimulus, Education Jobs Fund and Spaceport Funds of Truth or Consequences Municipal Schools, as of and for the year ended June 30, 2011, and have issued our report thereon dated March 27, 2012. We also have audited the financial statements of each of the Schools' non-major governmental and fiduciary funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011. 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 Truth or Consequences Municipal Schools 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 Truth or Consequences Municipal Schools internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Schools' internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We

did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, a significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Truth or Consequences Municipal Schools 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Status of Findings and the Schedule of Findings and Questioned Costs as Payment Made Before Contract (10-03), Contract Prepared After Professional Services Were Obtained (10-04), Bids/Quotes Not Obtained (10-07), Outstanding Balances (11-01), Request for Reimbursements Denied (11-02) and Bus Contracts (11-03) and Late Audit Report (11-04).

The Truth or Consequences Municipal Schools responses to the findings identified in our audit are described in the accompanying Status of Findings. 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, the New Mexico State Legislature, applicable federal grantors and the Public Education Department and is not intended to be used by anyone other than these specified parties.



March 27, 2012

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 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, 2011. 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, 2011.

Internal Control Over Compliance

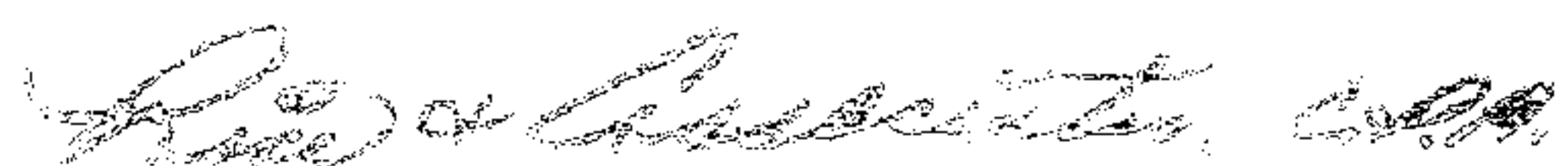
The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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.

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

A handwritten signature in dark ink, appearing to read "R. J. ...", is located at the end of the report.

March 27, 2012

STATUS OF FINDINGS

Prior Year Audit Findings:

1. Imprest Bank Account (06-02) - Repeated.
2. Payment Made Before Goods/Services Received (09-02) - Resolved.
3. Board Meeting Minutes (10-01) - Resolved.
4. New Hire Reporting (10-02) - Resolved.
5. Payment Made Before Contract Received (10-03) - Repeated.
6. Contract Prepared After Professional Services Were Obtained (10-04) - Repeated.
7. Contract Cap (10-05) - Resolved.
8. Contract Addendum (10-06) - Resolved.
9. Bids/Quotes Not Obtained (10-07) - Repeated.
10. Purchase Orders Dated After Invoice (10-08) - Resolved.
11. Change Orders Not Approved (10-09) - Resolved.

Current Year Audit Findings:

1. Outstanding Balances (11-01)
2. Request for Reimbursements Denied (11-02)
3. Bus Contracts (11-03)
4. Late Audit Report (11-04)

Imprest Bank Account
(06-02)

CONDITION	The imprest bank account (payroll clearing) has been reconciled. However, the adjustments have not been investigated and resolved in a timely manner.
CRITERIA	All imprest accounts should be reconciled correctly on a monthly basis, resulting in zero balances.
CAUSE	Management is not ensuring that all the adjustments to the reconciliation are investigated and corrected in a timely manner.
EFFECT	Differences due to NMPSIA or ERB changes are not investigated timely, resulting in a balance in the payroll clearing account.
RECOMMENDATION	Management needs to ensure that this account is reconciled timely to ensure any adjustments are found, investigated and adjusted in a timely manner.
RESPONSE	Staff have reconciled this account and determined that the amount in question is related to the requirement to "Pay as Billed" to the New Mexico Public School Insurance Authority. Any differences that remain will be transferred to the appropriate fund. The Board of Education approved the transfer of \$13,145.89 on March 8, 2012. Staff will continue to monitor this account and reconcile timely.

Payment Made Before Contract Received
(10-03)

CONDITION The School District paid \$81,000 for training without a signed contract. There is no signed contract for the 2011-2012 fiscal year either.

CRITERIA According to PED regulations all goods/services should be requested, a contract signed and a purchase order issued before the goods/services are received and/or paid for.

CAUSE Management did not ensure a signed contract was obtained.

EFFECT The School District is not following PED regulations.

RECOMMENDATION The School District should implement procedures to ensure that goods/services are not received before a contract is signed.

RESPONSE This particular arrangement is related to a continuing contract for instructional training that was established in a prior year. The contract in question should have been simply attached to the purchase documents in this fiscal year. For future transactions proper reference will be available and/or attached to the purchase documents as well as a copy of the original contract will be made available for review.

Contract documents with all vendors will be centralized in a single and secure location for easy reference and management. This practice will aid staff in accessing the proper documents for auditors, Board of Education inquiries and business staff. Further, the district realizes how essential it is to have staff that is properly trained to initiate and to process the purchase of services or supplies. It is the intent of the district to provide professional development opportunities through the Association of School Business Officials and other venues to inform and train staff on proper purchasing procedures and related internal controls. Procurement through contractual arrangements will be an emphasis area of instruction so that this condition may be resolved as soon as possible.

Annually, district personnel will review contractual obligations and determine if new contracts should be in place or cancelled. All contracts will be duly authorized, signed, dated, and coded before processing.

Contract Prepared After Professional Services Were Obtained
(10-04)

CONDITION A School Resource Officer contract in the amount of \$25,000 was created and signed after the services had been performed.

CRITERIA All services (requiring a contract) should have a contract prepared and signed by both parties before services begin.

CAUSE The proper procedures for obtaining a signed contract before services start were not followed.

EFFECT The Vendor may dispute the amount of the agreed upon payment. Thus, creating a legal dispute with the School District.

RECOMMENDATION The School District should ensure that all contracts are signed and agreed upon before services start.

RESPONSE The School District management will advise all staff about the requirement to complete all required documentation including required authorizing signatures BEFORE any services are performed or supplies ordered as per the New Mexico Procurement Code. Further, all district contracts will be managed in a central location and communication will be strengthened between the vendor and the district so that there is no question when services shall commence and end. Services will begin only after all contract documents are authorized , signed, dated with the appropriate account code. Payment will be made after services are performed if in accordance with contract guidelines. As these documents are centralized, management should be able to monitor dates of service and all specifications more frequently.

Bids/Quotes Not Obtained
(10-07)

CONDITION The School District purchased \$81,000 for training without obtaining 3 quotes or bids.

CRITERIA When the School District is obtaining goods/services over \$5,000 3 quotes or bids should be obtained.

CAUSE Management is not ensuring that 3 bids or quotes are received for goods/services obtained over \$5,000.

EFFECT The School District is not following its own procurement policies.

RECOMMENDATION Management should ensure that its procurement policies are followed when goods/services are purchased.

RESPONSE This service was based on a continuing contract from a prior year and is a specialized arrangement in accordance with the NM Procurement Code, 13-1-126 Sole Source . As staff process these documents they will include a new form that will state the statute reference noting that the training is of a specialized nature and available through only one source and this information will be readily available as purchases are examined.

Contract arrangements with all vendors are being centralized in a single and secure location for easy reference and management. This practice will aid staff in accessing the proper documents for auditors, Board of Education inquiries and business staff.

Outstanding Balances

(11-01)

CONDITION	The School District has cash balances in its Special Revenue Funds totaling \$11,738 that represent grants that have not been utilized for several years.
CRITERIA	Each grant has a specified time period in which they are to be utilized.
CAUSE	Management has not taken measures to ensure that all grants received are utilized in a timely manner according to the grant restrictions.
EFFECT	Monies are available to be used for special projects and the School District has not used them.
RECOMMENDATION	Management should approve budgets and spend the assets received according to the grant agreements.
RESPONSE	The School District will make arrangements with the Public Education Department and/or the awarding agencies to transfer or return these monies so that the fund balances will be exhausted. In addition, the school district will initiate revised purchasing procedures that will require program directors and others to expend grant proceeds in accordance with grant guidelines. The Business Manager will closely monitor spending patterns and determine if grant managers need to be notified if monies are not expended timely. The Business Manager will prepare a Grant Tracking and Reimbursement Chart that will enable staff to monitor fund balances, carry over and initial allocations for all Special Revenue Funds.

Request for Reimbursements Denied

(11-02)

CONDITION The School District submitted requests for reimbursements in the amount of \$2,817 for three different Special Revenue Grants. PED denied these requests. The Operational Fund had to cover these denials.

CRITERIA Each grant administered by the School District should spend only those charges allowed for that particular grant.

CAUSE The Director of one of the Grants assumed there was budget for "snacks" and there was not. Also, it was denied by PED because this particular type of disbursement was not included in the grant application. As for the other two grants; PED approved budgets for them, however, denied the RFR claiming the disbursement was not made timely because receipts for the items were not within the specified time period.

EFFECT The Operational Fund had to spend \$2,817 that was not budgeted for during the year.

RECOMMENDATION The School District should ensure that all grant agreements are administered correctly in a timely basis.

RESPONSE The School District will conduct training for all staff on the appropriateness of expenditures, reference DFA White Paper (FCD Directive) that delineates the four criteria for public expenditures. Reference PSAB, Supplement 1, Manual of Procedures for Public School Accounting and Budgeting. Management will insure that staff understand that expenditures must meet the following criterion: expenditures must be aligned with the District's Educational Plan for Student Success; be necessary to carry out the District's Mission; provide or contribute to providing a public benefit; and, that there be an appropriation or an available resource. Further, staff will be instructed about the importance of following grant application criteria that will allow specific expenditures in all categorical funds. This emphasis will be communicated at administrator meetings, staff meetings and be a part of the district administrative procedures (that shall be updated following guidance from the Manual of Procedures, Supplement 2, Internal Controls). The Business Manager and staff will strictly follow the calendar for reimbursement requests provided by the Public Education Department. A Grant Tracking and Reimbursement Chart will be prepared to assist staff in tracking all reimbursements.

Bus Contracts

(11-03)

CONDITION The School District entered into a Fleet Contract with two Owner/Operators. These contracts were entered into January, 2011. These contracts were not prepared correctly because:

- 1) They are not Fleet owners,
- 2) the new contracts were not approved and signed by the contractor and the School District,
- 3) this contract violates State Statute 22-16-3 that states Owner/Operators will be paid "employee salary and benefits".

CRITERIA NMSA 22-16-3 states that Owner/Operator contracts shall "include recognition of fuel costs, operation and maintenance costs and employee salary and benefit costs.

CAUSE The Transportation Division of the Public Education Department incorrectly approved the change from an Owner/Operator contract to a Fleet Contract.

EFFECT The School District is not following NMSA 22-16-3.

RECOMMENDATION The School District should change the two Fleet Contracts back to Owner/Operator contracts to ensure NMSA 22-16-3 is followed.

RESPONSE The District will contact the Public Education Department to resolve this issue and seek further direction. The School District followed the instructions provided by the PED as the regulatory agency for Public Schools. Further, the school district will review local procedures, review existing files to determine if all contracts have been completed (with authorizing signatures). Staff will notify the PED and make recommendations for updates on their required forms that would better suit school transportation activities. Currently, required forms are out of date and do not meet with local employee or contractor arrangements that are to be determined at the local level.

Late Audit Report

(11-04)

CONDITION The audit report was submitted to the State Auditor after the required deadline of November 15, 2011.

CRITERIA School District audits are required to be submitted to the State Auditor by November 15 as required by NMAC 2.2.2.9A(1)(d).

CAUSE The Superintendent provided information to the auditors the day of the scheduled exit conference. This information was relevant to the audit report and required additional review.

EFFECT NMAC 2.2.2.9A(1)(d) was not followed.

RECOMMENDATION Management needs to ensure that the auditors are provided with all documentation so the audit procedures can be completed before the required deadline. Thus, ensuring a Scope Limitation does not occur.

RESPONSE The School District will insure that audit information is communicated to the IPA in a timely manner. All information necessary for a timely submission was initially submitted to the auditor. As additional review took place, the audit submission was delayed. It should be noted that all required reports are submitted timely by the School District to the Public Education Department and that this late audit finding is not indicative of the overall fiscal operations of the district.

FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2010 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 115.

EXIT CONFERENCE

An exit conference was held at the School District on March 27, 2012, to discuss the current audit report. In attendance were Mr. Tom Burris, Superintendent, Ms. Ann Filosa, School Board Vice-President, Ms. Cathy Vickers, School Board Secretary, Ms. Mary Wickstrom, Administrative Assistant, Ms. Caron Snow, Interim Business Manager, Mr. Orlando S. Romero, Community Member/Finance Experience and Ms. Pamela A. Rice, CPA, Contract Auditor.