

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2013**



(This page intentionally left blank.)

## **INTRODUCTORY SECTION**

(This page intentionally left blank.)

ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2013  
TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
<b>INTRODUCTORY SECTION</b>		
Table of Contents		i
Official Roster		iii
<b>FINANCIAL SECTION</b>		
Independent Auditors' Report		1
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	A-1	3
Statement of Activities	A-2	4
Fund Financial Statements:		
Balance Sheet – Governmental Funds	B-1	6
Reconciliation of the Balance Sheet to the Statement of Net Position		8
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B-2	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		11
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual		
General Fund	B-3	12
Transportation Fund	B-4	13
Instructional Materials Fund	B-5	14
Statement of Fiduciary Assets and Liabilities	C-1	15
Notes to the Financial Statements		16
	<u>Statement/ Schedule</u>	<u>Page</u>
<b>SUPPLEMENTARY INFORMATION</b>		
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	38
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	39
Nonmajor Special Revenue Fund Descriptions		40
Combining Balance Sheet – Nonmajor Special Revenue Funds	B-1	42
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	B-2	49
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
Food Service Special Revenue Fund	B-3	56
Athletics Special Revenue Fund	B-4	57
Title I – IASA Special Revenue Fund	B-5	58
Migrant Children Education Special Revenue Fund	B-6	59
IDEA-B Entitlement Special Revenue Fund	B-7	60
IDEA-B Preschool Special Revenue Fund	B-8	61
Education for Homeless Children and Youth Special Revenue Fund	B-9	62
Fresh Fruits & Vegetables Special Revenue Fund	B-10	63
IDEA-B “Risk Pool” Special Revenue Fund	B-11	64

ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2013  
TABLE OF CONTENTS (Continued)

	<u>Statement/ Schedule</u>	<u>Page</u>
Enhancing Ed through Tech Special Revenue Fund	B-12	65
English Language Acquisition Special Revenue Fund	B-13	66
Teacher/Principal Training/Recruiting Special Revenue Fund	B-14	67
Rural & Low Income Schools Special Revenue Fund	B-15	68
Carl D Perkins Secondary – Current Special Revenue Fund	B-16	69
Carl D Perkins Secondary – Redistribution Special Revenue Fund	B-17	70
Entitlement IDEA-B Federal Stimulus Special Revenue Fund	B-18	71
Title XIX Medicaid Special Revenue Fund	B-19	72
ROTC Special Revenue Fund	B-20	73
Education Jobs Fund Special Revenue Fund	B-21	74
Spaceport GRT Grant – Sierra County Special Revenue Fund	B-22	75
Dual Credit Instructional Materials Special Revenue Fund	B-23	76
2010 GO Bonds Student Library Fund (SBI) Special Revenue Fund	B-24	77
Special State Appropriation – Formative Assessments Special Revenue Fund	B-25	78
Technology for PED Special Revenue Fund	B-26	79
Incentives for School Improvement Act Special Revenue Fund	B-27	80
Pre-K Initiative Special Revenue Fund	B-28	81
Beginning Teacher Mentoring Program Special Revenue Fund	B-29	82
Breakfast for Elementary Students Special Revenue Fund	B-30	83
Kindergarten Three-Plus Special Revenue Fund	B-31	84
Pre-Kindergarten Special State Special Revenue Fund	B-32	85
School Library Materials Fund SY 08 Special Revenue Fund	B-33	86
NM Highway Department (Road) Special Revenue Fund	B-34	87
Nonmajor Capital Project Fund Descriptions		88
Combining Balance Sheet – Nonmajor Capital Projects Funds	C-1	89
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	C-2	90
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
Bond Building Capital Projects Fund	C-3	91
Capital Improvements SB-9 Capital Projects Fund	C-4	92
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
Debt Service Fund	D-1	93
 <b>OTHER SUPPLEMENTAL INFORMATION</b>		
Schedule of Changes in Fiduciary Assets and Liabilities	I	94
Schedule of Cash and Temporary Investment Accounts	II	95
Schedule of Collateral Pledged by Depository for Public Funds	III	96
Cash Reconciliation	IV	97
 <b>COMPLIANCE SECTION</b>		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		99
 <b>FEDERAL FINANCIAL ASSISTANCE</b>		
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133		101
Schedule of Expenditures of Federal Awards	V	104
Schedule of Findings and Questioned Costs	VI	106

**OFFICIAL ROSTER0**  
**JUNE 30, 2013**

<u>Name</u>		<u>Title</u>
	<u>Board of Education</u>	
John C. Johnson		President
Denise Barrera		Vice President
Rita Ortiz		Secretary
Angela Rael		Member
Brett Smith		Member
	<u>School Officials</u>	
Dr. Craig Cummins		Superintendent
Dr. Robert Vise		Director of Federal Programs
Hank Hopkins		Director of Human Resources
Bonnie Nielson		Coordinator of Special Education
Carmen Spann		Business Manager

(This page intentionally left blank.)



**FINANCIAL SECTION**

(This page intentionally left blank.)



# Griego Professional Services, LLC

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Hector Balderas, New Mexico State Auditor  
The Office of Management and Budget  
To the Board of Education  
Truth or Consequences Municipal Schools, T or C, New Mexico

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of Truth or Consequences Municipal Schools (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds and the budgetary comparisons for the major capital project funds, debt service fund, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board (GASB), in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

(This page intentionally left blank.)

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2013, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2013, and the respective changes in financial position thereof and the respective budgetary comparisons for the major capital project funds, debt service fund, and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the District's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of federal awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, introductory, and the other schedules required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of federal awards and other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of federal awards and other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Management has omitted *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2013 on our consideration of District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Albuquerque, New Mexico  
November 14, 2013

(This page intentionally left blank.)

**BASIC  
FINANCIAL STATEMENTS**

(This page intentionally left blank.)



**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

Exhibit A-1

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	11,894,436
Receivables	546,047
Inventory	21,171
Bond issuance costs (net of amortization of \$98,207)	247,886
Capital assets	
Land and land improvements	1,795,419
Construction in progress	271,371
Buildings and building improvements	34,762,217
Furniture, fixtures and equipment	3,063,909
Vehicles	1,818,616
Less: accumulated depreciation	(14,471,297)
Total assets	39,949,775
<b>LIABILITIES</b>	
Accounts payable	\$ 112,479
Accrued payroll liabilities	519,964
Accrued compensated absences	315,771
Accrued interest	110,746
Deferred revenue	10,545
Deferred premium on bond refunding (net of amortization of \$4,601)	97,267
Noncurrent liabilities	
Bonds payable, due within one year	2,345,000
Bonds payable, due in more than one year	7,830,000
Total liabilities	11,341,772
<b>NET POSITION</b>	
Net investment in capital assets	17,215,854
Restricted for:	
Debt service fund	3,118,748
Capital projects funds	6,269,031
Unrestricted	2,004,370
Total net position	28,608,003

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Service</u>
<i>Primary Government</i>		
Current		
Instruction	\$ 7,726,266	\$ 37,355
Support services		
Students	1,213,548	-
Instruction	64,032	-
General administration	524,750	-
School administration	733,011	-
Central services	506,098	-
Operation & maintenance of plant	1,333,523	-
Student transportation	831,927	-
Other support services	26,802	-
Food services operation	734,256	47,138
Community services	-	-
Facilities materials, supplies & other services	730,116	-
Interest on long-term debt	176,571	-
Amortization	26,260	-
Depreciation - unallocated	1,048,972	-
	<hr/>	<hr/>
Total Primary Government	<u>\$ 15,676,132</u>	<u>\$ 84,493</u>

The accompanying notes are an integral part of these financial statements

<b>Program Revenues</b>			<b>Net (Expenses) Revenues and Changes in Net Position</b>
<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>		
\$ 2,204,026	\$ -		\$ (5,484,885)
106,888	-		(1,106,660)
64,788	-		756
-	-		(524,750)
8,814	-		(724,197)
-	-		(506,098)
2,025	-		(1,331,498)
799,865	-		(32,062)
-	-		(26,802)
638,890	-		(48,228)
-	-		-
-	62,702		(667,414)
-	-		(176,571)
-	-		(26,260)
-	-		(1,048,972)
<u>\$ 3,825,296</u>	<u>\$ 62,702</u>		<u>(11,703,641)</u>

**General Revenues**

Property taxes	
Levied for general purposes	146,419
Levied for debt service	1,678,483
Levied for capital projects	592,855
State Equalization Guarantee	9,523,794
Return of cash to PED	(88,686)
Interest income	12,338
Miscellaneous	23,889
Loss on disposal of fixed assets	5,212
Total general revenues	<u>11,894,304</u>
Change in net position	<u>190,663</u>
Net position - beginning	28,877,856
Prior period adjustment	<u>(460,516)</u>
Net position - beginning RESTATED	<u>28,417,340</u>
Net position - ending	<u>\$ 28,608,003</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

	Operational Fund			Bond Building 31100
	General 11000	Transportation 13000	Instructional Materials 14000	
<b>ASSETS</b>				
Current assets				
Cash and temporary investments	\$ 2,140,808	\$ 803	\$ 7,862	\$ 5,310,314
Accounts receivable				
Taxes	4,122	-	-	-
Due from other governments	-	-	10,182	-
Interfund receivables	453,960	-	-	-
Inventory	-	-	-	-
<b>Total assets</b>	<b>2,598,890</b>	<b>803</b>	<b>18,044</b>	<b>5,310,314</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Current liabilities				
Accounts payable	\$ 43,055	\$ 2,542	\$ -	\$ 42,267
Accrued payroll liabilities	519,964	-	-	-
Interfund payables	-	-	-	-
Deferred revenue - property taxes	-	-	-	-
Deferred revenue - other	-	-	-	-
<b>Total liabilities</b>	<b>563,019</b>	<b>2,542</b>	<b>-</b>	<b>42,267</b>
Fund balances				
Nonspendable	-	-	-	-
Restricted for				
General Fund	-	-	18,044	-
Special revenue	-	-	-	-
Capital projects	-	-	-	5,268,047
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	2,035,871	(1,739)	-	-
<b>Total fund balances</b>	<b>2,035,871</b>	<b>(1,739)</b>	<b>18,044</b>	<b>5,268,047</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,598,890</b>	<b>\$ 803</b>	<b>\$ 18,044</b>	<b>\$ 5,310,314</b>

The accompanying notes are an integral part of these financial statements

Debt Service 41000	Other Governmental Funds	Total Governmental Funds
\$ 3,133,138	\$ 1,301,511	\$ 11,894,436
47,330	16,685	68,137
-	467,728	477,910
-	-	453,960
-	21,171	21,171
<u>3,180,468</u>	<u>1,807,095</u>	<u>12,915,614</u>
\$ -	\$ 24,615	\$ 112,479
-	-	519,964
-	453,960	453,960
-	-	-
-	10,545	10,545
<u>-</u>	<u>489,120</u>	<u>1,096,948</u>
-	21,171	21,171
-	-	18,044
-	965,728	965,728
-	331,076	5,599,123
3,180,468	-	3,180,468
-	-	-
-	-	2,034,132
<u>3,180,468</u>	<u>1,317,975</u>	<u>11,818,666</u>
<u>\$ 3,180,468</u>	<u>\$ 1,807,095</u>	<u>\$ 12,915,614</u>

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank.)

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

Exhibit B-1  
(Page 2 of 2)

	Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Fund balances - total governmental funds	\$ 11,818,666
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	27,240,235
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities	-
Bond issuance costs, including original issue discounts and premiums are not financial resources and therefore are not reported in the funds	
Bond issuance costs net of related accumulated amortization	247,886
Bond premiums net of accumulated amortization	(97,267)
Accrued interest	(110,746)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	(315,771)
General obligation bonds	(10,175,000)
Net Position-total governmental activities	\$ 28,608,003

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**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Operational Fund			Bond Building 31100
	General 11000	Transportation 13000	Instructional Materials 14000	
<b>Revenues</b>				
Property taxes	\$ 146,419	\$ -	\$ -	\$ -
State grants	9,647,346	799,865	98,008	-
Federal grants	200,124	-	-	-
Miscellaneous	29,101	-	-	-
Charges for services	1,419	-	-	-
Interest income	2,495	-	-	7,006
<b>Total revenues</b>	<u>10,026,904</u>	<u>799,865</u>	<u>98,008</u>	<u>7,006</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	6,190,742	-	86,186	-
Support services				
Students	929,231	-	-	-
Instruction	55,195	-	-	-
General administration	446,143	-	-	-
School administration	600,922	-	-	-
Central services	440,679	-	-	-
Operation and maintenance of plant	1,333,523	-	-	-
Student transportation	200	801,634	-	-
Other support services	26,802	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	698,577
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Reserve	-	-	-	-
<b>Total expenditures</b>	<u>10,023,437</u>	<u>801,634</u>	<u>86,186</u>	<u>698,577</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,467</u>	<u>(1,769)</u>	<u>11,822</u>	<u>(691,571)</u>
Other financing sources (uses)				
) Operating transfers	(6,723)	-	-	-
Proceeds from bond issues	-	-	-	5,000,000
<b>Total other financing sources (uses)</b>	<u>(6,723)</u>	<u>-</u>	<u>-</u>	<u>5,000,000</u>
<b>Net changes in fund balances</b>	(3,256)	(1,769)	11,822	4,308,429
Fund balances - beginning of year	2,063,404	30	6,222	959,618
Prior period adjustment	(24,277)	-	-	-
Fund balances - beginning of year (restated)	<u>2,039,127</u>	<u>30</u>	<u>6,222</u>	<u>959,618</u>
Fund balances - end of year	<u>\$ 2,035,871</u>	<u>\$ (1,739)</u>	<u>\$ 18,044</u>	<u>\$ 5,268,047</u>

The accompanying notes are an integral part of these financial statements



Debt Service 41000	Other Governmental Funds	Total Governmental Funds
\$ 1,678,483	\$ 592,855	\$ 2,417,757
-	406,828	10,952,047
-	2,133,807	2,333,931
-	125,814	154,915
-	83,074	84,493
2,286	551	12,338
<u>1,680,769</u>	<u>3,342,929</u>	<u>15,955,481</u>
-	1,322,305	7,599,233
-	284,317	1,213,548
-	8,837	64,032
16,719	61,888	524,750
-	132,089	733,011
-	65,419	506,098
-	-	1,333,523
-	30,093	831,927
-	-	26,802
-	734,256	734,256
-	-	-
-	337,005	1,035,582
720,000	-	720,000
114,851	-	114,851
-	-	-
<u>851,570</u>	<u>2,976,209</u>	<u>15,437,613</u>
<u>829,199</u>	<u>366,720</u>	<u>517,868</u>
-	(81,963)	(88,686)
17,993	-	5,017,993
<u>17,993</u>	<u>(81,963)</u>	<u>4,929,307</u>
847,192	284,757	5,447,175
2,333,276	847,063	6,209,613
-	186,155	161,878
<u>2,333,276</u>	<u>1,033,218</u>	<u>6,371,491</u>
<u>\$ 3,180,468</u>	<u>\$ 1,317,975</u>	<u>\$ 11,818,666</u>

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank.)

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES SCHOOLS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Exhibit B-2  
(Page 2 of 2)

	Governmental Funds
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ 5,447,175
<p>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 exceeds capital outlays for the period.</p>	
Depreciation expense	(1,048,972)
Capital outlay	305,466
Loss on disposal of capital assets	-
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds</p>	
Change in deferred revenue related to the property taxes receivable	-
<p>The issuance of long-term debt (e.g., bonds, notes, leases) 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. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:</p>	
Amortization of bond issuance costs	(30,861)
Amortization of bond premium	4,601
Bond issuance costs	83,875
Decrease in accrued interest payable	(61,720)
Increase in accrued compensated absences	(127,033)
Principal payments on bonds	720,000
Proceeds from bond sale	(5,000,000)
Premium on bond sale	(101,868)
Change in net position - total governmental activities	\$ 190,663

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**GENERAL FUND (11000)**

Exhibit B-3

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<b>Revenues</b>				
Property taxes	\$ 139,608	\$ 139,608	\$ 145,732	\$ 6,124
State grants	9,620,856	9,512,288	10,075,350	563,062
Federal grants	15,000	178,675	200,124	21,449
Miscellaneous	600	600	30,520	29,920
Interest income	2,515	2,515	1,830	(685)
Total revenues	<u>9,778,579</u>	<u>9,833,686</u>	<u>10,453,556</u>	<u>619,870</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	6,435,476	6,482,719	5,705,237	777,482
Support services				
Students	1,132,480	966,638	929,231	37,407
Instruction	140,057	57,194	55,195	1,999
General administration	423,604	496,438	445,874	50,564
School administration	577,442	608,622	600,922	7,700
Central services	307,484	485,433	436,560	48,873
Operation and maintenance of plant	1,353,029	1,445,109	1,304,956	140,153
Student transportation	8,100	600	200	400
Other support services	46,594	47,594	16,835	30,759
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	1,137,019	909,613	-	909,613
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>11,561,285</u>	<u>11,499,960</u>	<u>9,495,010</u>	<u>2,004,950</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,782,706)</u>	<u>(1,666,274)</u>	<u>958,546</u>	<u>2,624,820</u>
<b>Other financing sources (uses)</b>				
Designated cash	1,782,706	1,666,274	-	(1,666,274)
Operating transfers	-	-	(6,723)	(6,723)
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>1,782,706</u>	<u>1,666,274</u>	<u>(6,723)</u>	<u>(1,672,997)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	951,823	<u>\$ 951,823</u>
Fund balances - beginning of year			<u>1,666,557</u>	
Fund balances - end of year			<u>\$ 2,618,380</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ 951,823	
Adjustments to revenues			(426,652)	
Adjustments to expenditures			(528,427)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (3,256)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**TRANSPORTATION FUND (13000)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	739,485	799,865	799,865	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>739,485</u>	<u>799,865</u>	<u>799,865</u>	<u>-</u>
Expenditures				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	739,485	799,895	799,092	803
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>739,485</u>	<u>799,895</u>	<u>799,092</u>	<u>803</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(30)</u>	<u>773</u>	<u>803</u>
Other financing sources (uses)				
Designated cash	-	30	-	(30)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>30</u>	<u>-</u>	<u>(30)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	773	<u>\$ 773</u>
Fund balances - beginning of year			<u>30</u>	
Fund balances - end of year			<u>\$ 803</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ 773	
Adjustments to revenues			-	
Adjustments to expenditures			<u>(2,542)</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (1,769)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**INSTRUCTIONAL MATERIALS FUND (14000)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Exhibit B-5

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	87,826	87,826	87,826	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>87,826</u>	<u>87,826</u>	<u>87,826</u>	<u>-</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	87,826	100,042	92,180	7,862
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>87,826</u>	<u>100,042</u>	<u>92,180</u>	<u>7,862</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(12,216)</u>	<u>(4,354)</u>	<u>7,862</u>
<b>Other financing sources (uses)</b>				
Designated cash	-	12,216	-	(12,216)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>12,216</u>	<u>-</u>	<u>(12,216)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	(4,354)	<u>\$ (4,354)</u>
Fund balances - beginning of year			<u>12,216</u>	
Fund balances - end of year			<u>\$ 7,862</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ (4,354)	
Adjustments to revenues			10,182	
Adjustments to expenditures			5,994	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 11,822</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**AGENCY FUNDS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**JUNE 30, 2013**

Exhibit C-1

**ASSETS**

Current assets

Cash and temporary investments

\$ 220,532

Total assets

\$ 220,532

**LIABILITIES**

Current liabilities

Deposits held in trust for others

\$ 220,532

Total liabilities

\$ 220,532

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

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1. Summary of Significant Accounting Policies**

The Truth or Consequences 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.

The School Board operates five schools within the District with a total enrollment of approximately 1,300 pupils. In conjunction with the regular educational programs, some of these schools offer special education. In addition, the School Board provides transportation and school food services for the students.

The financial statements of Truth or Consequences Municipal Schools (the "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.

**A. Reporting Entity**

GASB Statement No. 14 established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The District also has no *component units*, as defined by GASB Statement No. 14 and/or GASB Statement No. 39, as there are 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.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.



**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1. Summary of Significant Accounting Policies - (Continued)**

**C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB No. 65, *Items Previously Reported as Assets and Liabilities*, amend GASB No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments*, to incorporate deferred outflows of resources and deferred inflows of resources in the financial reporting model.

**Deferred outflows of resources** – a consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

**Deferred inflows of resources** – an acquisition of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

**Net position** – the residual of the net effects of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government. Ad valorem taxes (property taxes), and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The *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 accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity.

Governmental funds are used to account for the District’s general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets, and the servicing of long-term debt. Governmental funds include:

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

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1. Summary of Significant Accounting Policies - (Continued)**

**C. Measurement focus, basis of accounting, and financial statement presentation - (continued)**

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The *Debt Service Funds* account for the services of long-term debt not being financed by proprietary or nonexpendable trust funds.

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 (in addition to the General Fund), which include funds that were not required to be presented as major but were at the discretion of management:

*Operational Funds:*

The *Transportation Fund* is used to account for the State Equalization received from the State Department of Education which is used to pay for the costs associated with transporting school age children.

The *Instructional Materials Fund* is used to account for the monies received from the State Department of Education for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

The *Bond Building Capital Projects Fund* is used to account for bond proceeds and any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.

The *Debt Service Fund* is used to account for the accumulation of resources for the payment of Long-Term Debt principal and interest.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

Program revenues are categorized as (a) charges for services, which include revenues collected for cafeteria fees and lost books, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as Title I, IDEA-B, Charter Schools, and Magnet school funding to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources such as SB-9 and HB-33 funding to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1. Summary of Significant Accounting Policies - (Continued)**

C. *Measurement focus, basis of accounting, and financial statement presentation - (continued)*

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, other than state approved indirect costs rate for grants awards that are managed under the State of New Mexico's Public Education Department (NM PED). 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 long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. *Assets, Liabilities and Net Position or Equity*

**Cash and Temporary Investments:** 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.

State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the District are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Receivables and Payables:** Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in Sierra County. The funds are collected by the County Treasurer and are remitted to the School District the following month. Under the modified accrual method of accounting, the amount remitted by the Sierra County Treasurer in July and August 2013 is considered 'measurable and available' and, accordingly, is recorded as revenue during the year ended June 30, 2013.

Certain Special Revenue funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively.

**Prepaid Items:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**Instructional Materials:** The New Mexico State Department of Education receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of material listed in the State Board of Education 'State Adopted Instructional Material' list, while the other fifty percent of each allocation is available for purchases directly from vendors, for which the school district receives cash draw-downs, or transfer to the seventy percent account for requisition of material from the adopted list.

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1. Summary of Significant Accounting Policies - (Continued)**

**D. Assets, Liabilities and Net Position or Equity - (continued)**

**Inventory:** Inventory is valued at lower of cost (first-in, first-out) or market. Inventory in the General Fund consists of expendable supplies held for consumption. Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed. The U.S.D.A. commodities are recorded at year-end by audit adjusting entries. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories and deferred revenue. Non-commodity 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. No deferred revenue was recorded for unused commodity inventory as of June 30, 2013. Inventories in the General Fund consisted of related supplies.

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. However, infrastructure assets have not been included in the June 30, 2013 financial statements of Truth or Consequences School District, since the District did not own any infrastructure assets as of June 30, 2013. Information technology equipment, including software, is being capitalized and included in furniture and equipment as the District did not maintain internally developed software.

The District expenses the cost of library books when purchased. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2013.

Capital expenditures made on the District's building construction projects by the NM Public School Facilities Authority have been recorded as a revenue and expenditure in the fund financial statements, and have been included as capital assets in the District's government-wide financial statements.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Land Improvements	30 years
Buildings/building improvements	10-50 years
Furniture and equipment	5-15 years
Vehicles	10 years

**Deferred Revenues:** The District recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be "available" under the current financial resources measurement focus are reported as deferred revenues in the governmental fund financial statements.

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 1. Summary of Significant Accounting Policies - (Continued)**

**D. Assets, Liabilities and Net Position or Equity - (continued)**

**Compensated Absences:** Qualified employees are entitled to accumulate annual leave of twelve (12) days per fiscal year. Upon termination, employees will be paid for up to fifteen (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.

Qualified employees are entitled to accumulate sick leave according to a graduated leave schedule of one day per month, depending on the employee's annual contract length. The unused portion of sick leave accumulate up to a maximum of one hundred eighty (180) days, at which time no more leave can be accumulated until the balance falls below the maximum limit.

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. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the district-wide statement of net position.

**Long-term Obligations:** In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

For fund financial reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**Net Position or Fund Equity:** Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The detail of these classifications is presented in Note 18.

In the government-wide financial statements, fund equity is classified as net position and is displayed in three components:

*Invested in capital assets, net of related debt:* Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted Net Position:* Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position are restricted for "debt service or capital projects."

*Unrestricted Net Position:* All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1. Summary of Significant Accounting Policies - (Continued)**

**D. Assets, Liabilities and Net Position or Equity - (continued)**

**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 non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the District's financial statements include management's estimate of the useful lives of capital assets.

**E. Revenues**

**State Equalization Guarantee:** School districts in the State of New Mexico receive 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 825, 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-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$9,523,794 in state equalization guarantee distributions during the year ended June 30, 2013.

**Tax Revenues:** The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Tax revenues are recognized when they are in the hands of the collecting agency. The District records only the portion of the taxes considered to be 'measurable' and 'available'. The District recognized \$145,732 in tax revenues during the year ended June 30, 2013. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Property taxes attach an enforceable lien on property as of January 1. Tax notices are sent to property owners by November 1<sup>st</sup> of each year to be paid in whole or in two installments by November 10<sup>th</sup> and April 10<sup>th</sup> of each year. Sierra County collects County, City and School taxes and distributes them to each fund once per month except in June when the taxes are distributed twice to close out the fiscal year.

**Transportation Distribution:** School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds 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 grades K through twelve attending public school within the school district. The District received \$799,865 in transportation distributions during the year ended June 30, 2013.

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1. Summary of Significant Accounting Policies - (Continued)**

**E. Revenues (continued)**

**Instructional Materials:** The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while the other fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2013 totaled \$98,008.

**Public School Capital Outlay:** Under the provisions of Chapter 22, Article 24, a public school 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 districts 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.

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, 2013, the District received \$0 in public school capital outlay funds, \$0 and \$0 in state and federal special capital outlay funds, respectively.

**SB-9 State Match:** The Director shall distribute to any school district that has imposed a tax under the Public School Capital Outlay 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 \$62,702 in state SB-9 matching during the year end June 30, 2013.

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1. Summary of Significant Accounting Policies - (Continued)**

**E. Revenues (continued)**

**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 Public Education Department.

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

**NOTE 2. Stewardship, Compliance and Accountability**

*Budgetary Information*

Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are prepared by management and are approved by the local Board of Education and the School Budget and Planning Unit of the Public Education Department. Auxiliary student activity accounts are not budgeted.

These budgets are prepared on the non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

Actual expenditures may not exceed the budget on a function basis, i.e., each budgeted expenditure must be within budgeted amounts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series,' this may be accomplished with only local Board of Education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the State of New Mexico Public Education Department (PED) by the District shall contain headings and details as described by law and have been approved by the Public Education Department.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.



**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 2. Stewardship, Compliance and Accountability - (Continued)**

*Budgetary Information - (continued)*

4. The “operating” budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
5. The superintendent 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 school board and the State of New Mexico Public Education Department.
6. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the SBPU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year’s budget. The budget of Truth or Consequences Municipal Schools has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.
9. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.
10. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico state law prohibits a Governmental Agency from exceeding an individual line item.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

**NOTE 3. Cash and Temporary Investments**

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2013.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 3. Cash and Temporary Investments - (Continued)**

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

The collateral pledged is listed on Schedule III of this report. 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.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. Additionally, all deposits in non-interest bearing transaction accounts (such as non-interest bearing checking accounts) at participating institutions are fully guaranteed, regardless of dollar amount.

**Deposits**

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 Schools for a least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

	<b>Bank of the Southwest</b>	<b>First Savings</b>	<b>BBVA Compass</b>	<b>Total</b>
Total amount of deposits	\$ 10,400,946	\$75,050	\$ 2,186,124	\$12,662,120
FDIC Coverage	( 500,000)	(75,050)	(250,000)	( 825,050)
Total uninsured public funds	9,900,946	0	1,936,124	11,837,070
Pledged collateral held by pledging bank's trust department or agent but not in agency's name	( 5,434,767)	0	(5,441,747)	10,876,514
Uninsured and uncollateralized	\$ 4,466,179	\$ 0	\$(3,505,623)	\$ 960,556
Collateral requirement (50% of uninsured public funds)	\$ 4,950,473	\$ 0	\$ 968,062	\$ 5,918,535
Total pledged collateral	( 5,434,767)	0	( 5,441,747)	(10,876,514)
Total (over) under requirement	\$ (484,294)	\$ 0	\$(4,473,685)	\$(4,957,979)

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2013, \$0 of the District's bank balance of \$12,662,120 was exposed to custodial credit risk as it was uninsured and the collateral was held by the pledging bank's trust department, not in the District's name. At June 30, 2013, the carrying amount of these deposits was \$12,201,653.

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 3. Cash and Temporary Investments - (Continued)**

**Investments**

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 (LGIP) 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 LGIP's 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 LGIP does not have unit shares. Per Section 6-10-10, 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.

*Foreign Currency Risk - Investments.* This is the risk of loss originating from unfavorable changes in currency rates in global financial markets. All investments in the LGIP are U.S. dollar denominated assets. Therefore, the LGIP has no foreign currency risk.

*Interest Rate Risk – Investments.* The State Treasurer's Office uses this method for reporting purposes for the LGIP. The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer's Office website at [www.nmsto.gov](http://www.nmsto.gov). As of June 30, 2013, the LGIP WAM (R) is 59 days and the WAM(F) is 90 days.

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

New Mexico LGIP      AAAM Rated      \$2,000      60-day WAM

**Reconciliation of Cash and Temporary Investments**

Governmental Funds – Balance Sheet	
Cash and cash equivalents per Exhibit A-1	\$ 11,894,436
Statement of Fiduciary Net Position – cash per Exhibit D-1	<u>220,532</u>
	12,114,968
Add outstanding checks and other reconciling items	<u>549,192</u>
	12,664,160
Less investments	<u>(2,000)</u>
Bank balance of deposits	<u>\$ 12,662,160</u>

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2013

**NOTE 4. Receivables**

Receivables as of June 30, 2013, are as follows:

	General	Capital Project SB-9	Debt Service	Nonmajor Governmental	TOTAL
Property taxes	\$ 4,122	\$ 16,685	\$ 47,330	\$ 0	\$ 68,137
Intergovernmental grants	<u>10,182</u>	<u>0</u>	<u>0</u>	<u>466,369</u>	<u>476,551</u>
<b>TOTAL</b>	<b><u>\$ 14,304</u></b>	<b><u>\$ 16,685</u></b>	<b><u>\$ 47,330</u></b>	<b><u>\$ 466,369</u></b>	<b><u>\$546,884</u></b>

The above receivables are deemed 100% collectible. In accordance with GASB #33, property tax receivables should be presented net of deferred revenues. The District is not able to present deferred revenue balances because Sierra County is not able to provide the information needed.

**NOTE 5. Operating Transfers**

Operating transfers were as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
<b>Major Funds</b>		
General	\$ 6,723	\$ 0
<b>Nonmajor Funds</b>		
Migrant Children Education (24103)	0	1,833
Enhancing Ed through Tech (24133)	0	3,600
English Language Acquisition (24153)		173
Education Jobs Fund (25255)	5	0
Pre-Kindergarten Special State (27169)	<u>0</u>	<u>1,122</u>
TOTAL Governmental Activities	<u>\$ 6,728</u>	<u>\$ 6,728</u>

The following funds Returned Cash to PED because grant awards were not fully expensed:

<b>Nonmajor Funds</b>	
Title I – IASA (24101)	\$ 50,174
IDEA – B Entitlement (24106)	19,088
Fresh Fruits & Vegetables (24118)	1,514
Teacher/Principal Training & Recruiting (24154)	2,399
Rural & Low-Income Schools (24160)	1,471
Pre-K Initiative (27149)	2,741
Beginning Teacher Mentoring Program (27154)	204
Breakfast for Elementary Students (27155)	11,081
School Library Materials Fund FY 08 (27549)	<u>14</u>
TOTAL Governmental Activities	<u>\$ 88,868</u>

**NOTE 6. Interfund Receivables, Payables, and Transfers**

Interfund balances are primarily recorded when funds overdraw their share of pooled cash when the District is waiting for grant reimbursements. Interfund balances as of June 30, 2013 were as follows:

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 6. Interfund Receivables, Payables, and Transfers (Continued)**

	Interfund <u>Receivables</u>	Interfund <u>Payables</u>
<b>Major Fund</b>		
General (11000)	\$ 465,487	\$ 0
<b>Nonmajor Funds</b>		
Title I – IASA (24101)	0	175,000
Migrant Children Education (24103)	0	2,447
IDEA – B Entitlement (24106)	0	104,936
IDEA – B Preschool (24109)	0	11,517
Education of Homeless (24113)	0	3,166
IDEA – B Risk Pool (24120)	0	1,798
English Language Acquisition (24153)	0	11,950
Teacher/Principal Training & Recruiting (24154)	0	40,723
Rural & Low-Income Schools (24160)	0	44,383
Carl D Perkins Secondary – Current (24174)	0	2,707
Carl D Perkins Secondary – Redistribution (24176)	0	1,565
Spaceport GRT Grant – Sierra County (26199)	0	15,254
2010 G.O. Bonds Student Library Fund (SB1) (27106)	0	3,903
Pre-K Initiative (27149)	0	32,821
Breakfast for Elementary Students (27155)	0	7,093
Kindergarten Three Plus (27166)	<u>0</u>	<u>6,224</u>
 Total Governmental Activities	 <u>\$ 465,487</u>	 <u>\$ 465,487</u>

**NOTE 7. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2013, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation.

	Balance <u>June 30, 2012</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Deletions</u>	Balance <u>June 30, 2013</u>
<i>Capital Assets used in Governmental Activities:</i>					
Land	\$ 209,360	\$ 34,095	\$ 0	\$ 0	\$ 243,455
Construction in progress	0	271,371	0	0	271,371
Land improvements	1,593,195	0	(41,231)	0	1,551,964
Buildings and building improvements	35,085,823	0	(323,606)	0	34,762,217
Furniture, fixtures & equipment	3,240,961	0	(177,052)	0	3,063,909
Vehicles	<u>1,818,616</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,818,616</u>
Total Capital Assets, being depreciated:	<u>41,947,955</u>	<u>305,466</u>	<u>(541,889)</u>	<u>0</u>	<u>41,711,532</u>
Less Accumulated Depreciation for:					
Land improvements	295,972	80,956	(3,437)	0	373,491
Buildings and building improvements	9,977,411	796,615	(226,250)	0	10,547,776
Furniture, fixtures & equipment	2,116,034	59,436	(19,936)	0	2,155,534
Vehicles	<u>1,282,531</u>	<u>111,965</u>	<u>0</u>	<u>0</u>	<u>1,394,496</u>
Total Accumulated Depreciation:	<u>13,671,948</u>	<u>1,048,972</u>	<u>(249,623)</u>	<u>0</u>	<u>14,471,297</u>
Governmental activities capital assets, net:	<u>\$ 28,276,007</u>	<u>\$ (743,506)</u>	<u>\$ (292,266)</u>	<u>\$ 0</u>	<u>\$ 27,240,235</u>

Depreciation expense for the year ended June 30, 2013 was unallocated and totaled \$1,048,972.

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2013

**NOTE 8. Long-term Debt**

During the year ended June 30, 2013, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustment</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due Within</u> <u>One Year</u>
General Obligation Bonds	\$ 5,370,000	\$ 5,000,000	\$ (720,000)	\$ 525,000	\$ 10,175,000	\$ 2,345,000
Compensated Absences	<u>188,738</u>	<u>167,130</u>	<u>(40,097)</u>	<u>0</u>	<u>315,771</u>	<u>25,262</u>
<b>Total</b>	<u>\$ 5,558,738</u>	<u>\$ 5,167,130</u>	<u>\$ (760,097)</u>	<u>\$ 525,000</u>	<u>\$ 10,490,771</u>	<u>\$ 2,370,262</u>

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, 2013, are as follows:

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2014	\$ 100,000	\$ 12,766	\$ 112,766
2015	100,000	9,672	109,672
2016	100,000	6,508	106,508
2017	100,000	3,276	103,276
2018	<u>50,000</u>	<u>822</u>	<u>50,822</u>
<b>Totals</b>	<u>\$ 450,000</u>	<u>\$ 33,044</u>	<u>\$ 483,044</u>

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2014	\$ 25,000	\$ 49,790	\$ 74,790
2015	25,000	48,993	73,993
2016	50,000	47,753	97,753
2017	50,000	46,062	96,062
2018	100,000	43,398	143,398
2019-2021	<u>1,085,000</u>	<u>78,483</u>	<u>1,163,483</u>
<b>Totals</b>	<u>\$ 1,335,000</u>	<u>\$ 314,479</u>	<u>\$ 1,649,478</u>

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2013

**NOTE 8. Long-term Debt (Continued)**

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

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2014	\$ 25,000	\$ 16,614	\$ 41,614
2015	25,000	16,156	41,156
2016	25,000	15,624	40,624
2017	0	15,342	15,342
2018	75,000	14,331	89,331
2019-2023	300,000	54,211	354,211
2024	100,000	1,759	101,759
Totals	<u>\$ 550,000</u>	<u>\$ 134,037</u>	<u>\$ 684,037</u>

Date of issue - October 21, 2011  
 Original amount - \$3,410,000  
 Interest rate - 1.218%

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2014	\$ 545,000	\$ 29,619	\$ 574,619
2015	515,000	26,751	541,751
2016	450,000	22,772	472,772
2017	490,000	17,457	507,457
2018	350,000	11,693	361,693
2019	490,000	4,508	494,508
Totals	<u>\$ 2,840,000</u>	<u>\$ 112,800</u>	<u>\$ 2,952,800</u>

Date of issue - October 21, 2011  
 Original amount - \$3,410,000  
 Interest rate - 1.218%

2012 General Obligation Bonds

On September 20, 2012, the School District approved a resolution authorizing the issuance of the Series 2012 General obligation Refunding Bonds in an amount of \$5,000,000. The purpose of the issuance was to provide funding for capital outlay expenditures for various school projects. These bonds are payable in annual installments on August 1 and interest is payable on February 1 and August 1. The future requirements for bonds payable are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2014	\$ 1,650,000	\$ 111,440	\$ 1,761,440
2015	425,000	64,875	489,875
2016	225,000	58,375	283,375
2017	200,000	54,125	254,125
2018	200,000	50,124	250,124
2019-2023	700,000	213,625	913,625
2024-2028	1,600,000	90,938	1,690,938
Totals	<u>\$ 5,000,000</u>	<u>\$ 643,502</u>	<u>\$ 5,643,502</u>

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 8. Long-term Debt (Continued)**

In prior years, the general fund was typically used to liquidate long-term liabilities other than debt. Interest expense paid on long-term debt totaled \$330,974 on the Statement of Activities for the year ended June 30, 2013

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2013, compensated absences totaled \$315,771, which is an increase of \$127,033 over the prior year's accrual. See Note 1 for more details.

Operating Leases – The District leases buildings and office equipment under short-term cancelable operating leases. Rental cost for the year ended June 30, 2013 was \$14,226.

**NOTE 9. Prior Period Adjustment**

A prior period adjustment in the amount of \$622,394 was made on the Statement of Activities to correct a prior year errors made in Capital Assets (\$292,266) and Long-term Debt (\$330,128).

Fixed assets totaling \$541,889 were removed from Capital Assets because the individual asset values were less than \$5,000, which was contrary to the District's capitalization policy. These assets were also being depreciated and a corresponding decrease of \$249,623 was made to accumulated depreciation.

Long-term debt reported in the prior year was \$525,000 less than the actual amount outstanding. In addition, bond issue costs in the amount of \$262,218, had not been capitalized on four bond issues ranging from GO Bond Series 2005 through Series 2008. An adjustment for the corresponding accumulated amortization of these costs was made and totaled \$67,346.

In addition, a prior period adjustment of \$161,878 was made within the governmental funds as a result of previous inter-fund misstatements and entries. The operational fund was reduced \$24,277; along with a reduction in fund balance in 27149 (pre K Initiative) of \$49,649 and increases in funds 26199 (Spaceport), 25153 (Medicaid), 27117 (Technology for Education PED) and 27138 (Incentives for school improvement) in the amounts of (\$211,527), (\$13,986), (\$6,997) and (\$3,294).

**NOTE 10. Risk Management**

The District is a member of the New Mexico Public Schools Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance.

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible to each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery and Money Orders. A limit of \$100,000 applies to Money and Security, which includes a \$750 deductible. In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2013, there have been no claims that have exceeded insurance coverage.



**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2013

**NOTE 11. Other Required Individual Fund Disclosures**

Generally accepted accounting principles require disclosures as part of the Combined Statements of certain information concerning individual funds including:

**A.** Deficit fund balance of individual funds. The following funds reported a deficit fund balance at June 30, 2013:

<b>Major Fund</b>	
Transportation (13000)	\$ 1,739
<b>Nonmajor Funds</b>	
Title XIX Medicaid 3/21 Years (25153)	<u>1,496</u>
Total	<u>\$ 3,235</u>

The deficits are expected to be funded by additional grant funds in the subsequent fiscal year.

**B.** Excess of expenditures over appropriations: The following funds actual expenditures exceeded approved budgetary authority for the year ended June 30, 2013:

<b>Major Funds</b>	
Debt Service (41000) – Interest	\$ 3
<b>Nonmajor Funds</b>	
IDEA-B Entitlement (24106) – Student Transportation	267
English Language Acquisition (24153) – Instruction	1,774
Dual Credit Instructional Materials (27103) – Instruction	1,815
2010 GO Bonds Student Library Fund (SBI) (27106) – Instruction	4,641
Pre-K Initiative (27149) – Student Transportation	<u>891</u>
Total	<u>\$ 9,391</u>

**C.** Designated cash appropriations exceeded prior year available balances: The following funds exceeded prior year cash balances for the year ended June 30, 2013.

<b>Nonmajor Funds</b>	
Spaceport GRT Grant – Sierra County (26199)	\$ 545

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 12. Pension Plan – Educational Retirement Board**

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

*Funding Policy.*

**Member Contributions**

Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 9.40% of their gross salary in fiscal year 2013; 10.1% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter.

**Employer Contributions**

In fiscal year 2013, the District was required to contribute 12.4% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 10.9% of the gross covered salary for employees whose annual salary is more than \$20,000. In the future, the District will contribute the following percentages of the gross covered salary of employees: 13.15% of gross covered salary in fiscal year 2014; and 13.9% of gross covered salary in fiscal year 2015. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District’s contributions to ERB for the fiscal years ending June 30, 2013, 2012, and 2011, were \$865,431, \$749,095, and \$855,646, respectively, which equal the amount of the required contributions for each fiscal year.

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

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

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

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 13. Post-Employment Benefits – State Retiree Health Care Plan (Continued)**

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2013, 2012, and 2011 were \$156,317, \$145,594, and \$129,157, respectively, which equal the required contributions for each year.

**NOTE 14. Contingent Liabilities**

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

The District is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

**NOTE 15. Deferred Revenue**

In accordance with the terms of the various grant agreements within the Special Revenue Funds, revenues received in excess of expenditures carry over to the subsequent years, unless such excess revenues are requested to be returned to the grantor.

**NOTE 16. Budgeted Activity Funds**

The Student Activity Funds, while budgeted under Non-Instructional Support in the financial statements, are considered for reporting purposes as agency funds and the related activity has been reported as such in the Statement of Changes in Assets and Liabilities – All Agency Funds section of the financial statements.

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 17. Subsequent Accounting Standard Pronouncements**

In December 2009, the GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plan*, which is effective for financial statement periods beginning after June 15, 2013. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers).

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, which is effective for financial statement periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as if they were part of the primary government in certain circumstances.

In December of 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is effective for financial statements for periods beginning after December 15, 2013. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure.

The requirements in this Statement will improve financial reporting by contributing to the GASB’s efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source.

No significant pronouncements were issued or became effect for fiscal years subsequent to the year ending June 30, 2013.

**NOTE 18. Governmental Fund Balance**

**Fund Balance:** In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Some governments may not have policies or procedures that are comparable to those policies that underlie the classifications and therefore would not report amounts in all possible fund balance classifications.

In the governmental financial statements, fund balance is classified and is displayed in five components:

*Nonspendable:* Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted:* Consists of amounts that are restricted to specific purposes as a result of a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2013

**NOTE 18. Governmental Fund Balance (Continued)**

*Committed:* Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

*Assigned:* Consist of amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned:* Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Detail relating to the fund balance classifications is displayed below:

	General Fund				
	General	Transportation	Instructional	Bond	Debt
	Fund	Fund	Materials	Building	Service
	11000	13000	14000	31100	41000
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Restricted for:</b>					
General fund	-	-	18,044	-	-
Education	-	-	-	-	-
School construction	-	-	-	5,268,047	-
Debt service	-	-	-	-	3,180,468
<b>Assigned to:</b>					
Debt service	-	-	-	-	-
Other capital projects	-	-	-	-	-
Subsequent year's expenditures	-	-	-	-	-
<b>Unassigned:</b>	2,035,871	(1,739)	-	-	-
Total fund balances	\$ 2,035,871	\$ (1,739)	\$ 18,044	\$ 5,268,047	\$ 3,180,468
	Other	Total			
	Governmental	Governmental			
	Funds	Funds			
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Inventory	\$ 21,171	\$ 21,171			
<b>Restricted for:</b>					
General fund	-	18,044			
Education	965,728	965,728			
School construction	331,076	5,599,123			
Debt service	-	3,180,468			
<b>Assigned to:</b>					
Debt service	-	-			
Other capital projects	-	-			
Subsequent year's expenditures	-	-			
<b>Unassigned:</b>	-	2,034,132			
Total fund balances	\$ 1,317,975	\$ 11,818,666			

(This page intentionally left blank.)

**SUPPLEMENTARY INFORMATION**

(This page intentionally left blank.)



**NONMAJOR GOVERNMENTAL FUNDS**

(This page intentionally left blank.)

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

Statement A-1

	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL
<b>ASSETS</b>			
Current assets			
Cash and temporary investments	\$ 300,441	\$ 1,001,070	\$ 1,301,511
Accounts receivable			
Taxes	-	16,685	16,685
Due from other governments	467,728	-	467,728
Interfund receivables	-	-	-
Inventory	21,171	-	21,171
	<u>789,340</u>	<u>1,017,755</u>	<u>1,807,095</u>
Total assets	<u>\$ 789,340</u>	<u>\$ 1,017,755</u>	<u>\$ 1,807,095</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Current liabilities			
Accounts payable	\$ 7,844	\$ 16,771	\$ 24,615
Accrued payroll liabilities	-	-	-
Compensated absences	-	-	-
Interfund payables	453,960	-	453,960
Deferred revenue - property taxes	-	-	-
Deferred revenue - other	10,545	-	10,545
Total liabilities	<u>472,349</u>	<u>16,771</u>	<u>489,120</u>
Fund balances			
Nonspendable	21,171	-	21,171
Restricted for			
General fund	-	-	-
Special revenue	259,107	-	259,107
Capital projects	-	331,076	331,076
Debt service	-	-	-
Assigned	238,127	669,908	908,035
Unassigned	(201,414)	-	(201,414)
Total fund balances	<u>316,991</u>	<u>1,000,984</u>	<u>1,317,975</u>
Total liabilities and fund balances	<u>\$ 789,340</u>	<u>\$ 1,017,755</u>	<u>\$ 1,807,095</u>

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

(This page intentionally left blank.)

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2013**

	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL
<b>Revenues</b>			
Property taxes	\$ -	\$ 592,855	\$ 592,855
State grants	344,126	62,702	406,828
Federal grants	2,133,807	-	2,133,807
Miscellaneous	125,814	-	125,814
Charges for services	83,074	-	83,074
Interest income	46	505	551
Total revenues	<u>2,686,867</u>	<u>656,062</u>	<u>3,342,929</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	1,322,305	-	1,322,305
Support services			
Students	284,317	-	284,317
Instruction	8,837	-	8,837
General administration	55,988	5,900	61,888
School administration	132,089	-	132,089
Central services	65,419	-	65,419
Operation and maintenance of plant	-	-	-
Student transportation	30,093	-	30,093
Other support services	-	-	-
Food services operations	734,256	-	734,256
Community service	-	-	-
Capital outlay	-	337,005	337,005
Debt service			
Reserve			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>2,633,304</u>	<u>342,905</u>	<u>2,976,209</u>
Excess (deficiency) of revenues over (under) expenditures	<u>53,563</u>	<u>313,157</u>	<u>366,720</u>
<b>Other financing sources (uses)</b>			
Operating transfers	(81,963)	-	(81,963)
Proceeds from bond issues	-	-	-
Total other financing sources (uses)	<u>(81,963)</u>	<u>-</u>	<u>(81,963)</u>
Net changes in fund balances	(28,400)	313,157	284,757
Fund balances - beginning of year	<u>345,391</u>	<u>687,827</u>	<u>1,033,218</u>
Fund balances - end of year	<u>\$ 316,991</u>	<u>\$ 1,000,984</u>	<u>\$ 1,317,975</u>

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

(This page intentionally left blank.)

**SPECIAL REVENUE FUNDS**

## NONMAJOR SPECIAL REVENUE FUND DESCRIPTIONS

The Special Revenue Funds are used to account for Federal, State and Local funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational tasks. Grants accounted for in the Special Revenue Funds include:

**Food Service Fund (21000)** – This fund used to account for the cost of operating a student breakfast, lunch and summer lunch program and is financed with federal grants and fees paid by program users. The funding is authorized by CFR, Title VII, Subtitle B, Sections 210, 215 and 220.

**Athletics (22000)** – This fund is used to account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC.

**Title I (24101)** – Provides supplemental educational opportunity for academically disadvantaged children in the area of residing. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criterion that identifies a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Public Education Department. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

**Migrant Children Education (24103)** - The general purpose of the Migrant Education Program is to ensure that migrant children benefit from the same free public education provided to other children. To achieve this purpose, the Migrant Education Program provides supports to enable migrant children to succeed academically.

**IDEA-B - Entitlement (24106 and Federal Stimulus 24206)** – Accounts for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100,639, and 101-476, 20 U.S.C. 1411-1420.

**Preschool IDEA-B (24109)** – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17.

**Education for Homeless Children and Youth (24113)** – Ensures that children experiencing homelessness have access to the same free, appropriate public education and related services as their permanently housed peers so that they have an equal opportunity to meet the same challenging academic standards

**Fresh Fruits & Vegetables USDA (24118)** – The revenue in this fund assists States, through cash grants, in providing free fresh fruits and vegetables to school children in designated participating schools beginning in school year 2004/2005. Funding is authorized by the National School Lunch Act, as amended, 42 U.S.C. 1769.

**IDEA-B Risk Pool (24120)** – Funding for students with disabilities who are parentally placed in private elementary and secondary schools (“equitable participation services”) located in the school district.

**Enhancing Ed through Tech (24133)** - Provides funds for innovative initiatives that support the integration of education technology into classrooms to improve teaching and learning. Activities include professional development in technology integration and the use of the Internet; distance learning initiatives; acquiring education technology; and using technology to enhance parental involvement.

**English Language Acquisition (24153)** – Provides funding to improve the educational performance of limited English proficient students by assisting the children to learn English and meet State academic content standards.

**Teacher / Principal Training & Recruiting (24154)** – Funding is used to improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students.

**Rural and Low Income Schools (24160)** – Accounts for funds used 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.



## NONMAJOR SPECIAL REVENUE FUND DESCRIPTIONS (CONTINUED)

**Carl D Perkins Secondary – Current (24174) and Redistribution (24176)** - Provides secondary and post-secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Department of Education. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332.

**Title XIX MEDICAID 3/21 Years (25153)** – To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children.

**R.O.T.C. (25200)** – Provides Federal funding for the implementation of ROTC programs.

**Education Jobs Fund – Federal Stimulus (25255)** – Funding received from the Federal government to save or create jobs for education professionals in the state of New Mexico. Funding is used for employment related expenses, such as salary, benefits, and instructional staff.

**Spaceport GRT Grant – Sierra County (26199)** - Accounts for resources received for the District's participation in the Student Launch Program.

**Dual Credit Instructional Materials (27103)** – Reimburses the district for textbooks for courses that award both high school and college credit (Dual Enrollment)

**2010 GO Bonds – Student Library Fund (SB1) (27106)** – Funds used to purchase library books and library supplies for all school sites. Program is authorized by state statute.

**Special State Appropriation – Formative Assessments (27111)** -- Special state appropriation to purchase formative assessments approved the Public Education Department for English language arts and math in grades 4 through 10 per school year 2012-2013.

**Technology for Education PED (27117)** - The purpose of this grant is to assist the District to develop and implement a strategic, long-term plan for utilizing educational technology in the school system. Funds accounted for in this fund are received from the State of New Mexico. The authority for creation of this fund is NMSA 22-15A-1 to 22-15A-10.

**Incentives for School Improvement Act (27138)** – Accounts for funds received from the Award for High Improving Schools provided by the State of New Mexico for the purpose of identifying special needs at awarded locations and to purchase items to improve those schools.

**Pre K Initiative (27149)** – Accounts for funds received from the State of New Mexico to be used to provide direct services to 20 4 year old children in Pre-Kindergarten programs.

**Beginning Teacher Mentoring Program (27154)** – The objective of this program is to provide beginning teachers an effective transition into the teaching profession, retain capable teachers, improve the achievement of students and improve the overall success of the school. Funding is provided by the New Mexico Board of Education. Authority for creation of this fund is NMSA 22-2-8-10.

**Breakfast for Elementary Students (27155)** – The 2005 Legislative General Appropriations Act allocated \$475,000 to implement Breakfast in the Classroom for elementary schools in need of improvement based on 2004-2005 AYP designation.

**Kindergarten – Three Plus (27166)** – Funding provided by the State of New Mexico supporting the extended school year for children in Kindergarten through the 3<sup>rd</sup> grade. This program is managed by the NM PED's Early Childhood Bureau.

**Pre-Kindergarten - Special State (27169)** – Provides program services for learning materials, transportation, start up and safety improvements for 20 children.

**School Library Materials Fund FY 08 (27549)** – Accounts for funds received from NM PED for purchasing library books.

**NM Highway Department (Road) (28120)** - Accounts for funds received from the NM Department of Transportation to assist with surface needs such as paving school parking areas and bus areas.

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2013**

	Food Service 21000	Athletics 22000	Title I - IASA 24101	Migrant Children Education 24103
<b>ASSETS</b>				
Current assets				
Cash and temporary investments	\$ 74,453	\$ 1,932	\$ 2,888	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	177,137	2,447
Interfund receivables	-	-	-	-
Inventory	21,171	-	-	-
	<u>21,171</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>95,624</u>	<u>1,932</u>	<u>180,025</u>	<u>2,447</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Current liabilities				
Accounts payable	2,502	-	5,025	-
Accrued payroll liabilities	-	-	-	-
Accrued compensated absences	-	-	-	-
Interfund payables	-	-	175,000	2,447
Deferred revenue - property taxes	-	-	-	-
Deferred revenue - other	-	-	-	-
Total liabilities	<u>2,502</u>	<u>-</u>	<u>180,025</u>	<u>2,447</u>
Fund balances				
Nonspendable	21,171	-	-	-
Restricted for				
General fund	-	-	-	-
Special revenue	21,944	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	50,007	2,189	-	-
Unassigned	-	(257)	-	-
Total fund balances	<u>93,122</u>	<u>1,932</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 95,624</u>	<u>\$ 1,932</u>	<u>\$ 180,025</u>	<u>\$ 2,447</u>

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

Entitlement IDEA-B 24106	Preschool IDEA-B 24109	Education for Homeless Children and Youth 24113	Fresh Fruits & Vegetables 24118	IDEA-B Risk Pool 24120	Enhancing Ed through Tech 24133
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
105,206	11,517	3,166	-	1,798	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>105,206</u>	<u>11,517</u>	<u>3,166</u>	<u>-</u>	<u>1,798</u>	<u>-</u>
270	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
104,936	11,517	3,166	-	1,798	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>105,206</u>	<u>11,517</u>	<u>3,166</u>	<u>-</u>	<u>1,798</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 105,206</u>	<u>\$ 11,517</u>	<u>\$ 3,166</u>	<u>\$ -</u>	<u>\$ 1,798</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2013**

	English Language Acquisition 24153	Teacher/Principal Training & Recruiting 24154	Rural & Low-Income Schools 24160	Carl D Perkins Secondary - Current 24174
<b>ASSETS</b>				
Current assets				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	11,950	40,723	44,383	2,707
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
	<u>11,950</u>	<u>40,723</u>	<u>44,383</u>	<u>2,707</u>
Total assets	<u>11,950</u>	<u>40,723</u>	<u>44,383</u>	<u>2,707</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Current liabilities				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Accrued compensated absences	-	-	-	-
Interfund payables	11,950	40,723	44,383	2,707
Deferred revenue - property taxes	-	-	-	-
Deferred revenue - other	-	-	-	-
Total liabilities	<u>11,950</u>	<u>40,723</u>	<u>44,383</u>	<u>2,707</u>
Fund balances				
Nonspendable	-	-	-	-
Restricted for				
General fund	-	-	-	-
Special revenue	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 11,950</u>	<u>\$ 40,723</u>	<u>\$ 44,383</u>	<u>\$ 2,707</u>

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

Carl D Perkins Secondary - Redistribution 24176	Entitlement IDEA-B - Federal Stimulus 24206	Title XIX Medicaid 3/21 Years 25153	ROTC 25200	Education Jobs Fund 25255	Spaceport GRT Grant - Sierra County 26199
\$ -	\$ -	\$ 12,490	\$ 4,962	\$ -	\$ 201,677
-	-	-	-	-	-
1,565	-	-	5,583	-	9,505
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,565</u>	<u>-</u>	<u>12,490</u>	<u>10,545</u>	<u>-</u>	<u>211,182</u>
-	-	-	-	-	47
-	-	-	-	-	-
-	-	-	-	-	-
1,565	-	-	-	-	3,727
-	-	-	-	-	-
-	-	-	10,545	-	-
<u>1,565</u>	<u>-</u>	<u>-</u>	<u>10,545</u>	<u>-</u>	<u>3,774</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	12,490	-	-	207,408
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,538	-	-
-	-	-	(2,538)	-	-
-	-	<u>12,490</u>	<u>-</u>	<u>-</u>	<u>207,408</u>
<u>\$ 1,565</u>	<u>\$ -</u>	<u>\$ 12,490</u>	<u>\$ 10,545</u>	<u>\$ -</u>	<u>\$ 211,182</u>

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

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2013**

	Dual Credit Instructional Materials 27103	2010 GO Bonds Student Library Fund (SB1) 27106	Special State Appropriation - Formative Assessments 27111	Technology for Education PED 27117
<b>ASSETS</b>				
Current assets				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ 14
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	3,903	-	-
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
	<u>-</u>	<u>3,903</u>	<u>-</u>	<u>14</u>
Total assets	<u>-</u>	<u>3,903</u>	<u>-</u>	<u>14</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Current liabilities				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Accrued compensated absences	-	-	-	-
Interfund payables	-	3,903	-	-
Deferred revenue - property taxes	-	-	-	-
Deferred revenue - other	-	-	-	-
Total liabilities	<u>-</u>	<u>3,903</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable	-	-	-	-
Restricted for				
General fund	-	-	-	-
Special revenue	-	-	-	14
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 3,903</u>	<u>\$ -</u>	<u>\$ 14</u>

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

Incentives for School Improvement Act 27138	PreK Initiative 27149	Beginning Teacher Mentoring Program 27154	Breakfast for Elementary Students 27155	Kindergarten - Three Plus 27166	Pre-Kindergarten Special State 27169
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	32,821	-	7,093	6,224	-
-	-	-	-	-	-
-	-	-	-	-	-
-	32,821	-	7,093	6,224	-
-	32,821	-	7,093	6,224	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	32,821	-	7,093	6,224	-
-	-	-	-	-	-
-	32,821	-	7,093	6,224	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ 32,821	\$ -	\$ 7,093	\$ 6,224	\$ -

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

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2013**

Statement B-1  
(Page 4 of 4)

	<u>School Library Materials Fund FY 08 27549</u>	<u>NM Highway Department (Road) 28120</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets			
Cash and temporary investments	\$ -	\$ 2,025	\$ 300,441
Accounts receivable			-
Taxes	-	-	-
Due from other governments	-	-	467,728
Interfund receivables	-	-	-
Inventory	-	-	21,171
	<u>-</u>	<u>2,025</u>	<u>789,340</u>
Total assets	<u>-</u>	<u>2,025</u>	<u>789,340</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Current liabilities			
Accounts payable	-	-	7,844
Accrued payroll liabilities	-	-	-
Accrued compensated absences	-	-	-
Interfund payables	-	-	453,960
Deferred revenue - property taxes	-	-	-
Deferred revenue - other	-	-	10,545
Total liabilities	<u>-</u>	<u>-</u>	<u>472,349</u>
Fund balances			
Nonspendable	-	-	21,171
Restricted for			
General fund	-	-	-
Special revenue	-	-	241,856
Capital projects	-	-	-
Debt service	-	-	-
Assigned	-	2,026	56,760
Unassigned	-	(1)	(2,796)
Total fund balances	<u>-</u>	<u>2,025</u>	<u>316,991</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 2,025</u>	<u>\$ 789,340</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**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2013**

	Food Services 21000	Athletics 22000	Title I - IASA 24101	Migrant Children Education 24103
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	586,343	-	725,189	12,016
Miscellaneous	-	-	-	-
Charges for services	47,138	35,936	-	-
Interest income	46	-	-	-
Total revenues	<u>633,527</u>	<u>35,936</u>	<u>725,189</u>	<u>12,016</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	-	39,341	439,784	13,463
Support Services				
Students	-	-	49,753	-
Instruction	-	-	-	-
General administration	-	-	19,262	386
School administration	-	-	107,577	-
Central services	-	-	58,436	-
Operation and maintenace of plant	-	-	-	-
Student transportation	-	-	203	-
Other support services	-	-	-	-
Food services operations	694,304	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>694,304</u>	<u>39,341</u>	<u>675,015</u>	<u>13,849</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(60,777)</u>	<u>(3,405)</u>	<u>50,174</u>	<u>(1,833)</u>
<b>Other financing sources (uses)</b>				
Operating transers	-	-	(50,174)	1,833
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(50,174)</u>	<u>1,833</u>
Net changes in fund balances	(60,777)	(3,405)	-	-
Fund balances - beginning of year	153,899	5,337	-	-
Prior period adjustment	-	-	-	-
Fund balances - beginning of year (restated)	<u>153,899</u>	<u>5,337</u>	<u>-</u>	<u>-</u>
Fund balances - end of year	<u>\$ 93,122</u>	<u>\$ 1,932</u>	<u>\$ -</u>	<u>\$ -</u>

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

Entitlement IDEA-B 24106	Preschool IDEA-B 24109	Education for Homeless Children and Youth 24113	Fresh Fruits & Vegetables 24118	IDEA-B Risk Pool 24120	Enhancing Ed Through Tech 24133
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
413,227	17,291	9,498	34,373	1,798	(3,600)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>413,227</u>	<u>17,291</u>	<u>9,498</u>	<u>34,373</u>	<u>1,798</u>	<u>(3,600)</u>
230,590	16,794	-	-	879	-
115,613	-	9,498	-	919	-
-	-	-	-	-	-
29,150	497	-	-	-	-
16,341	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,445	-	-	-	-	-
-	-	-	-	-	-
-	-	-	32,859	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>394,139</u>	<u>17,291</u>	<u>9,498</u>	<u>32,859</u>	<u>1,798</u>	<u>-</u>
19,088	-	-	1,514	-	(3,600)
(19,088)	-	-	(1,514)	-	3,600
-	-	-	-	-	-
<u>(19,088)</u>	<u>-</u>	<u>-</u>	<u>(1,514)</u>	<u>-</u>	<u>3,600</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<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**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2013**

	English Language Acquisition 24153	Teacher/Principal Training & Recruiting 24154	Rural & Low-Income Schools 24160	Carl D Perkins Secondary - Current 24174
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	11,777	88,099	48,253	16,297
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>11,777</u>	<u>88,099</u>	<u>48,253</u>	<u>16,297</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	10,506	79,738	42,415	15,403
Support Services				
Students	-	-	-	150
Instruction	-	-	-	-
General administration	211	2,575	1,378	744
School administration	1,233	3,387	2,989	-
Central services	-	-	-	-
Operation and maintenace of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>11,950</u>	<u>85,700</u>	<u>46,782</u>	<u>16,297</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(173)</u>	<u>2,399</u>	<u>1,471</u>	<u>-</u>
<b>Other financing sources (uses)</b>				
Operating transers	173	(2,399)	(1,471)	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>173</u>	<u>(2,399)</u>	<u>(1,471)</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund balances - beginning of year	-	-	-	-
Prior period adjustment	-	-	-	-
Fund balances - beginning of year (restated)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Carl D Perkins Secondary - Redistribution 24176	Entitlement IDEA-B Federal Stimulus 24206	Title XIX Medicaid 3/21 Years 25153	ROTC 25200	Education Jobs Fund 25255	Spaceport GRT Grant - Sierra County 26199
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,565	-	106,888	64,788	5	-
-	-	-	-	-	125,814
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,565</u>	<u>-</u>	<u>106,888</u>	<u>64,788</u>	<u>5</u>	<u>125,814</u>
1,490	-	-	64,788	-	129,371
-	-	108,384	-	-	-
-	-	-	-	-	-
75	-	-	-	-	-
-	-	-	-	-	562
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,565</u>	<u>-</u>	<u>108,384</u>	<u>64,788</u>	<u>-</u>	<u>129,933</u>
-	-	(1,496)	-	5	(4,119)
-	-	-	-	(5)	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5)</u>	<u>-</u>
-	-	(1,496)	-	-	(4,119)
-	-	-	-	-	211,527
-	-	13,986	-	-	-
<u>-</u>	<u>-</u>	<u>13,986</u>	<u>-</u>	<u>-</u>	<u>211,527</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,490</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,408</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**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2013**

	Dual Credit Instructional Materials 27103	2010 GO Bonds Student Library Fund (SB1) 27106	Special State Appropriation - Formative Assessments 27111	Technology for Education PED 27117
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	5,241	8,837	8,610	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>5,241</u>	<u>8,837</u>	<u>8,610</u>	<u>-</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	5,241	-	8,610	-
Support Services				
Students	-	-	-	-
Instruction	-	8,837	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	6,983
Operation and maintenace of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>5,241</u>	<u>8,837</u>	<u>8,610</u>	<u>6,983</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,983)</u>
<b>Other financing sources (uses)</b>				
Operating transers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	(6,983)
Fund balances - beginning of year	-	-	-	-
Prior period adjustment	-	-	-	6,997
Fund balances - beginning of year (restated)	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,997</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14</u>

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

Incentives for School Improvement Act 27138	PreK Initiative 27149	Beginning Teacher Mentoring Program 27154	Breakfast for Elementary Students 27155	Kindergarten - Three Plus 27166	Pre-Kindergarten Special State 27169
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	173,526	204	18,174	128,617	(1,122)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	173,526	204	18,174	128,617	(1,122)
3,294	101,338	-	-	119,260	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,710	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	18,088	-	-	9,357	-
-	-	-	-	-	-
-	-	-	7,093	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,294	121,136	-	7,093	128,617	-
(3,294)	52,390	204	11,081	-	(1,122)
-	(2,741)	(204)	(11,081)	-	1,122
-	-	-	-	-	-
-	(2,741)	(204)	(11,081)	-	1,122
(3,294)	49,649	-	-	-	-
3,294	-	-	-	-	-
-	(49,649)	-	-	-	-
3,294	(49,649)	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement B-2  
(Page 4 of 4)

	School Library Materials Fund FY 08 27549	NM Highway Department (Road) 28120	Total
<b>Revenues</b>			
Property taxes	\$ -	\$ -	\$ -
State grants	14	2,025	344,126
Federal grants	-	-	2,133,807
Miscellaneous	-	-	125,814
Charges for services	-	-	83,074
Interest income	-	-	46
Total revenues	<u>14</u>	<u>2,025</u>	<u>2,686,867</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	-	-	1,322,305
Support Services			
Students	-	-	284,317
Instruction	-	-	8,837
General administration	-	-	55,988
School administration	-	-	132,089
Central services	-	-	65,419
Operation and maintenace of plant	-	-	-
Student transportation	-	-	30,093
Other support services	-	-	-
Food services operations	-	-	734,256
Community service	-	-	-
Capital outlay	-	-	-
Debt service			
Reserve	-	-	-
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>2,633,304</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14</u>	<u>2,025</u>	<u>53,563</u>
<b>Other financing sources (uses)</b>			
Operating transers	(14)	-	(81,963)
Proceeds from bond issues	-	-	-
Total other financing sources (uses)	<u>(14)</u>	<u>-</u>	<u>(81,963)</u>
Net changes in fund balances	-	2,025	(28,400)
Fund balances - beginning of year	-	-	374,057
Prior period adjustment	-	-	(28,666)
Fund balances - beginning of year (restated)	<u>-</u>	<u>-</u>	<u>345,391</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ 2,025</u>	<u>\$ 316,991</u>

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

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**FOOD SERVICE SPECIAL REVENUE FUND (21000)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement B-3

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	522,746	522,746	559,727	36,981
Miscellaneous	56,819	56,819	47,138	(9,681)
Interest income	50	50	46	(4)
Total revenues	<u>579,615</u>	<u>579,615</u>	<u>606,911</u>	<u>27,296</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	623,294	693,089	646,112	46,977
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>623,294</u>	<u>693,089</u>	<u>646,112</u>	<u>46,977</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(43,679)</u>	<u>(113,474)</u>	<u>(39,201)</u>	<u>74,273</u>
<b>Other financing sources (uses)</b>				
Designated cash	43,679	113,474	-	(113,474)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>43,679</u>	<u>113,474</u>	<u>-</u>	<u>(113,474)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	(39,201)	<u>\$ (39,201)</u>
Fund balances - beginning of year			<u>113,654</u>	
Fund balances - end of year			<u>\$ 74,453</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ (39,201)	
Adjustments to revenues			26,616	
Adjustments to expenditures			<u>(48,192)</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (60,777)</u>	

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**ATHLETICS SPECIAL REVENUE FUND (22000)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement B-4

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	35,000	35,000	35,936	936
Interest income	-	-	-	-
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>35,936</u>	<u>936</u>
<b>Expenditures</b>				
Current				
Instruction	46,228	45,792	44,797	995
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>46,228</u>	<u>45,792</u>	<u>44,797</u>	<u>995</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,228)</u>	<u>(10,792)</u>	<u>(8,861)</u>	<u>1,931</u>
<b>Other financing sources (uses)</b>				
Designated cash	11,228	10,792	-	(10,792)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>11,228</u>	<u>10,792</u>	<u>-</u>	<u>(10,792)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	(8,861)	<u>\$ (8,861)</u>
Fund balances - beginning of year			<u>10,793</u>	
Fund balances - end of year			<u>\$ 1,932</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ (8,861)	
Adjustments to revenues			-	
Adjustments to expenditures			<u>5,456</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (3,405)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**TITLE I - IASA SPECIAL REVENUE FUND (24101)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement B-5

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	711,044	828,775	732,346	(96,429)
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>711,044</u>	<u>828,775</u>	<u>732,346</u>	<u>(96,429)</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	505,828	577,980	434,759	143,221
Support services				
Students	-	54,346	49,753	4,593
Instruction	-	-	-	-
General administration	20,442	23,826	19,262	4,564
School administration	103,228	112,254	107,577	4,677
Central services	77,546	57,008	58,436	(1,428)
Operation and maintenance of plant	-	-	-	-
Student transportation	4,000	3,361	203	3,158
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>711,044</u>	<u>828,775</u>	<u>669,990</u>	<u>158,785</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>62,356</u>	<u>62,356</u>
<b>Other financing sources (uses)</b>				
Designated cash	-	-	-	-
Operating transfers	-	-	(50,174)	(50,174)
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(50,174)</u>	<u>(50,174)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	12,182	<u>\$ 12,182</u>
Fund balances - beginning of year			<u>(184,294)</u>	
Fund balances - end of year			<u>\$ (172,112)</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ 12,182	
Adjustments to revenues			(7,157)	
Adjustments to expenditures			(5,025)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**MIGRANT CHILDREN EDUCATION SPECIAL REVENUE FUND (24103)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement B-6

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	13,500	14,877	11,402	(3,475)
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>13,500</u>	<u>14,877</u>	<u>11,402</u>	<u>(3,475)</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	13,500	14,489	13,463	1,026
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	388	386	2
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>13,500</u>	<u>14,877</u>	<u>13,849</u>	<u>1,028</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(2,447)</u>	<u>(2,447)</u>
<b>Other financing sources (uses)</b>				
Designated cash	-	-	-	-
Operating transfers	-	-	1,833	1,833
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,833</u>	<u>1,833</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	(614)	<u>\$ (614)</u>
Fund balances - beginning of year			(1,833)	
Fund balances - end of year			<u>\$ (2,447)</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ (614)	
Adjustments to revenues			614	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**ENTITLEMENT IDEA-B SPECIAL REVENUE FUND (24106)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement B-7

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	357,824	482,080	461,516	(20,564)
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>357,824</u>	<u>482,080</u>	<u>461,516</u>	<u>(20,564)</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	196,633	268,710	230,590	38,120
Support services				
Students	84,322	137,048	115,343	21,705
Instruction	-	-	-	-
General administration	400	57,639	29,150	28,489
School administration	76,469	16,505	16,341	164
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	2,178	2,445	(267)
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>357,824</u>	<u>482,080</u>	<u>393,869</u>	<u>88,211</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>67,647</u>	<u>67,647</u>
<b>Other financing sources (uses)</b>				
Designated cash	-	-	-	-
Operating transfers	-	-	(19,088)	(19,088)
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(19,088)</u>	<u>(19,088)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	48,559	<u>\$ 48,559</u>
Fund balances - beginning of year			<u>(153,495)</u>	
Fund balances - end of year			<u>\$ (104,936)</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ 48,559	
Adjustments to revenues			(48,289)	
Adjustments to expenditures			(270)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**PRESCHOOL IDEA-B SERVICE SPECIAL REVENUE FUND (24109)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement B-8

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	11,633	19,882	8,670	(11,212)
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>11,633</u>	<u>19,882</u>	<u>8,670</u>	<u>(11,212)</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	11,298	19,310	16,794	2,516
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	335	572	497	75
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>11,633</u>	<u>19,882</u>	<u>17,291</u>	<u>2,591</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(8,621)</u>	<u>(8,621)</u>
<b>Other financing sources (uses)</b>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(8,621)</u>	<u>\$ (8,621)</u>
Fund balances - beginning of year			<u>(2,896)</u>	
Fund balances - end of year			<u>\$ (11,517)</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ (8,621)	
Adjustments to revenues			8,621	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**EDUCATION FOR HOMELESS CHILDREN AND YOUTH SPECIAL REVENUE FUND (24113)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement B-9

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	9,000	20,000	7,453	(12,547)
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>9,000</u>	<u>20,000</u>	<u>7,453</u>	<u>(12,547)</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	-	-	-	-
Support services				
Students	9,000	20,000	9,498	10,502
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>9,000</u>	<u>20,000</u>	<u>9,498</u>	<u>10,502</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(2,045)</u>	<u>(2,045)</u>
<b>Other financing sources (uses)</b>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(2,045)</u>	<u>\$ (2,045)</u>
Fund balances - beginning of year			<u>(1,121)</u>	
Fund balances - end of year			<u>\$ (3,166)</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ (2,045)	
Adjustments to revenues			2,045	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**FRESH FRUITS & VEGETABLES SPECIAL REVENUE FUND (24118)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement B-10

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	33,456	33,456	32,859	(597)
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>33,456</u>	<u>33,456</u>	<u>32,859</u>	<u>(597)</u>
Expenditures				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	33,456	33,456	32,859	597
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>33,456</u>	<u>33,456</u>	<u>32,859</u>	<u>597</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Designated cash	-	-	-	-
Operating transfers	-	-	(1,514)	(1,514)
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,514)</u>	<u>(1,514)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	(1,514)	<u>\$ (1,514)</u>
Fund balances - beginning of year			<u>1,514</u>	
Fund balances - end of year			<u>\$ -</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ (1,514)	
Adjustments to revenues			1,514	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**RISK POOL IDEA-B SPECIAL REVENUE FUND (24120)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement B-11

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	1,954	-	(1,954)
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>-</u>	<u>1,954</u>	<u>-</u>	<u>(1,954)</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	-	954	879	75
Support services				
Students	-	1,000	919	81
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>1,954</u>	<u>1,798</u>	<u>156</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(1,798)</u>	<u>(1,798)</u>
<b>Other financing sources (uses)</b>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(1,798)</u>	<u>\$ (1,798)</u>
Fund balances - beginning of year			<u>-</u>	
Fund balances - end of year			<u>\$ (1,798)</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ (1,798)	
Adjustments to revenues			1,798	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**ENHANCING ED THROUGH TECH SPECIAL REVENUE FUND (24133)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement B-12

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Designated cash	-	-	-	-
Operating transfers	-	-	3,600	3,600
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,600</u>	<u>3,600</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	3,600	<u>\$ 3,600</u>
Fund balances - beginning of year			<u>(3,600)</u>	
Fund balances - end of year			<u>\$ -</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ 3,600	
Adjustments to revenues			(3,600)	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**ENGLISH LANGUAGE ACQUISITION SPECIAL REVENUE FUND (24153)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement B-13

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	12,843	11,814	(1,029)
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>-</u>	<u>12,843</u>	<u>11,814</u>	<u>(1,029)</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	-	8,732	10,506	(1,774)
Support services				
Students	-	900	-	900
Instruction	-	-	-	-
General administration	-	211	211	-
School administration	-	3,000	1,233	1,767
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>12,843</u>	<u>11,950</u>	<u>893</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(136)</u>	<u>(136)</u>
<b>Other financing sources (uses)</b>				
Designated cash	-	-	-	-
Operating transfers	-	-	173	173
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>173</u>	<u>173</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	37	<u>\$ 37</u>
Fund balances - beginning of year			<u>(11,987)</u>	
Fund balances - end of year			<u>\$ (11,950)</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ 37	
Adjustments to revenues			(37)	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-14

TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 TEACHER/PRICIPAL TRAINING & RECRUITING SPECIAL REVENUE FUND (24154)  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDING JUNE 30, 2013

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	73,830	107,116	84,617	(22,499)
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>73,830</u>	<u>107,116</u>	<u>84,617</u>	<u>(22,499)</u>
Expenditures				
Current				
Instruction	35,361	89,565	79,738	9,827
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	2,232	3,080	2,575	505
School administration	36,237	14,471	3,387	11,084
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>73,830</u>	<u>107,116</u>	<u>85,700</u>	<u>21,416</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(1,083)</u>	<u>(1,083)</u>
Other financing sources (uses)				
Designated cash	-	-	-	-
Operating transfers	-	-	(2,399)	(2,399)
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,399)</u>	<u>(2,399)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(3,482)</u>	<u>\$ (3,482)</u>
Fund balances - beginning of year			<u>(36,576)</u>	
Fund balances - end of year			<u>\$ (40,058)</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ (3,482)	
Adjustments to revenues			3,482	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**RURAL & LOW-INCOME SCHOOLS SPECIAL REVENUE FUND (24160)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement B-15

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	21,924	53,214	35,093	(18,121)
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>21,924</u>	<u>53,214</u>	<u>35,093</u>	<u>(18,121)</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	21,924	47,286	42,415	4,871
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	1,530	1,378	152
School administration	-	4,398	2,989	1,409
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>21,924</u>	<u>53,214</u>	<u>46,782</u>	<u>6,432</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(11,689)</u>	<u>(11,689)</u>
<b>Other financing sources (uses)</b>				
Designated cash	-	-	-	-
Operating transfers	-	-	(1,471)	(1,471)
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,471)</u>	<u>(1,471)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	(13,160)	<u>\$ (13,160)</u>
Fund balances - beginning of year			<u>(31,223)</u>	
Fund balances - end of year			<u>\$ (44,383)</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ (13,160)	
Adjustments to revenues			13,160	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-16

TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 CARL D PERKINS SECONDARY - CURRENT SPECIAL REVENUE FUND (24174)  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDING JUNE 30, 2013

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	14,930	16,589	21,409	4,820
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>14,930</u>	<u>16,589</u>	<u>21,409</u>	<u>4,820</u>
Expenditures				
Current				
Instruction	12,069	15,649	15,403	246
Support services				
Students	-	150	150	-
Instruction	-	-	-	-
General administration	1,786	790	744	46
School administration	1,075	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>14,930</u>	<u>16,589</u>	<u>16,297</u>	<u>292</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>5,112</u>	<u>5,112</u>
Other financing sources (uses)				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	5,112	<u>\$ 5,112</u>
Fund balances - beginning of year			<u>(7,819)</u>	
Fund balances - end of year			<u>\$ (2,707)</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ 5,112	
Adjustments to revenues			(5,112)	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-17

TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 CARL D PERKINS SECONDARY - REDISTRIBUTION SPECIAL REVENUE FUND (24176)  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDING JUNE 30, 2013

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	4,212	-	(4,212)
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>-</u>	<u>4,212</u>	<u>-</u>	<u>(4,212)</u>
Expenditures				
Current				
Instruction	-	4,012	1,490	2,522
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	200	75	125
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>4,212</u>	<u>1,565</u>	<u>2,647</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(1,565)</u>	<u>(1,565)</u>
Other financing sources (uses)				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(1,565)</u>	<u>\$ (1,565)</u>
Fund balances - beginning of year			<u>-</u>	
Fund balances - end of year			<u>\$ (1,565)</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ (1,565)	
Adjustments to revenues			1,565	
Adjustments to expenditures			<u>-</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**ENTITLEMENT IDEA-B FEDERAL STIMULUS SPECIAL REVENUE FUND (24206)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement B-18

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances - beginning of year			<u>-</u>	
Fund balances - end of year			<u>\$ -</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ -	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**TITLE XIX MEDICAID 3/21 YEARS SPECIAL REVENUE FUND (25153)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement B-19

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	80,278	117,278	108,384	(8,894)
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>80,278</u>	<u>117,278</u>	<u>108,384</u>	<u>(8,894)</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	-	-	-	-
Support services				
Students	80,278	129,768	108,384	21,384
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>80,278</u>	<u>129,768</u>	<u>108,384</u>	<u>21,384</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(12,490)</u>	<u>-</u>	<u>12,490</u>
<b>Other financing sources (uses)</b>				
Designated cash	-	12,490	-	(12,490)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>12,490</u>	<u>-</u>	<u>(12,490)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning of year			<u>12,490</u>	
Fund balances - end of year			<u>\$ 12,490</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ -	
Adjustments to revenues			(1,496)	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (1,496)</u>	

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**ROTC SPECIAL REVENUE FUND (25200)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement B-20

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	64,052	64,052	66,473	2,421
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>64,052</u>	<u>64,052</u>	<u>66,473</u>	<u>2,421</u>
<b>Expenditures</b>				
Current				
Instruction	64,052	67,329	64,788	2,541
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>64,052</u>	<u>67,329</u>	<u>64,788</u>	<u>2,541</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(3,277)</u>	<u>1,685</u>	<u>4,962</u>
<b>Other financing sources (uses)</b>				
Designated cash	-	3,277	-	(3,277)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>3,277</u>	<u>-</u>	<u>(3,277)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	1,685	<u>\$ 1,685</u>
Fund balances - beginning of year			<u>3,277</u>	
Fund balances - end of year			<u>\$ 4,962</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ 1,685	
Adjustments to revenues			(1,685)	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**EDUCATION JOBS FUND SPECIAL REVENUE FUND (25255)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement B-21

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Designated cash	-	-	-	-
Operating transfers	-	-	(5)	(5)
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(5)</u>	<u>(5)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	(5)	<u>\$ (5)</u>
Fund balances - beginning of year			<u>5</u>	
Fund balances - end of year			<u>\$ -</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ (5)	
Adjustments to revenues			5	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**SPACEPORT GRT GRANT - SIERRA COUNTY SPECIAL REVENUE FUND (26199)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement B-22

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	81,670	81,670	116,309	34,639
Interest income	-	-	-	-
Total revenues	<u>81,670</u>	<u>81,670</u>	<u>116,309</u>	<u>34,639</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	269,123	295,469	129,324	166,145
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	2,000	562	1,438
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>269,123</u>	<u>297,469</u>	<u>129,886</u>	<u>167,583</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(187,453)</u>	<u>(215,799)</u>	<u>(13,577)</u>	<u>202,222</u>
<b>Other financing sources (uses)</b>				
Designated cash	187,453	215,799	-	(215,799)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>187,453</u>	<u>215,799</u>	<u>-</u>	<u>(215,799)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	(13,577)	<u>\$ (13,577)</u>
Fund balances - beginning of year			<u>215,254</u>	
Fund balances - end of year			<u>\$ 201,677</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ (13,577)	
Adjustments to revenues			9,505	
Adjustments to expenditures			(47)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (4,119)</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-23

TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
DUAL CREDIT INSTRUCTIONAL MATERIALS SPECIAL REVENUE FUND (27103)  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDING JUNE 30, 2013

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	3,426	5,241	1,815
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>-</u>	<u>3,426</u>	<u>5,241</u>	<u>1,815</u>
Expenditures				
Current				
Instruction	-	3,426	5,241	(1,815)
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>3,426</u>	<u>5,241</u>	<u>(1,815)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning of year			<u>-</u>	
Fund balances - end of year			<u>\$ -</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ -	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-24

TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 2010 GO BONDS STUDENT LIBRARY FUND (SBI) SPECIAL REVENUE FUND (27106)  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDING JUNE 30, 2013

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	4,196	4,196	4,934	738
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>4,196</u>	<u>4,196</u>	<u>4,934</u>	<u>738</u>
Expenditures				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	4,196	4,196	8,837	(4,641)
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>4,196</u>	<u>4,196</u>	<u>8,837</u>	<u>(4,641)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(3,903)</u>	<u>(3,903)</u>
Other financing sources (uses)				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(3,903)</u>	<u>\$ (3,903)</u>
Fund balances - beginning of year			<u>-</u>	
Fund balances - end of year			<u>\$ (3,903)</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ (3,903)	
Adjustments to revenues			3,903	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-25

TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
SPECIAL STATE APPROPRIATION - FORMATIVE ASSESSMENTS SPECIAL REVENUE FUND (27111)  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDING JUNE 30, 2013

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	9,510	8,610	(900)
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>-</u>	<u>9,510</u>	<u>8,610</u>	<u>(900)</u>
Expenditures				
Current				
Instruction	-	9,510	8,610	900
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>9,510</u>	<u>8,610</u>	<u>900</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances - beginning of year			<u>-</u>	
Fund balances - end of year			<u>\$ -</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ -	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-26

TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 TECHNOLOGY FOR EDUCATION PED SPECIAL REVENUE FUND (27117)  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDING JUNE 30, 2013

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	6,997	6,983	14
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>6,997</u>	<u>6,983</u>	<u>14</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(6,997)</u>	<u>(6,983)</u>	<u>14</u>
Other financing sources (uses)				
Designated cash	-	6,997	-	(6,997)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>6,997</u>	<u>-</u>	<u>(6,997)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	(6,983)	<u>\$ (6,983)</u>
Fund balances - beginning of year			<u>6,997</u>	
Fund balances - end of year			<u>\$ 14</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ (6,983)	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (6,983)</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-27

TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 INCENTIVES FOR SCHOOL IMPROVEMENT ACT SPECIAL REVENUE FUND (27138)  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDING JUNE 30, 2013

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
Instruction	-	3,294	3,294	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>3,294</u>	<u>3,294</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(3,294)</u>	<u>(3,294)</u>	<u>-</u>
Other financing sources (uses)				
Designated cash	-	3,294	-	(3,294)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>3,294</u>	<u>-</u>	<u>(3,294)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	(3,294)	<u>\$ (3,294)</u>
Fund balances - beginning of year			<u>3,294</u>	
Fund balances - end of year			<u>\$ -</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ (3,294)	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (3,294)</u>	

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**PRE-K INITIATIVE SPECIAL REVENUE FUND (27149)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement B-28

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	127,920	127,920	140,705	12,785
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>127,920</u>	<u>127,920</u>	<u>140,705</u>	<u>12,785</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	114,653	109,013	101,338	7,675
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	1,267	1,710	1,710	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	12,000	17,197	18,088	(891)
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>127,920</u>	<u>127,920</u>	<u>121,136</u>	<u>6,784</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>19,569</u>	<u>19,569</u>
<b>Other financing sources (uses)</b>				
Designated cash	-	-	-	-
Operating transfers	-	-	(2,741)	(2,741)
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,741)</u>	<u>(2,741)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	16,828	<u>\$ 16,828</u>
Fund balances - beginning of year			<u>(49,649)</u>	
Fund balances - end of year			<u>\$ (32,821)</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ 16,828	
Adjustments to revenues			32,821	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 49,649</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-29

TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 BEGINNING TEACHER MENTORING PROGRAM SPECIAL REVENUE FUND (27154)  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDING JUNE 30, 2013

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Designated cash	-	-	-	-
Operating transfers	-	-	(204)	(204)
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(204)</u>	<u>(204)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	(204)	<u>\$ (204)</u>
Fund balances - beginning of year			<u>204</u>	
Fund balances - end of year			<u>\$ -</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ (204)	
Adjustments to revenues			204	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**BREAKFAST FOR ELEMENTARY STUDENTS SPECIAL REVENUE FUND (27155)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement B-30

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	14,851	2,091	(12,760)
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>-</u>	<u>14,851</u>	<u>2,091</u>	<u>(12,760)</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	14,851	7,093	7,758
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>14,851</u>	<u>7,093</u>	<u>7,758</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(5,002)</u>	<u>(5,002)</u>
<b>Other financing sources (uses)</b>				
Designated cash	-	-	-	-
Operating transfers	-	-	(11,081)	(11,081)
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(11,081)</u>	<u>(11,081)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(16,083)</u>	<u>\$ (16,083)</u>
Fund balances - beginning of year			<u>8,990</u>	
Fund balances - end of year			<u>\$ (7,093)</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ (16,083)	
Adjustments to revenues			16,083	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**KINDERGARTEN THREE PLUS SPECIAL REVENUE FUND (27166)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement B-31

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	304,700	132,000	122,393	(9,607)
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>304,700</u>	<u>132,000</u>	<u>122,393</u>	<u>(9,607)</u>
Expenditures				
Current				
Instruction	241,800	122,639	119,260	3,379
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	8,760	-	-	-
School administration	27,270	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	7,260	-	-	-
Student transportation	19,610	9,361	9,357	4
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>304,700</u>	<u>132,000</u>	<u>128,617</u>	<u>3,383</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(6,224)</u>	<u>(6,224)</u>
Other financing sources (uses)				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(6,224)</u>	<u>\$ (6,224)</u>
Fund balances - beginning of year			<u>-</u>	
Fund balances - end of year			<u>\$ (6,224)</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ (6,224)	
Adjustments to revenues			6,224	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**PRE-KINDERGARTEN SPECIAL STATE SPECIAL REVENUE FUND (27169)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement B-32

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>				
<b>Current</b>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses)</b>				
Designated cash	-	-	-	-
Operating transfers	-	-	1,122	1,122
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,122</u>	<u>1,122</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	1,122	<u>\$ 1,122</u>
Fund balances - beginning of year			<u>(1,122)</u>	
Fund balances - end of year			<u>\$ -</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ 1,122	
Adjustments to revenues			(1,122)	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**SCHOOL LIBRARY MATERIALS FUND FY 08 SPECIAL REVENUE FUND (27549)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement B-33

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Designated cash	-	-	-	-
Operating transfers	-	-	(14)	(14)
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(14)</u>	<u>(14)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	(14)	<u>\$ (14)</u>
Fund balances - beginning of year			<u>14</u>	
Fund balances - end of year			<u>\$ -</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ (14)	
Adjustments to revenues			14	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-34

TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 NM HIGHWAY DEPARTMENT (ROAD) SPECIAL REVENUE FUND (28120)  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDING JUNE 30, 2013

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	28,966	-	(28,966)
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>-</u>	<u>28,966</u>	<u>-</u>	<u>(28,966)</u>
Expenditures				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	2,366	30,991	-	30,991
Debt service				
Reserve				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>2,366</u>	<u>30,991</u>	<u>-</u>	<u>30,991</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,366)</u>	<u>(2,025)</u>	<u>-</u>	<u>2,025</u>
Other financing sources (uses)				
Designated cash	2,366	2,025	-	(2,025)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>2,366</u>	<u>2,025</u>	<u>-</u>	<u>(2,025)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning of year			<u>2,025</u>	
Fund balances - end of year			<u>\$ 2,025</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ -	
Adjustments to revenues			2,025	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 2,025</u>	

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank.)



**CAPITAL PROJECTS FUNDS**

## NONMAJOR CAPITAL PROJECTS FUND DESCRIPTION

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The District has the following separate funds classified as Capital Projects Funds:

**Capital Improvements SB-9 (31700)** – Accounts for resources that are used for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico’s State Equalization Matching and a special tax levy as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**JUNE 30, 2013**

Statement C-1

	<u>Capital Improvements SB-9 31700</u>
<b>ASSETS</b>	
Current assets	
Cash and temporary investments	\$ 1,001,070
Accounts receivable	
Taxes	16,685
Due from other governments	-
Interfund receivables	-
Inventory	-
	<u>                    -</u>
Total assets	<u><u>\$ 1,017,755</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>	
Current liabilities	
Accounts payable	\$ 16,771
Accrued payroll liabilities	-
Accrued compensated absences	-
Interfund payables	-
Deferred revenue - property taxes	-
Deferred revenue - other	-
Total liabilities	<u>16,771</u>
Fund balances	
Nonspendable	-
Restricted for	
General fund	-
Special revenue	-
Capital projects	331,076
Debt service	-
Assigned	669,908
Unassigned	-
Total fund balances	<u>1,000,984</u>
Total liabilities and fund balances	<u><u>\$ 1,017,755</u></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**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement C-2

	Capital Improvements SB-9 31700
	31700
Revenues	
Property taxes	\$ 592,855
State grants	62,702
Federal grants	-
Miscellaneous	-
Charges for services	
Interest income	505
Total revenues	656,062
Expenditures	
Current	
Instruction	-
Support services	
Students	-
Instruction	-
General administration	5,900
School administration	-
Central services	-
Operation and maintenance of plant	-
Student transportation	-
Other support services	-
Food services operations	-
Community service	-
Capital outlay	337,005
Debt service	
Reserve	-
Principal	-
Interest	-
Total expenditures	342,905
Excess (deficiency) of revenues over (under) expenditures	313,157
Other financing sources (uses)	
Operating transfers	-
Proceeds from bond issues	-
Total other financing sources (uses)	-
Net changes in fund balances	313,157
Fund balances - beginning of year	687,827
Fund balances - end of year	\$ 1,000,984

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

## STATE OF NEW MEXICO

Statement C-3

TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS  
 BOND BUILDING CAPITAL PROJECTS FUND (31100)  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDING JUNE 30, 2013

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest income	-	-	7,006	7,006
Total revenues	<u>-</u>	<u>-</u>	<u>7,006</u>	<u>7,006</u>
Expenditures				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	963,599	5,959,617	656,310	5,303,307
Debt service				
Reserve	-	-	-	-
Principal	-	-	-	-
Interest	<u>963,599</u>	<u>5,959,617</u>	<u>656,310</u>	<u>5,303,307</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(963,599)</u>	<u>(5,959,617)</u>	<u>(649,304)</u>	<u>5,310,313</u>
Other financing sources (uses)				
Designated cash	963,599	959,617	-	(959,617)
Operating transfers	-	-	-	-
Proceeds from bond issues	<u>-</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>-</u>
Total other financing sources (uses)	<u>963,599</u>	<u>5,959,617</u>	<u>5,000,000</u>	<u>(959,617)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	4,350,696	<u>\$ 4,350,696</u>
Fund balances - beginning of year			<u>959,618</u>	
Fund balances - end of year			<u>\$ 5,310,314</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			4,350,696	
Adjustments to revenues			-	
Adjustments to expenditures			<u>(42,267)</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 4,308,429</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**CAPITAL IMPROVEMENTS SB-9 CAPITAL PROJECTS FUND (31700)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

Statement C-4

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ 573,886	\$ 573,886	\$ 590,036	\$ 16,150
State grants	-	32,191	62,702	30,511
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest income	500	500	505	5
Total revenues	<u>574,386</u>	<u>606,577</u>	<u>653,243</u>	<u>46,666</u>
Expenditures				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	5,738	11,738	5,900	5,838
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	1,266,772	1,268,799	320,234	948,565
Debt service				
Reserve	-	-	-	-
Principal	-	-	-	-
Interest	<u>1,272,510</u>	<u>1,280,537</u>	<u>326,134</u>	<u>954,403</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(698,124)</u>	<u>(673,960)</u>	<u>327,109</u>	<u>1,001,069</u>
Other financing sources (uses)				
Designated cash	698,124	673,960	-	(673,960)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources (uses)	<u>698,124</u>	<u>673,960</u>	<u>-</u>	<u>(673,960)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>327,109</u>	<u>\$ 327,109</u>
Fund balances - beginning of year			<u>673,961</u>	
Fund balances - end of year			<u>\$ 1,001,070</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ 327,109	
Adjustments to revenues			2,819	
Adjustments to expenditures			<u>(16,771)</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 313,157</u>	

The accompanying notes are an integral part of these financial statements

**DEBT SERVICE FUND**

(This page intentionally left blank.)



**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**DEBT SERVICE FUND (41000)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2013**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ 834,848	\$ 834,848	\$ 1,671,948	\$ 837,100
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest income	1,300	1,300	2,286	986
Total revenues	<u>836,148</u>	<u>836,148</u>	<u>1,674,234</u>	<u>838,086</u>
Expenditures				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	8,348	22,348	16,719	5,629
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Reserve	2,168,915	2,271,432	-	2,271,432
Principal	720,000	720,000	720,000	-
Interest	114,848	114,848	114,851	(3)
Total expenditures	<u>3,012,111</u>	<u>3,128,628</u>	<u>851,570</u>	<u>2,277,058</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,175,963)</u>	<u>(2,292,480)</u>	<u>822,664</u>	<u>3,115,144</u>
Other financing sources (uses)				
Designated cash	2,175,963	2,292,480	-	(2,292,480)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	17,993	17,993
Total other financing sources (uses)	<u>2,175,963</u>	<u>2,292,480</u>	<u>17,993</u>	<u>(2,274,487)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	840,657	<u>\$ 840,657</u>
Fund balances - beginning of year			<u>2,292,481</u>	
Fund balances - end of year			<u>\$ 3,133,138</u>	
<b>Reconciliation to GAAP Basis</b>				
Net changes in fund balances			\$ 840,657	
Adjustments to revenues			6,535	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 847,192</u>	

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank.)

**OTHER SUPPLEMENTAL INFORMATION**

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Schedule I

	Balance June 30, 2012	Additions	Deletions	Adjustments	Balance June 30, 2013
T or C Elementary	\$ 37,067	\$ 36,879	\$ 39,005	\$ 2,032	\$ 36,973
SEC Elementary	6,944	4,645	5,102	(2,354)	4,133
Arrey Elementary	4,941	19,101	15,064	(690)	8,288
T or C Middle School	21,232	23,985	14,600	(4,768)	25,849
Hot Springs High School	89,540	145,322	140,670	(10,456)	83,736
Alternative School	1,364	-	-	(1,364)	-
Transportation	-	166	-	-	166
Audrey Lang Scholarship	49,510	-	9,080	-	40,430
Athletics	-	47,496	38,049	4,894	14,341
Central Office	2,695	4,668	3,109	2,362	6,616
Total All Schools	<u>\$ 213,293</u>	<u>\$ 282,262</u>	<u>\$ 264,679</u>	<u>\$ (10,344)</u>	<u>\$ 220,532</u>

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

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS**  
**JUNE 30, 2013**

Schedule II

Bank Account Type	Bank of the Southwest	First Savings	BBVA	Totals
<b><i>BALANCE PER BANK</i></b>				
Checking - Operational	\$ 1,978,093	\$ -	\$ -	\$ 1,978,093
Checking - Capital outlay	4,344,897	-	-	4,344,897
Checking - Debt service	3,191,682	-	-	3,191,682
Checking - Food Service	-	75,050	-	75,050
Checking - Payroll	845,845	-	-	845,845
Certificate of deposit	-	-	2,000,000	2,000,000
Checking - Audrey Lang Scholarship	40,430	-	-	40,430
Checking - Activity Funds	-	-	186,124	186,124
Total On Deposit	10,400,947	75,050	2,186,124	12,662,121
Reconciling Items	(545,803)	(637)	(2,752)	(549,192)
Reconciled Balance June 30, 2013	<u>\$ 9,855,144</u>	<u>\$ 74,413</u>	<u>\$ 2,183,372</u>	12,112,929
Add: State Treasurer LGIP Cash				1,999
Add: Petty cash				40
Less: Fiduciary Funds Cash				<u>(220,532)</u>
Cash per Government-wide Financial Statements				<u><u>\$ 11,894,436</u></u>

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

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY**  
**FOR PUBLIC FUNDS**  
**JUNE 30, 2013**

Schedule III

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2013	Name and Location of Safekeeper
Bank of the Southwest	GNMA II Pool #80119 Due 10/20/2027	\$ 9,767	FHLB
Bank of the Southwest	Letter of Credit Due 06/06/2014	500,000	FHLB
Bank of the Southwest	Letter of Credit Due 09/30/2013	400,000	FHLB
Bank of the Southwest	Letter of Credit Due 11/01/2013	2,000,000	FHLB
Bank of the Southwest	Letter of Credit Due 12/02/2013	500,000	FHLB
Bank of the Southwest	Letter of Credit Due 09/20/2013	275,000	FHLB
Bank of the Southwest	Letter of Credit Due 06/16/2014	<u>1,750,000</u>	FHLB
SUBTOTAL Bank of the Southwest		<u>5,434,767</u>	
BBVA - Compas	FNMA #889056F CUSIP 31410GWR0 5.936%, Due 10/01/2017	3,326,760	Compass Bank - AL
BBVA - Compass	FNMA ARM #712306 CUSIP 31401MKT7 2.593%, Due 05/01/2033	1,076,355	Compass Bank - AL
BBVA - Compass	FNMA ARM #1G2773D CUSIP 3128QTCJ1 5.273%, Due 04/01/2038	<u>1,038,632</u>	Compass Bank - AL
SUBTOTAL BBVA - Compass		<u>5,441,747</u>	
TOTAL Pledged Collateral		<u><u>\$ 10,876,514</u></u>	

The accompanying notes are and integral part of these financial statements

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**CASH RECONCILIATION**  
**JUNE 30, 2013**

	Operational Account 11000	Transportation Account 13000	Instructional Materials 14000	Food Services Account 21000
Cash, June 30, 2012	\$ 1,642,945	\$ 30	\$ 12,216	\$ 113,654
Add:				
FY 2013 revenues	10,453,556	799,865	87,826	606,911
Change in loans FROM other fu	(453,960)	-	-	-
Transfers IN	-	-	-	-
Total cash available	<u>11,642,541</u>	<u>799,895</u>	<u>100,042</u>	<u>720,565</u>
Less:				
FY 2013 expenditures	(9,495,010)	(799,092)	(92,180)	(646,112)
Change in loans TO other funds	-	-	-	-
Transfers OUT	(6,723)	-	-	-
Total cash uses	<u>(9,501,733)</u>	<u>(799,092)</u>	<u>(92,180)</u>	<u>(646,112)</u>
Cash, June 30, 2013	<u>\$ 2,140,808</u>	<u>\$ 803</u>	<u>\$ 7,862</u>	<u>\$ 74,453</u>

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

Athletics Account 22000	Fiduciary 23000	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000	State Flowthrough 27000
\$ 10,793	\$ 213,293	\$ (524,005)	\$ (53,208)	\$ 426,781	\$ (70,630)
35,936	271,918	1,407,179	174,857	116,309	283,974
-	-	-	68,980	-	-
-	-	(69,040)	-	-	-
<u>46,729</u>	<u>485,211</u>	<u>814,134</u>	<u>190,629</u>	<u>543,090</u>	<u>213,344</u>
(44,797)	(264,679)	(1,301,448)	(173,172)	(129,886)	(289,811)
-	-	490,202	-	(211,527)	89,399
-	-	-	(5)	-	(12,918)
<u>(44,797)</u>	<u>(264,679)</u>	<u>(811,246)</u>	<u>(173,177)</u>	<u>(341,413)</u>	<u>(213,330)</u>
<u>\$ 1,932</u>	<u>\$ 220,532</u>	<u>\$ 2,888</u>	<u>\$ 17,452</u>	<u>\$ 201,677</u>	<u>\$ 14</u>

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



**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**CASH RECONCILIATION**  
**JUNE 30, 2013**

Schedule IV  
(Page 2 of 2)

	State Direct 28000	Bond Building 31100	Capital Improve SB-9 31700	Debt Service Fund 41000	Total
Cash, June 30, 2012	\$ 2,025	\$ 959,618	\$ 673,961	\$ 2,292,481	\$ 5,699,954
Add:					
FY 2013 revenues	-	5,007,006	653,243	1,692,227	21,590,807
Change in loans FROM other	-	-	-	-	(384,980)
Transfers IN	-	-	-	-	(69,040)
Total cash available	<u>2,025</u>	<u>5,966,624</u>	<u>1,327,204</u>	<u>3,984,708</u>	<u>26,836,741</u>
Less:					
FY 2013 expenditures	-	(656,310)	(326,134)	(851,570)	(15,070,201)
Change in loans TO other fun	-	-	-	-	368,074
Transfers OUT	-	-	-	-	(19,646)
Total cash uses	<u>-</u>	<u>(656,310)</u>	<u>(326,134)</u>	<u>(851,570)</u>	<u>(14,721,773)</u>
Cash, June 30, 2013	<u>\$ 2,025</u>	<u>\$ 5,310,314</u>	<u>\$ 1,001,070</u>	<u>\$ 3,133,138</u>	<u>\$ 12,114,968</u>

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

(This page intentionally left blank.)

**COMPLIANCE SECTION**

(This page intentionally left blank.)



**Griego Professional Services, LLC**

Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**INDEPENDENT AUDITOR'S REPORT**

Hector H. Balderas, New Mexico State Auditor  
The Office of Management and Budget  
To the Board of Education  
Truth or Consequences Municipal Schools, Tucumcari, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund of Truth or Consequences Municipal Schools (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparison of the District, presented as supplemental information, and have issued our report thereon dated November 14, 2013.

**Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness as item FS 13-08.

A *significant deficiency* is a deficiency, or 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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies as items FS 12-03, FS 12-04, FS 13-01, FS 13-04, FS 13-05, FS 13-07, and FS 13-09.

(This page intentionally left blank.)

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as item FS 06-02, FS 13-02, FS 13-03, FS 13-06, FS 13-10, FS 13-11, and FS 13-12.

## **The District's Responses to Findings**

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Grigo Professional Services, LLC*

Albuquerque, New Mexico  
November 14, 2013

(This page intentionally left blank.)



**FEDERAL FINANCIAL ASSISTANCE**

(This page intentionally left blank.)



# Griego Professional Services, LLC

Certified Public Accountants

## **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

### **INDEPENDENT AUDITOR'S REPORT**

Hector Balderas, New Mexico State Auditor  
The Office of Management and Budget  
To the Board of Education  
Truth or Consequences Municipal Schools, T or C, New Mexico

#### **Report on Compliance for Each Major Federal Program**

We have audited Truth or Consequences Municipal Schools' (the District) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

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

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

#### **Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

P.O. Box 37379 • Albuquerque, NM 87176-7379  
8500 Menaul Blvd. NE, Ste. B295 • Albuquerque, NM 87112  
Phone (505) 856-2741 - Fax (505) 856-7510

(This page intentionally left blank.)

## **Report on Internal Control over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item FA 13-01 that we consider to be a significant deficiency.

The District's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of Truth or Consequences Municipal Schools as of and for the year ended June 30, 2013, and have issued our report thereon dated November 15, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Albuquerque, New Mexico  
November 14, 2013

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Schedule V  
(Page 1 of 2)

Federal Grantor or Pass-Through Grantor / Program Title	Passthrough Number	Federal CFDA	Federal Expenditures
<b>U.S. Department of Education</b>			
<i>Passthrough State of New Mexico Department of Education</i>			
Title I - IASA (1)	24101	84.010	\$ 675,015
Migrant Education	24103	84.011	13,849
IDEA B - Entitlement	24106	84.027	394,139
IDEA B - Pre School	24109	84.173	17,291
Education for Homeless Children and Youth	24113	84.196	9,498
IDEA B - Risk Pool	24120	84.027	1,798
Title III English Language Acquisition	24153	84.365A	11,950
Title IIA Teacher / Principal Training	24154	84.367A	85,700
Rural & Low-Income Schools	24160	84.358B	46,782
Career and Technical Education	24176	84.048	<u>1,565</u>
<b>Total U.S. Department of Education</b>			<u>1,257,587</u>
<b>U.S. Department of Defense</b>			
<i>Direct U.S. Department of Defense</i>			
R.O.T.C.	25200	12.000	<u>64,788</u>
<b>U.S. Department of Agriculture</b>			
<i>Direct U.S. Department of Agriculture</i>			
Forest Reserve (1)	11000	10.665	<u>163,675</u>
<i>Passthrough State of New Mexico Department of Education</i>			
Fresh Fruit and Vegetables	24118	10.555	32,859
National School Lunch Program (1)	21000	10.555	<u>536,874</u>
<i>Subtotal - Passthrough State of New Mexico Department of Education</i>			<u>569,733</u>
<i>Passthrough State of New Mexico Department of Health and Human Services</i>			
Food Distribution (Commodities)	21000	10.550	<u>49,469</u>
<b>Total U.S. Department of Agriculture</b>			<u>782,877</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 2,105,252</u>

(1) Denotes Major Federal Financial Assistance Program

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

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Schedule V  
(Page 2 of 2)

**Notes to Schedule of Expenditures of Federal Awards**

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the TRUTH OR CONSEQUENCES MUNICIPAL Schools (District) and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund 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. Subrecipients

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

3. Non Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2013 was \$49,469 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDA number 10.550. Commodities are recorded as revenues and expenditures in the food service fund.

**Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:**

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 2,105,252
Total expenditures funded by other sources	<u>13,332,361</u>
Total expenditures	<u><u>\$ 15,437,613</u></u>

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

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Schedule VI

**Section I – Summary of Audit Results**

*Financial Statements:*

- |   |            |
|---|------------|
| 1. Type of auditors' report issued  | Unmodified |
| 2. Internal control over financial reporting:                                     |            |
| a. Material weakness identified?  | Yes        |
| b. Significant deficiencies identified not considered to be material weaknesses?  | Yes        |
| c. Control deficiencies identified not considered to be significant deficiencies? | Yes        |
| d. Noncompliance material to financial statements noted?                          | No         |

*Federal Awards:*

- |   |     |
|---|-----|
| 1. Internal control over major programs:  |     |
| a. Material weakness identified?  | No  |
| b. Significant deficiencies identified not considered to be material weaknesses?  | Yes |
| c. Control deficiencies identified not considered to be significant deficiencies? | No  |

- |   |            |
|---|------------|
| 2. Type of auditors' report issued on compliance for major programs   | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | No         |

- |  |                               |                        |               |  |        |                |        |                |        |                               |  |
|--|-------------------------------|------------------------|---------------|--|--------|----------------|--------|----------------|--------|-------------------------------|--|
| 4. Identification of major programs:   |                               |                        |               |  |        |                |        |                |        |                               |  |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;"><u>CFDA</u></td> <td style="text-align: center;"><u>Federal Program</u></td> </tr> <tr> <td style="text-align: center;"><u>Number</u></td> <td></td> </tr> <tr> <td style="text-align: center;">84.010</td> <td style="text-align: center;">Title I - IASA</td> </tr> <tr> <td style="text-align: center;">10.665</td> <td style="text-align: center;">Forest Reserve</td> </tr> <tr> <td style="text-align: center;">10.555</td> <td style="text-align: center;">National School Lunch Program</td> </tr> </table> | <u>CFDA</u>                   | <u>Federal Program</u> | <u>Number</u> |  | 84.010 | Title I - IASA | 10.665 | Forest Reserve | 10.555 | National School Lunch Program |  |
| <u>CFDA</u>  | <u>Federal Program</u>        |                        |               |  |        |                |        |                |        |                               |  |
| <u>Number</u>  |                               |                        |               |  |        |                |        |                |        |                               |  |
| 84.010   | Title I - IASA                |                        |               |  |        |                |        |                |        |                               |  |
| 10.665   | Forest Reserve                |                        |               |  |        |                |        |                |        |                               |  |
| 10.555   | National School Lunch Program |                        |               |  |        |                |        |                |        |                               |  |

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

- |   |    |
|---|----|
| 5. Auditee qualified as low-risk auditee? | No |
|---|----|



**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**Section II – Financial Statement Findings**

**06-02 Imprest Bank Account – Compliance - Repeated and Revised**

*Criteria:* All imprest accounts should be reconciled correctly on a monthly basis, resulting in zero balances.

*Condition:* The imprest bank account (payroll clearing) has been reconciled. However, at June 30, 2013, the account is showing a negative balance of \$1,344.

*Cause:* Management is not ensuring that all the imprest account zeros out at month end.

*Effect:* Differences due to payroll activity are not investigated timely, resulting in a balance in the payroll clearing account.

*Auditors' Recommendations:* Management needs to ensure that this account is reconciled timely to ensure any adjustments are found, investigated and adjusted in a timely manner.

*Management Response:* This account has been reconciled and the past unknown variance resolved. Because of the requirement to pay as billed to the New Mexico Public School Insurance Authority, the account will always have a variance, however, it is now reconciled monthly and the variance is explainable. The Business Manager will work with the auditor for clarification of the accountability and reconciliation of this account.

**FS 12-03 Payroll – Significant Deficiency – Repeated and Revised**

*Criteria:* NMAC 6.20.2.18 states the local board shall establish written payroll policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. School districts shall maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification ), federal and state withholding allowance certificates, pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application, and direct deposit authorizations.

*Condition:* During our test work of payroll we noted the following instances out of twenty-five tested:

- One out of twenty-five I-9's tested were not filled out timely.
- One out of twenty-five W-4's were not filled out timely.

*Cause:* District, State, and Federal policies are not being followed or reviewed to ensure proper execution.

*Effect:* The District is in a violation of NMAC 6.20.2.18 and the Immigration Reform and Control Act of 1986.

*Auditor's Recommendation:* We recommend that the District follow the corrective action plan set forth in the Immigration Reform and control Act of 1986 and request that the employee complete section 1 of the Form I-9 immediately and submit documentation as required in Section 2. The new form should be dated when completed-never post dated. When an employee does not provide acceptable documentation, the employer must terminate employment or risk being subject to penalties for "knowingly" continuing to employ an unauthorized worker if the individual is not in fact authorized to work. We also recommend that W-4's are filled out immediately upon hiring and are updated annually to insure all employees have one on file.

*Management Response:* The District has procedures in place and will revisit to ensure compliance.

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**FS 12-04 Preparation of Financial Statements –Significant Deficiency - Repeated and Revised**

*Criteria:* Statement of Accounting Standards (SAS) 115, Communication of Internal Control Related Matters Identified in an Audit, requires that management clearly accept responsibility for preparing all financial information and School's financial statements.

*Condition:* The individuals responsible for the accounting functions for the District did not prepare the District's financial statements. The Financial statements were prepared by the auditor.

*Cause:* The District's Business Manager is obtaining training on preparing the financials, but is not quite ready to take on the responsibility.

*Effect:* Individuals, without the aid of its auditors, are unable to accurately prepare the District's financial statements in accordance with the accounting standards with regard to apply generally accepted accounting principles.

*Auditors' Recommendations:* We recommend the District's accounting management receive training relating to the preparation for the District's financial statements in accordance with generally accepted accounting principles. This would give the accounting management responsible for the accounting and reporting functions the skills and knowledge to apply generally accepted accounting principles to the financial statements.

*Management Response:* Per State Auditor's Rule (2.2.2, NMAC), the district maintains adequate accounting records in order to prepare financial statements. Steps have and are being made to be compliant with GASB 34 and GASB 54 reporting requirements.

**FS 13-01 Payroll -- Pay Dates – Significant Deficiency**

*Criteria:* NMAC 6.20.2.18 states the local board shall establish written payroll policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. NMSA 1978 Section 50-4-2 A-B states that Employers shall pay for services rendered from the first to the fifteenth day, inclusive, of any calendar month by the twenty-fifth day of the month during which services are rendered, and for all services rendered from the sixteenth to the last day of the month, inclusive, of any calendar month by the tenth day of the succeeding month.

*Condition:* During the payroll test work, we noted the following:

- Payroll pay dates are the 5<sup>th</sup> and 20<sup>th</sup> of the month; pay periods cover 1<sup>st</sup> through 15<sup>th</sup> and 16<sup>th</sup> through end of month respectively indicating advance payment of payroll.

*Cause:* The District is not in compliance with NM Law 50-4-2 A-B NMSA 1978.

*Effect:* The district may pay in advance for services that are not ever received due to leave being taken by an employee. The district is open to possible misuse of funds and leave by employees due to advance payment of payroll for all employees.

*Auditors' Recommendation:* We recommend that the District review their current pay policy and change the pay dates to insure no advance payments are being made to employees prior to services being rendered.

*Management Response:* The District will discuss and seek appropriate policy and procedure change in order to comply with NM Law 50-4-2 A-B NMSA 1978.

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**FS 13-02 Cash Disbursements – Compliance – Other Matter**

*Criteria:* Sound accounting practices and procedures; will only issue a purchase order prior to the invoice date and will only pay an invoice from a vendor one time. In addition, according to NMSA 1978 Section 6-6-3, the District is expected to conform to the rules and regulations that they have adopted relating to internal controls.

*Condition:* In two instances out of twenty-five tested, the client issued a purchase order dated after the invoice date. The items noted totaled \$90 (\$19 and \$71).

*Cause:* The issuance of the purchase order after the invoice date appears to have been prior to the time when the district enforced requiring a purchase order to be issued and in place prior to invoices being received.

*Effect:* Without appropriate documentation, the District is unable to demonstrate compliance with its own internal controls and policies. Excess of payments may result in lost funds for the District and administrative time spent on duplicate payments.

*Auditor's Recommendation:* We recommend that a system be put in place to insure that all back up documentation is reviewed prior to payment being issued.

*Management Response:* The State of New Mexico's Manual of Procedures, PSAB Supplement 13 – Purchasing, is used for training and educating on New Mexico Procurement Code. Procedure compliance will continue to be taught and reinforced.

**FS 13-03 Travel and Per Diem – Compliance – Other Matter**

*Criteria:* Sound accounting practices and procedures; will only issue a purchase order prior to the invoice date and will only pay an invoice from a vendor one time. In addition, according to NMSA 1978 Section 6-6-3, the District is expected to conform to the rules and regulations that they have adopted relating to internal controls.

*Condition:* A sample of ten items was tested for per diem and travel compliance .In one instance out of ten tested, the client did not have a purchase order issued for vendor or invoice which totaled \$216.36. Additionally, within this same transaction, the reimbursement was given without an itemized receipt. Reimbursement was given based off personal credit card statement, but an itemized receipt for hotel stay was not obtained.

*Cause:* The district was not following their own internal policies requiring a purchase order to be in place prior to travel being taken and requiring an itemized receipt for reimbursement of travel expenditures.

*Effect:* Without appropriate documentation, the District is unable to demonstrate compliance with its own internal controls and policies. Excess of payments may result in lost funds for the District.

*Auditor's Recommendation:* We recommend that the district follow the internal policies created and adhere to them to insure there is no misuse of funds and all travel and reimbursements are approved prior to reimbursement.

*Management Response:* The State of New Mexico's Manual of Procedures, PSAB Supplement 20 – Travel and Training, is used for training and educating. The District has procedures in place and will continue to train and reinforce for compliance.

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**FS 13-04 Purchasing Act - Significant Deficiency**

*Criteria:* According to NMAC 1.4.1.31, requests for proposals “RFP” at a minimum shall include all of the evaluations factors, and their relative weights to be given to the factors in evaluating proposals as one of the minimum criteria.

*Condition:* During our testwork we found one out of five instances where no evaluation criterion was given with the request for proposal for audit services.

*Cause:* The district was unaware of the need to disclose evaluation criteria within the RFP.

*Effect:* Not giving evaluation criteria within the RFP can create protest for bias if the RFP is not awarded to the lowest bidder.

*Auditor’s Recommendation:* We recommend that the district follow the NMAC statutes regarding requests for proposals and update request for proposals for future use, insuring that all specifications required by statute are within the request for proposal. Giving the evaluation criteria allows for the weight of all factors to be disclosed and transparent to avoid such protest from occurring.

*Management Response:* Proper RFP requirements will be reviewed and implemented.

**FS 13-05 Payroll Internal Control Structure Operation, and Oversight - Significant Deficiency**

*Criteria:* NMAC 6.20.2.11 states:

- Every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP, and that state and federal programs are managed in compliance with applicable laws and regulations. The internal control structure shall include written administrative controls (rules, procedures and practices, and policies that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP.
- Each school district shall develop, establish and maintain a structure of internal accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions. The duties to be segregated are the authorization to execute a transaction, recording the transaction, and custody of assets involved in the transaction.

*Condition:* During our tes twork we found the District does not have proper segregation of duties among the payroll department. One person handles the input of new employees, pay rate changes, benefits, running payroll and sending information to the bank. The payroll journal is also not reviewed prior to payroll being run, to catch any errors.

*Effect:* Because segregation of duties are not in place, management and staff are unable to properly safeguard assets. Adequate controls are not being followed to prevent or detect intentional misstatements or inadvertent errors with regards to payroll.

*Cause:* The lack of staff and trained personnel within the district has resulted in a deficiency of segregation of payroll duties.

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

*Auditor's Recommendation:* The District should create a segregation of duties by cross-training other staff in the payroll department to ensure that the person running payroll is not the same person who is able to adjust pay rates, enter new employees and changed benefits. The district should also implement a plan to cross-check and verify the payroll run prior to wires being sent to the bank, to ensure any errors or possible fraud are detected prior to funds be released. The district should create a procedure for payroll journal review prior to draws being sent to bank by having personnel initial and date the journal. Both the preparer and reviewer should sign and date to ensure all pay periods are being looked at timely and by authorized personnel.

*Management Response:* The District has worked on segregation of duties and will continue to work on improving the accountability of the payroll processes. Administration will use the State of New Mexico's Manual of Procedures, PSAB Supplement 2 – Internal Controls to assist in implementing more defined controls that are conducive with our District size.

**FS 13-06 Personal Use of Public Vehicle – Compliance – Other Matter**

*Criteria:* Personal use of a government agency vehicle is always taxable to the employee unless the vehicle is a qualified non-personal use vehicle, per the 2010 State Auditor Rule 2.2.2.10H.

*Condition:* During our testwork we found Truth or Consequences superintendent has personal use of a public vehicle because the superintendent takes the vehicle home at night, the employees' personal use of a public vehicle was not included on their W-2 form.

*Cause:* The board and personnel were not aware that this was a requirement if the vehicle was taken home instead of picked up and dropped off at the beginning and ending of a work day.

*Effect:* Employee income in the form of fringe benefits may not be properly reported to the Internal Revenue Service.

*Auditors' Recommendation:* We recommend that the Board include personal use of a public vehicle on the personnel W-2's when necessary.

*Management's Response:* The District will contact the IRS for reporting options and will properly report the fringe benefit on the W-2.

**FS 13-07 Warehouse/Supply Inventory - Significant Deficiency**

*Criteria:* NMAC 6.20.2.16 pertains to Districts which maintain a warehouse with physical inventory. At fiscal year-end, each school district shall take a physical inventory of remaining goods and materials of an expendable nature (items that are consumed in the normal course of operating the district). School districts shall establish adequate internal accounting control procedures over supplies inventory in accordance with GAAP.

*Condition:* The District has not been conducting inventories of its warehouse in recent fiscal years.

*Cause:* District personnel were not aware of the requirement for an annual inventory of its warehouse.

*Effect:* The District is not in compliance with NMAC 6.20.2.16. Additionally, without an adequate inventory listing, items may be stolen and not be noticed by District personnel.

*Auditors' Recommendation:* We recommend that the District conduct a comprehensive inventory at fiscal year-end. The inventory should include proper descriptions, counts, and costs, so that a value of the inventory is available for financial statement presentation.

*Management's Response:* The District is exploring inventory tracking options with various vendors and will implement and train personnel in appropriate tracking of inventory.

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**FS 13-08 Capital Assets - Material Weakness**

*Criteria:* Section 12-6-10, NMSA, 1978 requires that at the end of each fiscal year, a physical inventory be conducted of movable chattels and equipment costing more than five thousand dollars. Upon completion, the inventory shall be certified by the governing authority as to its correctness.

Section 2.20.1.15, NMAC also requires that each District shall establish controls over its capital assets in order to safeguard them and establish accountability for their custody and use.

*Condition:* The following items were noted in testing the capital assets of the District for the fiscal year ended June 30, 2013:

- The District did not conduct an annual inventory of its capital assets costing more than five thousand dollars and certification of the correctness of the inventory was not done.
- Items were capitalized in the prior fiscal year that should not have been. A prior period adjustment will be posted as part of the audit for the year ended June 30, 2013. Items that should have been capitalized for the fiscal year ended June 30, 2013 were not added to the District's listing of capital assets.

*Cause:* District personnel were not fully aware of all the requirements related to the management of capital asset controls.

*Effect:* The District is not in compliance with Section 12-6-10, NMSA, 1978 or Section 2.20.1.15, NMAC. Also, without an adequate capital asset listing and proper schedule of depreciation, the financial statements could potentially be misstated.

*Auditors' Recommendation:* We recommend that the District conduct a comprehensive inventory of capital assets at fiscal year-end. Upon completion, the capital assets inventory should be certified as to its correctness. The District should develop processes to ensure that capital assets and depreciation are properly accounted for.

*Management's Response:*

The Business Manager is reviewing what is currently on record and identifying any excess and deficiencies in the District's Capital Assets. The District possesses appropriate software and will utilize it to adequately maintain the assets and their depreciation after clean-up.

**FS 13-09 Scholarship Fund - Significant Deficiency**

*Criteria:* PSAB Supplement 18 provides guidance on how a District should care for funds which are fiduciary in nature.

*Condition:* The District is the fiscal agent for a Scholarship fund, but has not included the bank account on the District's general ledger.

*Cause:* District personnel do not think the account should be on the District's general ledger.

*Effect:* The District is not establishing internal control over the Scholarship fund to the extent possible.

*Auditors' Recommendation:* We recommend that the District set up a nonexpendable trust fund on the general ledger as explained in PSAB Supplement 18. The Scholarship fund should be included in the Schedule of Changes in Assets and Liabilities for Agency funds in the annual audit report.

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

*Management's Response:* These funds have specific requirements that are being readdressed through the attorney of the estate that established this fund for the District. This bank account is maintained and reconciled through the Bank Statement module in the District's accounting system. Depending on the response from the attorney will determine how to address this issue.

**FS 13-10 Budgetary Controls - Compliance**

*Criteria:* Sections 6-3-1 through 6-3-25 NMSA 1978 require, in part, that expenditures not exceed budgetary authority.

*Condition:* The District incurred expenditures in excess of budgetary authority in the following funds and functions:

<b>Major Funds</b>	
Debt Service (41000) – Interest	\$ 3
 <b>Nonmajor Funds</b>	
IDEA-B Entitlement (24106) – Student Transportation	267
English Language Acquisition (24153) – Instruction	1,774
Dual Credit Instructional Materials (27103) – Instruction	1,815
2010 GO Bonds Student Library Fund (SBI) (27106) – Instruction	4,641
Pre-K Initiative (27149) – Student Transportation	891
Total	\$ 9,391

*Cause:* The District did not request the budget adjustments at year end to alleviate these budget overruns in the respective functions and allowed one fund to be overspent in total.

*Effect:* The internal controls established by adherence to budgets have been compromised, and excess spending could, and did, result. In addition, New Mexico statutes have been violated.

*Auditor's Recommendation:* We recommend that the District adhere to their policy of reviewing year end expenditures and requesting budget adjustments where necessary.

*Management's Response:* Last year-end expenditures created an over expense in budget. Management will address possible expenditures prior to year end so budget adjustments can be requested in a timely manner.

**FS 13-11 Cash Appropriations in Excess of Available Cash Balances – Compliance**

*Criteria:* 22-8-11-B NMSA 1978 requires that no District or employee of a District shall make any expenditure or incur any obligation for the expenditure of public funds unless that expenditure or obligation is made in accordance with an operating budget approved by the department. All District funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the Public Education Department for approval. Cash balances re-budgeted to make up for deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

*Condition:* The District re-budgeted “cash balance” in excess of available cash in the following fund:

	<u>Designated Cash</u>	<u>Available Cash</u>	<u>Appropriation in Excess of Available Cash</u>
<b>Nonmajor Funds</b>			
Spaceport GRT Grant – Sierra County (26199)	\$ 215,799	\$ 215,254	\$ 545

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

*Cause:* The District did not ensure sufficient prior year cash balances before submitting the budget adjustment request to PED. They also did not make the necessary budget adjustments to transfer budget authority between functions to ensure the fund was not overspent at the function level.

*Effect:* The District has budgeted cash balance that does not exist. If the District expends all budgeted expenditures it could incur debt if the budgeted designated cash does not exist. However, in no instance did actual expenditures exceed budget.

*Auditors' Recommendations:* We recommend that the District review prior year audited cash balances before submitting budget adjustment requests for budgeted cash, to ensure sufficient balances exist. Also, the District should adjust the budget as needed to ensure each fund is not overspent at the function level.

*Management's Response:* Discrepancies with prior year audit were undetected which created this excess. It was recorded as an accounts payable accrual when it was an accounts receivable accrual.

**FS 13-12 Late Audit Report – Compliance – Repeated and Revised**

*Condition:* The District's audit report for the year ended June 30, 2013 was not submitted by the required due date, November 15, 2013.

*Criteria:* Audit reports not received on or before the due date, November 15, are considered to be in non-compliance with requirements of Section 2.2.2.9.A of the State Audit Rule.

*Effect:* The submission of late audit reports may adversely affect funding, bond ratings and possibly effect compliance requirements.

*Cause:* The District has experienced high turnover in key management positions during the past year.

*Auditor's Recommendation:* The District must prepare all necessary information and schedules to the auditor on a timely basis. In addition, the District must ensure audit procedures are scheduled in a manner which allows for a timely submission of the financial statements to the State Auditor's Office.

*Management's Response:* Auditors are new to the District this year which requires more time and discrepancies from the prior year audit required additional time to address. We have established a good working relationship with the auditors and will continue to work on efficiency.



**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**Section II – Federal Award Finding**

**FA 13-01 Unallowable Costs for IDEA B - Risk Pool Fund 24120 - Significant Deficiency**

*Federal Program Information:*

Funding Agency: U.S. Department of Education  
Passthrough Agency: State of New Mexico Department of Public Education  
Title: "Risk Pool" IDEA-B  
CFDA Number: 84.027  
Award Year: 2013

*Criteria:* OMB Circular A-21, Section J, 22 states: "Costs of goods or services for personal use of the institution's employees are unallowable regardless of whether the cost is reported as taxable income to the employees."

*Condition:* During our disbursements test work we found an iPad that was purchased with federally issued money and issued to a student for use. The iTunes account associated with the school-issued iPad has the following problems associated with it:

- The iTunes account was set up by the school, but was set up as a personal account under the name of a guardian of a student.
- The iTunes account has a personal credit card in place to make purchases for use on the iPad
- The guardian was reimbursed for the purchases made on her credit card for the programs without an itemized receipt being provided totaled \$204.36.

*Cause:* The school felt it was not appropriate to use a school authorized card on a personal iTunes account therefore they set up the personal account and made arrangements with the student's guardian to make purchases of applications and tools for the student to use, using her personal card and reimburse her for all purchases.

*Effect:* The use of a personal accounts and personal credit cards gives all rights of content purchased to the credit card owner, not to the school. This also violates state statutes regarding prohibited use of credit cards due to lack of control of items purchases. The use of personal accounts and personal credit cards results in a misuse of public funds.

*Auditors' Recommendation:* We recommend that all electronics and technology bought through the school be used with school issued accounts only and be purchased through other means, such as school issued procurement card, gift cards or vouchers; doing this will give the district the control to monitor purchases, hold the rights to the content purchased and be compliant with federal and state statutes.

*Management's Response:* The iTunes educational purchase was verified by District personnel prior to reimbursement to the guardian. The District is currently working on procedures for the purchase and use of iTunes cards.

**STATE OF NEW MEXICO**  
**TRUTH OR CONSEQUENCES MUNICIPAL SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**Section III – Prior Year Audit Findings**

- 06-02 – Imprest Bank Account - *Repeated and Revised*
- 10-03 – Payment Mode before Contract Received – *Resolved*
- 10-04 – Contract Prepared after Professional Services were Obtained – *Resolved*
- 10-07 – Bids/Quotes not Obtained – *Resolved*
- 11-01 – Outstanding Balances - *Resolved*
- 11-02 – Request for Reimbursement Denied – *Resolved*
- 11-03 – Bus Contracts – *Resolved*
- 11-04 – Late Audit Report – *Repeated and Revised*

**Section IV – Other Disclosures**

Auditor Prepared Financials

Griego Professional Services, LLC assisted in the preparation of the financial statements presented in this report. The District's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.

Exit Conference

The contents of this report were discussed on November 14, 2013. The following individuals were in attendance.

Truth or Consequences Municipal Schools

Dr. Craig Cummins, Superintendent  
Carmen Spann, Business Manager  
Davonna Armijo, Audit Committee Member  
Barbara Pearlman, Audit Committee Member  
Brett Smith, Board Member  
Hank Hopkins, Director of Human Resources  
Barbara Chavez, Accounts Payable  
Sabrina Bierner, Payroll and Benefits Clerk

Griego Professional Services, LLC

J.J. Griego, CPA