

State of New Mexico
Truth or Consequences Municipal Schools

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT THEREON**

For The Fiscal Year Ended June 30, 2015

Truth or Consequences Municipal Schools
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Truth or Consequences Municipal Schools
Directory of Officials
For The Fiscal Year Ended June 30, 2015

BOARD OF EDUCATION

John C. Johnson	President
Denise Barrera	Vice-President
Angela Rael	Secretary
Rita Ortiz	Member
Brett Smith	Member

SCHOOL OFFICIALS

Dr. Craig Cummins	Superintendent
Dr. Robert Vise	Director of Federal Programs
Hank Hopkins	Director of Human Resources
Bonnie Nielson	Coordinator of Special Education
Adrianna Wolf	Business Manager

MIKE STONE, C.P.A.
LINDA STONE MCGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
KELLEY WYATT, C.P.A.

RYAN MONTOYA, C.P.A.

1311 N. GRANT ST.
P.O. BOX 2828
SILVER CITY, NEW MEXICO 88062
TELEPHONE (575) 388-1777
(575) 538-3795
FAX (575) 388-5040
E-MAIL: admin@stone-mcgee.com

INDEPENDENT AUDITOR'S REPORT

Timothy Keller, State Auditor
And
Board of Education
Truth or Consequences Municipal Schools
Truth or Consequences, 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 and major special revenue funds of the Truth or Consequences Municipal Schools, as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the Truth or Consequences Municipal Schools' basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Truth or Consequences Municipal Schools' nonmajor governmental funds, the components of the General Fund and the budgetary comparisons for the components of the general fund, the nonmajor special revenue funds, the debt service fund, and the capital projects fund presented as other supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Truth or Consequences Municipal Schools, as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund and components of the general fund of the Truth or Consequences Municipal Schools as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparisons for the components of the general fund, the nonmajor special revenue funds, the debt service fund, and the capital projects fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require 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 Information

Our audit was conducted for the purpose of forming opinions on the Truth or Consequences Municipal Schools' financial statements that collectively comprise the District's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by the Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules presented as other supplemental data as listed in the table of contents 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 the other supplemental data are the responsibility of management and were derived from and related 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 auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the other supplemental data are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2015, on our consideration of the Truth or Consequences Municipal Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement 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 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 Truth or Consequences Municipal Schools' internal control over financial reporting and compliance.

Stone, McGee & Co CPAs

Silver City, New Mexico
October 22, 2015

Stone, McGee & Co.
Certified Public Accountants

Truth or Consequences Municipal Schools
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 9,254,074
Property taxes receivable	262,749
Accounts receivable	128,378
Due from other governments	807,564
Inventory	22,049
Capital assets:	
Land and improvements	243,455
Buildings and improvements	35,755,349
Equipment	5,190,630
Construction in progress	14,493,073
Less accumulated depreciation	(16,729,409)
Total capital assets, net of depreciation	\$ 38,953,098
Total assets	\$ 49,427,912
Deferred Outflows of Resources	
Related to pensions	\$ 1,602,637
Liabilities	
Accounts payable	\$ 669,499
Accrued payroll	41,080
Long-term liabilities:	
Portion due or payable within one year:	
Bonds payable	1,280,000
Accrued interest payable	120,025
Portion due or payable after one year:	
Net pension liability	17,007,632
Bonds payable	12,235,000
Compensated absences	384,080
Bond premiums	65,727
Total liabilities	\$ 31,803,043

Truth or Consequences Municipal Schools
STATEMENT OF NET POSITION (concluded)
June 30, 2015

Deferred Inflows of Resources

Related to pensions	\$ 1,799,401
Unavailable revenue	<u>9,767</u>
Total deferred inflows of resources	<u>\$ 1,809,168</u>

Net Position

Net investment in capital assets	\$ 26,992,925
Restricted for:	
Capital projects	2,239,969
Debt service	1,967,618
Other purposes	1,628,403
Unrestricted	<u>(15,410,577)</u>
Total net position	<u><u>\$ 17,418,338</u></u>

The accompanying notes are an integral part of these financial statements

Truth or Consequences Municipal Schools
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program</u> Charges for Services
Governmental activities:		
Instruction	\$ 9,125,308	\$ 52,627
Support services - Students	1,336,880	
Support services - Instruction	169,648	
General administration	556,406	56,664
School administration	822,863	
Central services	808,582	
Operation of plant	2,051,661	
Food services	953,890	16,959
Transportation	1,046,386	
Other support services	24,128	
Community services	6,431	
Interest on long-term debt	272,983	
	<u>\$ 17,175,166</u>	<u>\$ 126,250</u>

General revenues:

Property taxes:

- Levied for general purposes
- Levied for debt service
- Levied for capital improvements

- State aid - formula grants
- Recoveries and refunds
- Unrestricted investment earnings
- Loss on disposition of assets

Total general revenues and special items

Change in net position

Net position - beginning of year, as originally stated

Restatement

Net position - beginning of year, as restated

Change in net position

Net position - end of year

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

Revenues		Net (Expense)
Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
		Total Governmental Activities
\$ 1,511,377	\$ -	\$ (7,561,304)
292,573		(1,044,307)
42,117		(127,531)
55,986		(443,756)
12,405		(810,458)
216,040		(592,542)
94,384	1,922,481	(34,796)
907,074		(29,857)
941,724		(104,662)
		(24,128)
		(6,431)
		(272,983)
<u>\$ 4,073,680</u>	<u>\$ 1,922,481</u>	<u>\$ (11,052,755)</u>

\$ 124,212
1,552,815
508,366
10,739,285
144,022
4,711
-
<u>\$ 13,073,411</u>
<u>\$ 2,020,656</u>
\$ 32,430,383
<u>(17,032,701)</u>
\$ 15,397,682
<u>2,020,656</u>
<u>\$ 17,418,338</u>

Truth or Consequences Municipal Schools
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Title I	SB-9
Assets			
Cash and investments	\$ 1,428,034	\$ -	\$ 1,295,259
Property taxes receivable	17,184		59,970
Inventory			
Due from other governments		280,135	
Accounts receivable	128,378		
Interfund receivable	695,969		
	<u>2,269,565</u>	<u>280,135</u>	<u>1,355,229</u>
Total assets	<u>\$ 2,269,565</u>	<u>\$ 280,135</u>	<u>\$ 1,355,229</u>
 Liabilities			
Accounts payable	\$ 50,586	\$ 533	\$ 23,057
Accrued payroll	41,080		
Interfund payable		279,602	
	<u>91,666</u>	<u>280,135</u>	<u>23,057</u>
Total liabilities	<u>\$ 91,666</u>	<u>\$ 280,135</u>	<u>\$ 23,057</u>
 Deferred Inflows of Resources			
Unavailable revenue	\$ 11,010	\$ -	\$ 35,267
	<u>11,010</u>	<u>-</u>	<u>35,267</u>
Total deferred inflows of resources	<u>\$ 11,010</u>	<u>\$ -</u>	<u>\$ 35,267</u>
 Fund balance:			
Nonspendable:			
Inventories	\$ -	\$ -	\$ -
Restricted for:			
Education			1,296,905
Food service			
Social services			
Capital projects			
Debt service			
Unassigned	2,166,889		
	<u>2,166,889</u>	<u>-</u>	<u>1,296,905</u>
Total fund balances	<u>\$ 2,166,889</u>	<u>\$ -</u>	<u>\$ 1,296,905</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,269,565</u>	<u>\$ 280,135</u>	<u>\$ 1,355,229</u>

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

<u>Bond Building</u>	<u>Debt Service</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ 4,466,058	\$ 1,902,048 185,595	\$ 162,675 22,049 527,429	\$ 9,254,074 262,749 22,049 807,564 128,378 695,969
<u>\$ 4,466,058</u>	<u>\$ 2,087,643</u>	<u>\$ 712,153</u>	<u>\$ 11,170,783</u>
\$ 584,372	\$ -	\$ 10,951	\$ 669,499 41,080
<u>21,163</u>	<u>-</u>	<u>395,204</u>	<u>695,969</u>
<u>\$ 605,535</u>	<u>\$ -</u>	<u>\$ 406,155</u>	<u>\$ 1,406,548</u>
\$ -	\$ 115,964	\$ 108,213	\$ 270,454
<u>\$ -</u>	<u>\$ 115,964</u>	<u>\$ 108,213</u>	<u>\$ 270,454</u>
\$ -	\$ -	\$ 22,049	\$ 22,049
3,860,523	1,971,679	163,029 12,707	1,459,934 12,707 -
<u>3,860,523</u>	<u>1,971,679</u>	<u>197,785</u>	<u>3,860,523</u> <u>1,971,679</u> <u>2,166,889</u>
<u>\$ 3,860,523</u>	<u>\$ 1,971,679</u>	<u>\$ 197,785</u>	<u>\$ 9,493,781</u>
<u>\$ 4,466,058</u>	<u>\$ 2,087,643</u>	<u>\$ 712,153</u>	<u>\$ 11,170,783</u>

Truth or Consequences Municipal Schools
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
 TO NET POSITION OF GOVERNMENTAL ACTIVITIES**
 June 30, 2015

Total governmental fund balances	\$	9,493,781
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		38,953,098
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes subject to the 60 day availability period		162,241
Receivables subject to the 60 day availability period		98,446
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Deferred inflows of resources related to pensions		(1,799,401)
Deferred outflows of resources related to pensions		1,602,637
Long-term liabilities, including bonds payable, compensated absences, lease-purchases payable and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds:		
Net pension liability		(17,007,632)
Bonds payable		(13,515,000)
Accrued interest payable		(120,025)
Bond premiums		(65,727)
Compensated absences payable		(384,080)
		(17,092,464)
<i>Net Position of Governmental Activities</i>	\$	17,418,338

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

Truth or Consequences Municipal Schools
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2015

	General	Title I	SB-9
Revenues:			
Property taxes	\$ 150,709	\$ -	\$ 602,547
Fees and charges	9,513		
State aid	11,804,646		
Federal aid	190,486	749,542	
Earnings on investments	1,224		530
Miscellaneous	14,614		1,819
	\$ 12,171,192	\$ 749,542	\$ 604,896
Expenditures:			
Current:			
Instruction	\$ 6,983,082	\$ 432,846	\$ -
Support services - Students	852,206	14,613	
Support services - Instruction	30,211	33,280	
General administration	446,572	31,648	6,035
School administration	762,564	10,409	
Central services	565,915	216,040	
Operation of plant	1,354,336		483,229
Food service			
Transportation	862,155	10,706	
Other support services	24,128		
Community services	6,431		
Debt service:			
Principal			
Interest			
Bond issue costs			
Capital outlay			
	\$ 11,887,600	\$ 749,542	\$ 489,264
Revenues over (under) expenditures	\$ 283,592	\$ -	\$ 115,632
Other financing sources (uses):			
Bond proceeds			
Bond premiums			
Net change in fund balance	\$ 283,592	\$ -	\$ 115,632
Fund balance, July 1, 2014	1,883,297		1,181,273
Fund balance, June 30, 2015	\$ 2,166,889	\$ -	\$ 1,296,905

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

Bond Building	Debt Service	Other Funds	Total Governmental Funds
\$ -	\$ 1,696,800	\$ -	\$ 2,450,056
		60,073	69,586
1,922,481		584,464	14,311,591
		1,442,045	2,382,073
2,080	847	30	4,711
		127,589	144,022
<u>\$ 1,924,561</u>	<u>\$ 1,697,647</u>	<u>\$ 2,214,201</u>	<u>\$ 19,362,039</u>
\$ -	\$ -	\$ 830,404	\$ 8,246,332
		374,137	1,240,956
		8,837	72,328
	17,782	24,338	526,375
		1,996	774,969
43,785		15,884	781,955
		847,526	1,897,234
		43,295	847,526
			916,156
			24,128
			6,431
	1,815,000		1,815,000
	266,217		266,217
38,863			38,863
<u>5,318,848</u>		<u>95,300</u>	<u>5,414,148</u>
<u>\$ 5,401,496</u>	<u>\$ 2,098,999</u>	<u>\$ 2,241,717</u>	<u>\$ 22,868,618</u>
\$ (3,476,935)	\$ (401,352)	\$ (27,516)	\$ (3,506,579)
4,500,000			4,500,000
			-
<u>\$ 1,023,065</u>	<u>\$ (401,352)</u>	<u>\$ (27,516)</u>	<u>\$ 993,421</u>
<u>2,837,458</u>	<u>2,373,031</u>	<u>225,301</u>	<u>8,500,360</u>
<u><u>\$ 3,860,523</u></u>	<u><u>\$ 1,971,679</u></u>	<u><u>\$ 197,785</u></u>	<u><u>\$ 9,493,781</u></u>

Truth or Consequences Municipal Schools
**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2015

Net change in fund balances- total governmental funds \$ 993,421

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Capital outlay	5,414,148
Depreciation expense	(1,208,957)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net change during the year:

Property taxes subject to the 60 day availability period	(264,663)
Intergovernmental grants subject to the 60 day availability period	98,446

Governmental funds report pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense

Pension contributions	1,159,563
Cost of benefits earned net of employee contributions	(1,331,258)

Bond and loan proceeds are reported as financing sources in the funds, In the Statement of Activities, however, issuing debt increased long term liabilities

(4,500,000)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:

Payment of bond principal	1,815,000
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In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. This is the net change during the year.

(15,749)

Bond premiums are capitalized and amortized over the life of the bond

Bond premiums	-
Amortization	8,983

Some expense reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the net change in compensated absences for the year.

(148,278)

Change in Net Position of Governmental Activities

\$ 2,020,656

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

Truth or Consequences Municipal Schools
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30,2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ 147,536	\$ 147,536
State sources	10,314,159	11,708,864	11,754,652	45,788
Local sources	146,955	146,955	184,122	37,167
Interest income	1,300	1,300	1,224	(76)
Total revenues	\$ 10,462,414	\$ 11,857,119	\$ 12,087,534	\$ 230,415
Expenditures:				
Current:				
Instruction	\$ 7,784,337	\$ 8,086,396	\$ 6,983,300	\$ 1,103,096
Support services - Students	726,810	861,163	852,948	8,215
Support services - Instructi	38,168	30,231	30,211	20
General administration	517,096	464,331	452,114	12,217
School administration	661,092	765,425	762,634	2,791
Central services	508,679	566,247	560,972	5,275
Operation of plant	1,426,400	1,389,805	1,340,096	49,709
Community services		6,431	6,431	-
Other support services	57,237	57,155	23,407	33,748
Transportation		878,765	877,566	1,199
Capital outlay		8,575	8,574	1
Total expenditures	\$ 11,719,819	\$ 13,114,524	\$ 11,898,253	\$ 1,216,271
Net change in fund balance	\$ (1,257,405)	\$ (1,257,405)	\$ 189,281	\$ 1,446,686
Fund balance, July 1, 2014	1,257,405	1,257,405	1,910,612	653,207
Fund balance, June 30, 2015	\$ -	\$ -	\$ 2,099,893	\$ 2,099,893
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 283,592	
Revenue accruals (net)			(83,658)	
Expenditure accruals (net)			(10,653)	
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 189,281</u>	

The accompanying notes are an integral part of these financial statements

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - TITLE I
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 741,742	\$ 858,833	\$ 683,675	\$ (175,158)
Expenditures:				
Current:				
Instruction	\$ 544,417	\$ 519,606	\$ 433,053	\$ 86,553
Support services - Students	21,390	21,390	14,613	6,777
Support services - Instruction	34,254	35,047	33,280	1,767
General administration	32,414	32,414	31,648	766
School administration	-	10,430	10,409	21
Central services	97,457	228,134	216,040	12,094
Tranportation	11,810	11,812	10,706	1,106
Total expenditures	<u>\$ 741,742</u>	<u>\$ 858,833</u>	<u>\$ 749,749</u>	<u>\$ 109,084</u>
Net change in fund balance	\$ -	\$ -	\$ (66,074)	\$ (66,074)
Fund balance, July 1, 2014	<u> </u>	<u> </u>	(213,528)	(213,528)
Fund balance, June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (279,602)</u></u>	<u><u>\$ (279,602)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(65,867)	
Expenditure accruals (net)			(207)	
Other financing sources (net)			<u> </u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (66,074)</u></u>	

The accompanying notes are an integral part of these financial statements

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - SENATE BILL 9
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ 587,938	\$ 621,665	\$ 605,270	\$ (16,395)
State sources				-
Earnings on investments	<u>400</u>	<u>400</u>	<u>530</u>	<u>130</u>
Total revenues	<u>\$ 588,338</u>	<u>\$ 622,065</u>	<u>\$ 605,800</u>	<u>\$ (16,265)</u>
Expenditures:				
Current:				
General administration	\$ 5,883	\$ 5,883	\$ 6,035	\$ (152)
Operational plant maintenance	595,500	674,227	477,681	196,546
Capital outlay	<u>1,038,057</u>	<u>993,057</u>	<u>1,879</u>	<u>991,178</u>
Total expenditures	<u>\$ 1,639,440</u>	<u>\$ 1,673,167</u>	<u>\$ 485,595</u>	<u>\$ 1,187,572</u>
Net change in fund balance	\$ (1,051,102)	\$ (1,051,102)	\$ 120,205	\$ 1,171,307
Fund balance, July 1, 2014	<u>1,051,102</u>	<u>1,051,102</u>	<u>1,175,054</u>	<u>123,952</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,295,259</u>	<u>\$ 1,295,259</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 115,632	
Revenue accruals (net)			904	
Expenditure accruals (net)			3,669	
Other financing uses (net)			<u> </u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 120,205</u>	

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

Truth or Consequences Municipal Schools
**STATEMENT OF FIDUCIARY
NET POSITIONS**
June 30, 2015

	<u>Private Purpose Trust Funds</u>	<u>Agency</u>
Assets		
Cash and investments	\$ 38,592	\$ 193,344
Due from others	<u>386</u>	<u> </u>
Total assets	<u>\$ 38,978</u>	<u>\$ 193,344</u>
 Liabilities and Net Position		
Deposits held for others	<u>\$ -</u>	<u>\$ 193,344</u>
Total liabilities	<u>\$ -</u>	<u>\$ 193,344</u>
Net Position:		
Reserved for scholarship	\$ -	
Reserved for endowment	<u>38,978</u>	
Total net position	<u>\$ 38,978</u>	

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

Truth or Consequences Municipal Schools
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015

	<u>Private Purpose Trust Funds</u>
Additions	
Gifts and contributions	\$ -
Interest earned	<u>20</u>
Total additions	\$ 20
 Deductions	
Scholarships awarded	<u>1,042</u>
Change in net position	\$ (1,022)
Net position, July 1, 2014	<u>40,000</u>
Net position, June 30, 2015	<u><u>\$ 38,978</u></u>

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

Truth or Consequences Municipal Schools
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2015

Note 1 **Summary of Significant Accounting Policies**

Truth or Consequences Municipal Schools, organized under the laws of the State of New Mexico, operates under the school board-superintendent form of government. The System provides public education opportunities for children from first through twelfth grade, including but not limited to classroom and vocational studies; as well as school oriented social and athletic activities.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. REPORTING ENTITY

These financial statements present the District (the primary government). As defined by GAAP, component units are legally separate entities that are included in the District's reporting entity because of the significance of their operating or financial relations with the District. Based on the criterion in GAAP, the District has no component units.

B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into two major categories: governmental, and fiduciary. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the District and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. Included in the General Fund are sub-funds; Operational, the Unrestricted District Fund; Transportation, which accounts for State source revenue used to transport students; Instructional Materials, which accounts for State Source Funds used to purchase textbooks; and Non-instructional Support, which accounts for various student extracurricular activities.

Special Revenue Funds

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

Capital Project Fund

The Capital project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principle on the general long-term debt of the District.

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

Agency Funds account for assets held in a purely custodial capacity. Since agency funds are custodial in nature (i.e.) assets equal liabilities, they do not involve the measurements of results of operations. Typically, these funds are owned by clubs, athletic teams, and/or student organizations.

The emphasis in fund financial statements is on the major funds in the governmental category. Non-major funds are summarized into a single column.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated in to the government-wide statements.

Major Fund Descriptions

General – See above description.

Title I – Fund used to account for federal resources administered by the New Mexico State Department of Education to provide assistance to educationally deprived students in low-income areas of the District. Required by the New Mexico Department of Education Manual of Procedures for New Mexico School districts to be accounted for as a separate fund within the Special Revenue Funds (P.L. 103-382).

SB-9 – Created by State Law to account for the Districts tax levy restricted solely for improvements to the physical plant NMSA 1978 22-25-1, and is a Special Revenue Fund.

Bond Building – to account for bond proceeds plus 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. This is a Capital Project Fund.

Debt Service – See above description.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined in item “b” below.

In the fund financial statements, the “current financial resources” measurement focus is used.

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets, deferred outflows of resources, liabilities and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The government-wide financial statements utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflows of resources resulting from non-exchange transactions are recognized when the earnings process is complete.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

The government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Substantially all governmental fund revenues are accrued. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as deferred outflows of resources by the provider and deferred inflows of resources by the recipient. Grant revenues not collected within 60 days of year end are recorded as receivables and deferred inflows of resources. Such amounts are recorded net of estimated uncollectible accounts.

Property tax receivables are recognized net of estimated refunds and uncollectible amounts in the period for which the taxes are levied, even if they are not available. Property taxes not collected within 60 days of year end are reported as deferred inflows of resources in the fund statements. Property taxes are considered fully collectible.

In the government –wide Statement of Net Position, the governmental activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a fully accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The District first utilizes restricted resources when an expense is incurred and for purposes for which both restricted and unrestricted net positions are available.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by generally government revenues (property taxes, certain intergovernmental revenues, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Charges for services include revenues based on exchange or exchange-like transactions. These revenues arise from charges to customers or

applicants who purchase use or directly benefit from the goods, services or privileges provided. Revenues in this category include fees charged for specific services, such as attendance at athletic events, food service, copies and auxiliary services. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

D. BUDGETS

Budgets for the General, Special Revenue, Debt Service and Capital Projects funds are prepared by management and approved by the local school board and the Public Finance School Division of the Department of Education. Included in the bond building fund are payments made by the Public School Facilities Authority directly to vendors on behalf of the District. Such amounts are excluded from the budgetary comparison of the bond building fund.

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 functional category 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 Education Department.

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

E. CASH AND INVESTMENTS

Cash includes amounts in demand deposits as well as short-term investments with a maturity of six months from the date acquired by the government. State statutes authorize the government to invest in obligations of the U.S. Treasury, interest-bearing accounts with local financial institutions and the State Treasurer Pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owners of such monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the District. The pledged securities remain in the name of the financial institution. Repurchase agreements are required to be collateralized 102%.

F. INVENTORIES

Except for U.S.D.A. commodities, which are shown at estimated value, inventories are valued at cost (first-in, first-out). Inventory in the Cafeteria Fund consists mainly of food items. Inventories, in other governmental fund types, consist primarily of supply-type assets.

G. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$5,000.00 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Software and library resources	3-5 years
Machinery and equipment	5-10 years
Improvements	10-20 years

The accounting treatment over property, plant and equipment depends on whether they are reported in the government-wide financial statements or fund financial statements. In the government-wide financial statements, fixed assets are accounted for as capital assets. In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

H. LONG-TERM DEBT

The accounting treatment of long-term debt depends on whether the assets are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures.

I. COMPENSATED ABSENCES

The District's policies, regarding vacation time, permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. These liabilities have typically been liquidated from general fund resources.

J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period, and so will not be recognized as an outflow or resource (expenses/expenditures) until then. The Government has deferred outflows of resources related to pensions as discussed in Note 5.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The Government has three types of items, one of which arises under the full accrual basis of accounting and both of which arise under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item unavailable revenue, has reported in both the statement of net position and the governmental funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Government reports unavailable revenue from the following sources:

	<u>Governmental Funds Balance Sheet</u>					
	<u>Statement of net Position</u>	<u>General Fund</u>	<u>SB-9 Fund</u>	<u>Debt Service Fund</u>	<u>Other Funds</u>	<u>Total</u>
Advances received under expenditure driven grants	\$ 9,767	\$	\$	\$	\$ 9,767	\$ 9,767
Revenue not received within 60 days of year-end					98,446	98,446
Property taxes	<u> </u>	<u>11,010</u>	<u>35,267</u>	<u>115,964</u>	<u> </u>	<u>162,241</u>
Total	<u>\$ 9,767</u>	<u>\$ 11,010</u>	<u>\$ 35,267</u>	<u>\$ 115,964</u>	<u>\$ 108,213</u>	<u>\$ 270,454</u>

In addition, the District reports deferred inflows of resources related to pensions as discussed in Note 5.

K. EQUITY CLASSIFICATIONS

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – 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.

- b. Restricted net position – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – all other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Statements

During the year ended June 30, 2011, the District implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

- o Non-spendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to remain intact.
- o Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- o Committed fund balance – amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change its constraints.
- o Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the government body delegates the authority.
- o Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Education establishes (and modifies or rescinds) fund balance commitments by adoption of a resolution or a vote of the Board. This is typically done through the adoption and amendment of the budget. Assigned fund balance is established by the Board of Education through adoption or amendment of the budget as intended for a specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes). Expenditures incurred are normally paid from the most highly constrained fund balance.

L. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semiannual installments by November 10 and April 10 of the subsequent year and become delinquent 30 days later. Taxes are collected on behalf of the District by the County Treasurer, and are remitted to the District in the month following collection. Because the Treasurer of the County in which the District is located is statutorily required to collect taxes as an

intermediary agency for all forms of government, distribution of taxes are made through the applicable County to the District.

The District is permitted to levy taxes for general operating purposes up to \$.50 per \$1,000 of taxable value for both residential and nonresidential property, taxable value being defined as one third of the fully assessed value. In addition, the district is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the District, as well as a Two Mill Levy for District improvements. The District's total tax rate to finance general government services for the year ended June 30, 2015 was .50 per \$1,000 for non-residential property and .50 for residential property. The District's tax rate for debt service was \$5.629 per \$1,000 for both residential and nonresidential property. The District's tax rate for District improvements was \$2.0 per \$1,000 for residential and \$2.00 for nonresidential property.

M. INTERFUND ACTIVITY

Inter-fund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as inter-fund receivables and payable as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Inter-fund activity between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

N. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 Custodial Credit Risk

Custodial credit risk is the risk in the event of a bank failure the government's deposits may not be returned to it. The District does not have a deposit policy for credit risk beyond that disclosed in Note 1.

As of June 30, 2015 \$1,641,407 of the government bank balance of \$9,089,761 was exposed to custodial credit risk as follows:

Uninsured and collateralized		<u>\$ 1,641,407</u>
	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits by custodial risk category:		
Insured	\$ 1,110,757	\$ 1,110,757
Collateral held by the pledging bank's agent in the District's name	6,337,597	6,337,597
Uninsured and collateralized	<u>1,641,407</u>	<u>536,438</u>
	<u>\$ 9,089,761</u>	<u>\$ 7,984,792</u>

The District does not have a risk policy beyond that required by State Statute.

The District invests in the State Treasurer Local Governmental Investment Pool, a New Mexico sponsored investment alternative.

The State Treasurer Local Government Investment Pool is not SEC registered. The State Treasurer, with the advice and consent of the State Board of Finance, is authorized to invest money held in the short-term investment fund in accordance with Sections 6-10-10-10P and Sections -10-10.1A and E, NMSA 1978. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts fund were invested.

Investments are valued at fair value based on quoted market prices as of the valuation date.

Participation in the pool is voluntary. The District has \$1,215 on deposit in the pool at June 30, 2015, which is AAAM rated with a weighted average maturity of 54.6 days.

Note 3 Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Capital assets not being depreciated:				
Land	\$ 243,455	\$ -0-	\$ -0-	\$ 243,455
Construction progress	<u>9,174,225</u>	<u>5,318,848</u>	<u>-0-</u>	<u>14,493,073</u>
 Total assets not being depreciated	 <u>\$ 9,417,680</u>	 <u>\$ 5,318,848</u>	 <u>\$ -0-</u>	 <u>\$ 14,736,528</u>
 Other capital assets:				
Building & improvements	\$ 35,755,349	\$ -0-	\$ -0-	\$ 35,755,349
Furniture and equipment	<u>5,095,330</u>	<u>95,300</u>	<u>-0-</u>	<u>5,190,630</u>
 Total other capital assets at historical cost	 <u>\$ 40,850,679</u>	 <u>\$ 95,300</u>	 <u>\$ -0-</u>	 <u>\$ 40,945,979</u>

Less accumulated depreciation for:				
Building & improvement	\$ (11,764,493)	\$ (946,862)	\$	\$(12,711,355)
Furniture & equipment	<u>(3,755,959)</u>	<u>(262,095)</u>	<u> </u>	<u>(4,018,054)</u>
Total accumulated depreciation	<u>\$ (15,520,452)</u>	<u>\$(1,208,957)</u>	<u>\$ -0-</u>	<u>\$(16,729,409)</u>
Total capital assets, net	<u>\$ 34,747,907</u>	<u>\$ 4,205,191</u>	<u>\$ -0-</u>	<u>\$ 38,953,098</u>

Depreciation expense was charged to the governmental activities as follows:

Instruction	\$	580,299
Student support		84,627
Instructional support		96,717
Administration general		24,179
Administration school		36,269
Central services		18,134
Plant operation		145,075
Transportation		123,918
Food		<u>99,739</u>
	\$	<u>1,208,957</u>

The District has construction commitments totaling approximately \$17,000,000 at June 30, 2015, funded principally by the New Mexico Public Schools Facilities Authority.

Note 4 Long-term Debt

Changes in long-term debt were as follows during the year end June 30, 2015:

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	<u>Due In</u>
	<u>July 1, 2014</u>			<u>June 30, 2015</u>	<u>One Year</u>
G.O. Bonds, 2005	\$ 350,000	\$	\$ 100,000	\$ 250,000	\$ 100,000
G.O. Bonds, 2008	1,310,000		25,000	1,285,000	50,000
G.O. Bonds, 2009	525,000		25,000	500,000	25,000
G.O. Bonds, 2011	2,295,000		515,000	1,780,000	450,000
G.O. Bonds, 2012	3,350,000		425,000	2,925,000	225,000
G.O. Bonds, 2013	3,000,000		725,000	2,275,000	150,000
G.O. Bonds, 2014		3,000,000		3,000,000	280,000
G.O. Bonds, 2015		<u>1,500,000</u>		<u>1,500,000</u>	<u>-0-</u>
	<u>\$ 10,830,000</u>	<u>\$ 4,500,000</u>	<u>\$ 1,815,000</u>	<u>\$ 13,515,000</u>	<u>\$ 1,280,000</u>

Compensated absences	\$ <u>235,802</u>	\$ <u>242,971</u>	\$ <u>94,693</u>	\$ <u>384,080</u>	\$ <u>-0-</u>
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Annual debt service for bonds payable requirements are as follows:

Due in fiscal year ending June 30:

	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,280,000	\$ 286,550
2017	1,295,000	275,164
2018	1,175,000	254,614
2019	1,040,000	234,016
2020	975,000	210,329
2021-2025	4,120,000	703,765
2026-2030	<u>3,630,000</u>	<u>180,947</u>
	<u>\$ 13,515,000</u>	<u>\$ 2,145,385</u>

No compensated absences are considered due and payable in the next fiscal year.

GENERAL OBLIGATION BONDS

The bonds and bond interest are paid from property tax levies enacted specifically for the debt retirement. The revenues pledged totaled \$15,660,385 at June 30, 2015, and equal 100% of the tax levies enacted to repay the bonded indebtedness. The bonds were sold to erect and furnish facilities for the District. Interest rates range from .27% to 3.881% for individually scheduled retirements, and maturity dates range from 2015 through 2030. The property tax levies expire when the related bond indebtedness is repaid.

During the year ended June 30, 2015, the District recognized \$1,696,800 in property taxes pledged to retire the bonded indebtedness, and retired \$2,081,217 in bond principal and interest.

Note 5 Pension Plan

Summary of Significant Accounting Policies
General Information about the Pension Plan

Plan Description

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

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

Benefits Provided

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

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

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

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

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

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

Contributions

The contribution requirements of defined benefit plan members and the Truth or Consequences Municipal Schools are established in state statute under Chapter 10, Article 11, NMSA, 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90% and employees earning \$20,000 or less continued to contribute 7.9% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the Truth or Consequences Municipal Schools were \$1,159,563 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. At June 30, 2015, the Truth or Consequences Municipal Schools reported a liability of \$7,007,632 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2014, the District's proportion was .29808 percent, which was an increase of .00951 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Truth or Consequences Municipal Schools recognized pension expense of \$1,331,258. At the June 30, 2015, the Truth or Consequences Municipal Schools reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$ -	\$ (253,351)
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(1,546,050)
Changes in proportion and differences between Truth or Consequences Municipal Schools contributions and proportionate share of contributions	443,074	
Truth or Consequences Municipal Schools contributions subsequent to the measurement date	<u>1,159,563</u>	<u>-</u>
Total	<u>\$1,602,637</u>	<u>\$(1,799,401)</u>

\$1,159,563 reported as deferred outflows of resources related to pensions resulting from Truth or Consequences Municipal Schools contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ 320,644
2017	320,644
2018	328,549
2019	386,490

Actuarial Assumptions

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

1. All members with an annual salary of more than \$20,000 will contribute 10.10% during the fiscal year ending June 30, 2014 and 10.7% thereafter.

2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLA's for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on April 26, 2013 in conjunction with the six-year experience study period ending June 30, 2012.

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

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

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

<u>Asset Class</u>	2014 <u>Long-Term Expected Real Rate of Return</u>	2013 <u>Long-Term Expected Real Rate of Return</u>
Cash	1.50%	0.75%
Treasury's	2.00%	1.00%
IG Corp Credit	3.50%	3.00%
MBS	2.25%	2.50%
Core Bonds	2.53%	2.04%
TIPS	2.50%	1.50%
High Yield Bonds	4.50%	5.00%
Bank Loans	5.00%	5.00%
Global Bonds (Unhedged)	1.25%	0.75%
Global Bonds (Hedged)	1.38%	.093%
EMD External	5.00%	4.00%
EMD Local Currency	5.75%	5.00%
Large Cap Equities	6.25%	6.75%
Small/Mid Cap	6.25%	7.00%
International Equities (Unhedged)	7.25%	7.75%
International Equities (Hedged)	7.50%	8.00%
Emerging International Equities	9.50%	9.75%
Private Equity	8.75%	9.00%
Private Debt	8.00%	8.50%
Private Real Assets	7.75%	8.00%
Real Estate	6.25%	6.00%
Commodities	5.00%	5.00%
Hedge Funds Low Vol	5.50%	4.75%
Hedge Funds Mod Vol	5.50%	6.50%

Discount Rate

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

Sensitivity of the Truth or Consequences Municipal Schools Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2014. In particular, the table presents the District's net pension liability under the current single rate assumption, as if it were

calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	<u>1% Decrease</u> <u>(6.75%)</u>	<u>Discount Rate</u> <u>(7.75%)</u>	<u>1% Increase</u> <u>(8.75%)</u>
Truth or Consequences Municipal Schools proportionate share of the net pension liability	\$23,140,849	\$17,007,632	\$11,884,563

Pension Plan Fiduciary Net Position

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

Note 6 Post-Employment Benefits – State Retire 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, 4308 Carlisle Blvd. N.E. Suite 104, Albuquerque, New Mexico 87107.

Funding Policy

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans, 3,4, or 5; municipal fire member coverage plan 3,4, or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; and each participating employee was required to contribute 1.0% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, 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 Truth or Consequences Municipal School's contributions to the RHCA for the years ended June 30, 2015, 2014, and 2013 were \$166,882, \$164,321, and \$156,317, respectively, which equal the required contributions for each year.

Note 7 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Because the District was unable to obtain general liability insurance at a cost it considered to be economically justifiable, it joined together with other school districts in the State and obtained insurance coverage with New Mexico Public Schools Insurance Authority, a public entity risk pool currently operating as a common risk management and insurance program for member school districts. The District pays an annual premium to New Mexico Public Schools Insurance Authority for its general insurance

coverage, and all risk of loss is transferred. No losses exceeded insurance in the past three years.

The New Mexico Public Schools Insurance Authority is self-insured for property and liability losses below \$250,000 and purchases excess insurance above the self-insured retention. The self-insured retention aggregate for property is set at \$2,000,000 with a \$1,000,000 stop loss. The self-insured retention aggregate for liability is \$3,000,000 with a \$1,000,000 stop loss.

Note 8 Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. 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 government expects such amounts, if any, to be immaterial.

Note 9 Inter-fund Activity

	Inter-Fund Payable			<u>Total</u>
	<u>Title I</u>	<u>Bond Building</u>	<u>Other Funds</u>	
<u>Inter-fund Receivable</u>				
General	<u>\$ 279,602</u>	<u>\$ 21,163</u>	<u>\$ 395,204</u>	<u>\$ 695,969</u>

There were no inter-fund transfers during the year ended June 30, 2015.

Note 10 Restricted Net Position

At June 30, 2015, net positions restricted for other purposes included the following balances in special revenue funds:

Spaceport	\$ 152,814
Cafeteria	34,756
PED:	
SB-9	1,296,905
Other	<u>143,928</u>
	<u>\$ 1,628,403</u>

The District reports restricted positions of \$5,835,990 of which \$5,835,990 is restricted by enabling legislation.

Note 11 Jointly Governed Organizations

The District participates in the Southwest Regional Education Cooperative No. 10. This regional cooperative center was formed to consolidate the application for and the processing of supplementary federal and state funds. Representatives of the independent school districts, which are members, govern the Cooperative.

The Center obtains grants and allocates them to the member districts. The District has no ongoing financial interest or responsibility in the Cooperative.

Separately issued financial statements of the Cooperative are available from the Cooperative at P.O. Box 952, Truth or Consequences, New Mexico 87901.

Note 12 Endowment

The District received an endowment from Lang Estate. This endowment is to be used for investment purposes only with the proceeds from such investments restricted to use for scholarships. The corpus of \$40,000 is to remain intact indefinitely. However, the corpus may be invaded if necessary to fund scholarships. This is in accordance with State law.

Net appreciation of -0- is available for expenditure by the governing board, and is reported in net position as “reserved for scholarships”.

Note 13 Evaluation of Subsequent Events

The District has evaluated subsequent events through October 22, 2015, the date which the financial statements were available to be issued.

Note 14 Deficit Fund Balance

The District had no deficit fund balances as of June 30, 2015.

Note 15 Expenditure in Excess of Budgetary Authority

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

SB-9 – General Administration	\$	152
Cafeteria – Food Services		48,869
NM Autism Project – Instruction		60
Pre K Initiative - Instruction		4,352

The District intends to review its year-end budget adjustment policy to alleviate these over-expenditures in the future.

Note 16 Restatement

During the year ended June 30, 2015, the District adopted Governmental Accounting Standards Board Statements No. 67 and 68. These statements require the recognition of a net pension liability for the unfunded pension liabilities as currently measured by the Education Retirement Board.

As a part of this measurement, the District is required to restate its net position for the estimated liability at June 30, 2014, in the amount of \$17,032,701.

SPECIAL REVENUE FUNDS

Food Service Fund – 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 - 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.

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

Preschool IDEA-B – 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 – 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 and Vegetables USDA – 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 – funding for students with disabilities who are parentally placed in private elementary and secondary schools (“equitable participation services”) located in the school district.

Teacher/Principal Training and Recruiting – 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 – 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 1964 (ESEA), Title VI, Part B, as amended.

Carl D. Perkins Secondary – Current and Redistribution – 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 – 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. – to provide Federal funding for the implementation of R.O.T.C. programs.

Spaceport GRT Grant/Sierra County - to account for resources received for the District's participation in the Student Launch Program.

Dual Credit Instructional Materials –reimburses the District for textbooks for courses that award both high school and college credit (dual enrollment).

2010-2012 GO Bonds/Student Library Fund (SB1) – funds used to purchase library books and library supplies for all school sites. Program is authorized by State statute.

Pre K Initiative –to account for funds received from the State of New Mexico to be used to provide direct services to twenty 4 year old children in Pre-Kindergarten programs.

Breakfast for Elementary Students – 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 – funding provided by the State of New Mexico supporting the extended school year for children in Kindergarten through the 3rd grade. This program is managed by the NM PED's Early Childhood Bureau.

NM Autism – to account for state funding to plan, implant, coordinate and evaluate programs related to autism and other developmental disabilities. Public Health Service Act 317 (K) (2). Title 42 Part 241 (a).

Reads to Leads – to account for resources administered by NMPED to improve reading skills of pre-kindergarten to third grade children within the District. HR 2614.

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

Cafeteria Equipment – to account for funds received to improve and purchase cafeteria equipment.

Truth or Consequences Municipal Schools
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2015

	Special Revenue Funds			
	Cafeteria	Athletics	Migrant Education	Cafeteria Equipment
Assets				
Cash and investments	\$ 6,716	\$ 8,903	\$ -	\$ -
Inventory	22,049			
Property taxes receivable				
Interfund receivable				
Due from other governments	109,895		28,614	9,600
Total assets	\$ 138,660	\$ 8,903	\$ 28,614	\$ 9,600
Liabilities				
Accounts payable	\$ 5,458	\$ -	\$ -	\$ -
Interfund payable			28,614	9,600
Total liabilities	\$ 5,458	\$ -	\$ 28,614	\$ 9,600
Deferred Inflows of Resources				
Unavailable revenue	\$ 98,446	\$ -	\$ -	\$ -
Total deferred inflows of resources	\$ 98,446	\$ -	\$ -	\$ -
Fund balance:				
Nonspendable:				
Inventories	\$ 22,049	\$ -	\$ -	\$ -
Restricted for:				
Education		8,903		
Food service	12,707			
Capital projects				
Unassigned				
Total fund balances	\$ 34,756	\$ 8,903	\$ -	\$ -
Total liabilities, deferred inflows of resources, and fund balances	\$ 138,660	\$ 8,903	\$ 28,614	\$ 9,600

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

Special Revenue Funds

<u>Entitlement</u>	<u>Preschool</u>	<u>NM Autism</u>	<u>Homeless Education</u>	<u>Fruits and Vegetables</u>	<u>Idea B Risk Pool</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>31,070</u>	<u>5,360</u>	<u>6,642</u>	<u>7,746</u>	<u>19,676</u>	<u>25,394</u>
<u>\$ 31,070</u>	<u>\$ 5,360</u>	<u>\$ 6,642</u>	<u>\$ 7,746</u>	<u>\$ 19,676</u>	<u>\$ 25,394</u>
\$ -	\$ -	\$ -	\$ 814	\$ -	\$ 684
<u>31,070</u>	<u>5,360</u>	<u>6,642</u>	<u>6,932</u>	<u>19,676</u>	<u>24,710</u>
<u>\$ 31,070</u>	<u>\$ 5,360</u>	<u>\$ 6,642</u>	<u>\$ 7,746</u>	<u>\$ 19,676</u>	<u>\$ 25,394</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 31,070</u>	<u>\$ 5,360</u>	<u>\$ 6,642</u>	<u>\$ 7,746</u>	<u>\$ 19,676</u>	<u>\$ 25,394</u>

Truth or Consequences Municipal Schools
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (continued)
June 30, 2015

	Special Revenue Funds			
	Teacher Training	Rural Schools	Carl Perkins	Medicaid
Assets				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Inventory				
Property taxes receivable				
Interfund receivable				
Due from other governments	<u>10,156</u>	<u>14,105</u>	<u>14,982</u>	<u>55,860</u>
Total assets	<u>\$ 10,156</u>	<u>\$ 14,105</u>	<u>\$ 14,982</u>	<u>\$ 55,860</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 81	\$ -
Interfund payable	<u>10,156</u>	<u>14,105</u>	<u>14,901</u>	<u>55,860</u>
Total liabilities	<u>\$ 10,156</u>	<u>\$ 14,105</u>	<u>\$ 14,982</u>	<u>\$ 55,860</u>
Deferred Inflows of Resources				
Unavailable revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:				
Nonspendable:				
Inventories	\$ -	\$ -	\$ -	\$ -
Restricted for:				
Education				
Food service				
Capital projects				
Unassigned				
Total fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,156</u>	<u>\$ 14,105</u>	<u>\$ 14,982</u>	<u>\$ 55,860</u>

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

Special Revenue Funds

<u>ROTC</u>	<u>Spaceport</u>	<u>2012 GO Bond Library</u>	<u>Dual Credit</u>	<u>Reads to Leads</u>	<u>Pre-K Initiative</u>
\$ 9,767	\$ 135,977	\$ -	\$ -	\$ -	\$ -
	<u>20,564</u>	<u>7,887</u>	<u>54</u>	<u>13,612</u>	<u>46,549</u>
<u>\$ 9,767</u>	<u>\$ 156,541</u>	<u>\$ 7,887</u>	<u>\$ 54</u>	<u>\$ 13,612</u>	<u>\$ 46,549</u>
\$ -	\$ - 3,727	\$ 3,914 3,973	\$ - 54	\$ - 13,612	\$ - 46,549
<u>\$ -</u>	<u>\$ 3,727</u>	<u>\$ 7,887</u>	<u>\$ 54</u>	<u>\$ 13,612</u>	<u>\$ 46,549</u>
<u>\$ 9,767</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 9,767</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ - 152,814	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ 152,814</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 9,767</u>	<u>\$ 156,541</u>	<u>\$ 7,887</u>	<u>\$ 54</u>	<u>\$ 13,612</u>	<u>\$ 46,549</u>

Truth or Consequences Municipal Schools
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (concluded)
June 30, 2015

	Special Revenue Funds		Total
	Kindergarten 3+	NM Hwy Department	
Assets			
Cash and investments	\$ -	\$ 1,312	\$ 162,675
Inventory			22,049
Property taxes receivable			-
Interfund receivable			-
Due from other governments	99,663		527,429
Total assets	\$ 99,663	\$ 1,312	\$ 712,153
Liabilities			
Accounts payable	\$ -	\$ -	\$ 10,951
Interfund payable	99,663		395,204
Total liabilities	\$ 99,663	\$ -	\$ 406,155
Deferred Inflows of Resources			
Unavailable revenue	\$ -	\$ -	\$ 108,213
Total deferred inflows of resources	\$ -	\$ -	\$ 108,213
Fund balance:			
Nonspendable:			
Inventories	\$ -	\$ -	\$ 22,049
Restricted for:			
Education		1,312	163,029
Food service			12,707
Capital projects			-
Unassigned			-
Total fund balances	\$ -	\$ 1,312	\$ 197,785
Total liabilities, deferred inflows of resources, and fund balances	\$ 99,663	\$ 1,312	\$ 712,153

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

Truth or Consequences Municipal Schools
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2015

	Special Revenue Funds			
	Cafeteria	Athletics	Migrant Education	Cafeteria Equipment
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges	16,959	43,114		
State aid				
Federal aid	770,512		40,928	9,600
Earnings on investments	30			
Miscellaneous				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 787,501</u>	<u>\$ 43,114</u>	<u>\$ 40,928</u>	<u>\$ 9,600</u>
Expenditures:				
Current:				
Instruction	\$ -	\$ 33,936	\$ 39,047	\$ -
Support services - Students				
Support services - Instruction				
General administration			1,881	
School administration				
Central services				
Operation of plant				
Food services	819,010			
Transportation				
Capital outlay				9,600
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 819,010</u>	<u>\$ 33,936</u>	<u>\$ 40,928</u>	<u>\$ 9,600</u>
Revenues over (under) expenditures	\$ (31,509)	\$ 9,178	\$ -	\$ -
Other financing sources (uses):				
Tranfers out	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	\$ (31,509)	\$ 9,178	\$ -	\$ -
Fund balance, July 1, 2014	<u>66,265</u>	<u>(275)</u>	<u> </u>	<u> </u>
Fund balance, June 30, 2015	<u>\$ 34,756</u>	<u>\$ 8,903</u>	<u>\$ -</u>	<u>\$ -</u>

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

Special Revenue Funds

Entitlement	Preschool	NM Autism	Homeless Education	Fruits and Vegetables	Idea B Risk Pool
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
315,584	13,913	8,968	7,216	28,516	25,394
<u>\$ 315,584</u>	<u>\$ 13,913</u>	<u>\$ 8,968</u>	<u>\$ 7,216</u>	<u>\$ 28,516</u>	<u>\$ 25,394</u>
\$ 122,174 179,131	\$ 13,913	\$ 8,067 525	\$ 300 6,916	\$ -	\$ 25,394
13,769 312		376			
198				28,516	
<u>\$ 315,584</u>	<u>\$ 13,913</u>	<u>\$ 8,968</u>	<u>\$ 7,216</u>	<u>\$ 28,516</u>	<u>\$ 25,394</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Truth or Consequences Municipal Schools
NONMAJOR GOVERNMENTAL FUNDS
COMBING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
For the Fiscal Year Ended June 30, 2015

	Special Revenue Funds			
	Teacher Training	Rural Schools	Carl Perkins	Medicaid
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges				
State aid				
Federal aid	29,037	25,188	16,942	91,134
Earnings on investments				
Miscellaneous				
Total revenues	\$ 29,037	\$ 25,188	\$ 16,942	\$ 91,134
Expenditures:				
Current:				
Instruction	\$ 25,689	\$ 24,133	\$ 16,324	\$ -
Support services - Students			254	91,134
Support services - Instruction				
General administration	1,664	1,055	364	
School administration	1,684			
Central services				
Operation of plant				
Food services				
Transportation				
Capital outlay				
Total expenditures	\$ 29,037	\$ 25,188	\$ 16,942	\$ 91,134
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Tranfers out				
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2014				
Fund balance, June 30, 2015	\$ -	\$ -	\$ -	\$ -

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

Special Revenue Funds					
ROTC	Spaceport	2012 GO Bond Library	Dual Credit	Reads to Leads	Pre-K Initiative
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
59,113		8,837	2,058	97,345	200,000
	127,589				
<u>\$ 59,113</u>	<u>\$ 127,589</u>	<u>\$ 8,837</u>	<u>\$ 2,058</u>	<u>\$ 97,345</u>	<u>\$ 200,000</u>
\$ 59,113	\$ 36,676 96,177	\$ -	\$ 2,058	\$ 93,253	\$ 182,168
		8,837		4,092	1,137
					16,695
<u>\$ 59,113</u>	<u>\$ 132,853</u>	<u>\$ 8,837</u>	<u>\$ 2,058</u>	<u>\$ 97,345</u>	<u>\$ 200,000</u>
\$ -	\$ (5,264)	\$ -	\$ -	\$ -	\$ -
\$ -	\$ (5,264)	\$ -	\$ -	\$ -	\$ -
	158,078				
<u>\$ -</u>	<u>\$ 152,814</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Truth or Consequences Municipal Schools
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (concluded)
For the Fiscal Year Ended June 30, 2015

	Special Revenue Funds			Total
	Kindergarten 3+	NM Hwy Department	School Bus	
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges				60,073
State aid	174,561	15,963	85,700	584,464
Federal aid				1,442,045
Earnings on investments				30
Miscellaneous				127,589
Total revenues	\$ 174,561	\$ 15,963	\$ 85,700	\$ 2,214,201
Expenditures:				
Current:				
Instruction	\$ 148,159	\$ -	\$ -	\$ 830,404
Support services - Students				374,137
Support services - Instruction				8,837
General administration				24,338
School administration				1,996
Central services				-
Operation of plant		15,884		15,884
Food services				847,526
Transportation	26,402			43,295
Capital outlay			85,700	95,300
Total expenditures	\$ 174,561	\$ 15,884	\$ 85,700	\$ 2,241,717
Revenues over (under) expenditures	\$ -	\$ 79	\$ -	\$ (27,516)
Other financing sources (uses):				
Transfers out				-
Net change in fund balance	\$ -	\$ 79	\$ -	\$ (27,516)
Fund balance, July 1, 2014		1,233		225,301
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ 1,312</u>	<u>\$ -</u>	<u>\$ 197,785</u>

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

Truth or Consequences Municipal Schools
GENERAL FUND
COMBINING BALANCE SHEET
June 30, 2015

	Operational	Transportation	Instructional Materials
Assets			
Cash and investments	\$ 1,315,078	\$ 9,513	\$ 103,443
Taxes receivable	17,184		
Accounts receivable	128,378		
Interfund receivable	695,969		
Total assets	\$ 2,156,609	\$ 9,513	\$ 103,443
 Liabilities			
Accounts payable	\$ 50,586	\$ -	\$ -
Accrued payroll	41,080		
Interfund payable			
Total liabilities	\$ 91,666	\$ -	\$ -
 Deferred Inflows of Resources			
Unavailable revenue	\$ 11,010	\$ -	\$ -
Total deferred inflows of resources	\$ 11,010	\$ -	\$ -
 Fund balance:			
Unassigned	\$ 2,053,933	\$ 9,513	\$ 103,443
Total fund balances	\$ 2,053,933	\$ 9,513	\$ 103,443
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,156,609	\$ 9,513	\$ 103,443

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

Total

\$ 1,428,034
17,184
128,378
695,969
\$ 2,269,565

\$ 50,586
41,080
-
\$ 91,666

\$ 11,010

\$ 11,010

\$ 2,166,889

\$ 2,166,889

\$ 2,269,565

Truth or Consequences Municipal Schools
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Fiscal Year Ended June 30, 2015

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>
Revenues:			
Property taxes	\$ 150,709	\$ -	\$ -
Fees and charges	9,513		
State aid	10,831,248	880,410	92,988
Federal aid	190,486		
Earnings on investments	1,224		
Miscellaneous	9,767	4,847	
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 11,192,947</u>	<u>\$ 885,257</u>	<u>\$ 92,988</u>
Expenditures:			
Current:			
Instruction	\$ 6,981,871	\$ -	\$ 1,211
Support services - Students	852,206		
Support services - Instruction	30,211		
General administration	446,572		
School administration	762,564		
Central services	565,915		
Operation of plant	1,333,816	20,520	
Food services			
Transportation		862,155	
Other support services	24,128		
Capital outlay	6,431		
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 11,003,714</u>	<u>\$ 882,675</u>	<u>\$ 1,211</u>
Revenues over (under) expenditures	\$ 189,233	\$ 2,582	\$ 91,777
Other financing sources:			
Transfers in	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	\$ 189,233	\$ 2,582	\$ 91,777
Fund balance, July 1, 2014	<u>1,864,700</u>	<u>6,931</u>	<u>11,666</u>
Fund balance, June 30, 2015	<u><u>\$ 2,053,933</u></u>	<u><u>\$ 9,513</u></u>	<u><u>\$ 103,443</u></u>

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

<u>Total</u>	
\$	150,709
	9,513
	11,804,646
	190,486
	1,224
	14,614
	<u> </u>
\$	<u>12,171,192</u>
\$	6,983,082
	852,206
	30,211
	446,572
	762,564
	565,915
	1,354,336
	-
	862,155
	24,128
	6,431
	<u> </u>
\$	<u>11,887,600</u>
\$	283,592
	<u> </u>
\$	283,592
	<u>1,883,297</u>
\$	<u><u>2,166,889</u></u>

Truth or Consequences Municipal Schools
GENERAL FUND/OPERATIONAL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ 147,536	\$ 147,536
State sources	10,251,081	10,747,108	10,781,254	34,146
Local sources	146,955	146,955	175,030	28,075
Interest income	1,300	1,300	1,224	(76)
	<u>10,399,336</u>	<u>10,895,363</u>	<u>11,105,044</u>	<u>209,681</u>
Total revenues	\$ 10,399,336	\$ 10,895,363	\$ 11,105,044	\$ 209,681
Expenditures:				
Current:				
Instruction	\$ 7,721,259	\$ 8,011,980	\$ 6,982,089	\$ 1,029,891
Support services - Students	726,810	861,163	852,948	8,215
Support services - Instructio	38,168	30,231	30,211	20
General administration	517,096	464,331	452,114	12,217
School administration	661,092	765,425	762,634	2,791
Central services	508,679	566,247	560,972	5,275
Operation of plant	1,426,400	1,389,805	1,340,096	49,709
Community services		6,431	6,431	-
Other support services	57,237	57,155	23,407	33,748
Capital outlay				-
	<u>11,656,741</u>	<u>12,152,768</u>	<u>11,010,902</u>	<u>1,141,866</u>
Total expenditures	\$ 11,656,741	\$ 12,152,768	\$ 11,010,902	\$ 1,141,866
Net change in fund balance	\$ (1,257,405)	\$ (1,257,405)	\$ 94,142	\$ 1,351,547
Fund balance, July 1, 2014	<u>1,257,405</u>	<u>1,257,405</u>	<u>1,892,015</u>	<u>634,610</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,986,157</u>	<u>\$ 1,986,157</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 189,233	
Revenue accruals (net)			(84,438)	
Expenditure accruals (net)			(10,653)	
Other financing sources (net)			<u> </u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 94,142</u>	

The accompanying notes are an integral part of these financial statements

Truth or Consequences Municipal Schools
GENERAL FUND/INSTRUCTIONAL MATERIALS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 63,078	\$ 74,416	\$ 92,988	\$ 18,572
Expenditures:				
Current:				
Instruction	\$ 63,078	\$ 74,416	\$ 1,211	\$ 73,205
Support services - Instruction				-
Total expenditures	<u>\$ 63,078</u>	<u>\$ 74,416</u>	<u>\$ 1,211</u>	<u>\$ 73,205</u>
Net change in fund balance	\$ -	\$ -	\$ 91,777	\$ 91,777
Fund balance, July 1, 2014			<u>11,666</u>	<u>11,666</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,443</u>	<u>\$ 103,443</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 91,777	
Revenue accruals (net)				
Expenditure accruals (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 91,777</u>	

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

Truth or Consequences Municipal Schools
GENERAL FUND/TRANSPORTATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 887,340	\$ 880,410	\$ (6,930)
Local sources			8,312	8,312
Earnings on investments				-
	<u>\$ -</u>	<u>\$ 887,340</u>	<u>\$ 888,722</u>	<u>\$ 1,382</u>
Total revenues				
Expenditures:				
Current:				
Transportation	\$ -	\$ 878,765	\$ 877,566	\$ 1,199
Capital outlay		<u>8,575</u>	<u>8,574</u>	<u>1</u>
	<u>\$ -</u>	<u>\$ 887,340</u>	<u>\$ 886,140</u>	<u>\$ 1,200</u>
Total expenditures				
Net change in fund balance	\$ -	\$ -	\$ 2,582	\$ 2,582
Fund balance, July 1, 2014			<u>6,931</u>	<u>6,931</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,513</u>	<u>\$ 9,513</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 2,582	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 2,582</u>	

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

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - CAFETERIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 670,000	\$ 670,000	\$ 712,001	\$ 42,001
Local sources	14,500	14,500	16,959	2,459
Earnings on investments	<u>20</u>	<u>20</u>	<u>30</u>	<u>10</u>
Total revenues	<u>\$ 684,520</u>	<u>\$ 684,520</u>	<u>\$ 728,990</u>	<u>\$ 44,470</u>
Expenditures:				
Current:				
Food services	\$ 718,128	\$ 718,128	\$ 766,997	\$ (48,869)
Capital outlay				-
Total expenditures	<u>\$ 718,128</u>	<u>\$ 718,128</u>	<u>\$ 766,997</u>	<u>\$ (48,869)</u>
Net change in fund balance	\$ (33,608)	\$ (33,608)	\$ (38,007)	\$ (4,399)
Fund balance, July 1, 2014	<u>33,608</u>	<u>33,608</u>	<u>44,723</u>	<u>11,115</u>
Fund balance, June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,716</u></u>	<u><u>\$ 6,716</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (31,509)	
Revenue accruals (net)			(58,511)	
Expenditure accruals (net)			52,013	
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (38,007)</u></u>	

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

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - ATHLETICS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources	\$ 33,000	\$ 33,000	\$ 43,114	\$ 10,114
Expenditures:				
Current:				
Instruction	\$ 35,100	\$ 35,100	\$ 33,936	\$ 1,164
Capital outlay				-
	\$ 35,100	\$ 35,100	\$ 33,936	\$ 1,164
Total expenditures				
	\$ 35,100	\$ 35,100	\$ 33,936	\$ 1,164
Net change in fund balance	\$ (2,100)	\$ (2,100)	\$ 9,178	\$ 11,278
Fund balance, July 1, 2014	2,100	2,100	(275)	(2,375)
Fund balance, June 30, 2015	\$ -	\$ -	\$ 8,903	\$ 8,903
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 9,178	
Revenue accruals (net)				
Expenditure accruals (net)				
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ 9,178	

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

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - MIGRANT EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 45,000	\$ 51,243	\$ 24,003	\$ (27,240)
Expenditures:				
Current:				
Instruction	\$ 45,000	\$ 49,362	\$ 39,047	\$ 10,315
General administration		1,881	1,881	-
Tranportation				-
Total expenditures	<u>\$ 45,000</u>	<u>\$ 51,243</u>	<u>\$ 40,928</u>	<u>\$ 10,315</u>
Net change in fund balance	\$ -	\$ -	\$ (16,925)	\$ (16,925)
Fund balance, July 1, 2014			<u>(11,689)</u>	<u>(11,689)</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (28,614)</u>	<u>\$ (28,614)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(16,925)	
Expenditure accruals (net)				
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (16,925)</u>	

The accompanying notes are an integral part of these financial statements

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - PRESCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 10,911	\$ 14,011	\$ 11,878	\$ (2,133)
Expenditures:				
Current:				
Instruction	\$ 10,911	\$ 14,011	\$ 13,913	\$ 98
General administration				-
Transportation				-
Total expenditures	<u>\$ 10,911</u>	<u>\$ 14,011</u>	<u>\$ 13,913</u>	<u>\$ 98</u>
Net change in fund balance	\$ -	\$ -	\$ (2,035)	\$ (2,035)
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>(3,325)</u>	<u>(3,325)</u>
Fund balance, June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (5,360)</u></u>	<u><u>\$ (5,360)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(2,035)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (2,035)</u></u>	

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

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - ENTITLEMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 341,915	\$ 462,331	\$ 475,610	\$ 13,279
Expenditures:				
Current:				
Instruction	\$ 146,407	\$ 181,672	\$ 122,174	\$ 59,498
Support services - Students	180,566	265,182	179,131	86,051
School administration		315	312	3
General administration	14,942	14,942	13,769	1,173
Transportation		220	198	22
Total expenditures	<u>\$ 341,915</u>	<u>\$ 462,331</u>	<u>\$ 315,584</u>	<u>\$ 146,747</u>
Net change in fund balance	\$ -	\$ -	\$ 160,026	\$ 160,026
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>(191,096)</u>	<u>(191,096)</u>
Fund balance, June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (31,070)</u></u>	<u><u>\$ (31,070)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			160,026	
Expenditure accruals (net)				
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 160,026</u></u>	

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

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - NEW MEXICO AUTISM PROJECT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 8,953	\$ 14,286	\$ 5,333
Expenditures:				
Current:				
Instruction	\$ -	\$ 8,007	\$ 8,067	\$ (60)
Support services - Students		555	525	30
General administration		391	376	15
Total expenditures	\$ -	\$ 8,953	\$ 8,968	\$ (15)
Net change in fund balance	\$ -	\$ -	\$ 5,318	\$ 5,318
Fund balance, July 1, 2014	-	-	(11,960)	(11,960)
Fund balance, June 30, 2015	\$ -	\$ -	\$ (6,642)	\$ (6,642)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			5,318	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 5,318	

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

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - EDUCATION OF HOMELESS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 6,750	\$ 11,205	\$ 16,911	\$ 5,706
Expenditures:				
Current:				
Instruction	\$ 500	\$ 4,955	\$ 300	\$ 4,655
Student support	6,250	6,250	6,102	148
Total expenditures	<u>\$ 6,750</u>	<u>\$ 11,205</u>	<u>\$ 6,402</u>	<u>\$ 4,803</u>
Net change in fund balance	\$ -	\$ -	\$ 10,509	\$ 10,509
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>(17,441)</u>	<u>(17,441)</u>
Fund balance, June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (6,932)</u></u>	<u><u>\$ (6,932)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			9,695	
Expenditure accruals (net)			<u>814</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 10,509</u></u>	

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

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - ENGLISH LANGUAGE ACQUISITION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ -	\$ 238	\$ 238
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
General administration				-
School administration				-
Community service				-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ 238	\$ 238
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>(238)</u>	<u>(238)</u>
Fund balance, June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			238	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 238</u></u>	

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

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - TEACHER TRAINING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 81,144	\$ 137,527	\$ 45,177	\$ (92,350)
Expenditures:				
Current:				
Instruction	\$ 62,098	\$ 118,481	\$ 25,689	\$ 92,792
Support services - Students	2,500	2,500		2,500
General administration	5,046	5,046	1,664	3,382
School administration	11,500	11,500	1,684	9,816
Total expenditures	\$ 81,144	\$ 137,527	\$ 29,037	\$ 108,490
Net change in fund balance	\$ -	\$ -	\$ 16,140	\$ 16,140
Fund balance, July 1, 2014	-	-	(26,296)	(26,296)
Fund balance, June 30, 2015	\$ -	\$ -	\$ (10,156)	\$ (10,156)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			16,140	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 16,140	

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

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - DUAL CREDIT ENROLLMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 2,357	\$ 2,004	\$ (353)
Expenditures:				
Current:				
Instruction	<u>\$ -</u>	<u>\$ 2,357</u>	<u>\$ 2,058</u>	<u>\$ 299</u>
Net change in fund balance	\$ -	\$ -	\$ (54)	\$ (54)
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (54)</u></u>	<u><u>\$ (54)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(54)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (54)</u></u>	

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

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - RURAL EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 24,454	\$ 26,238	\$ 19,621	\$ (6,617)
Expenditures:				
Current:				
Instruction	\$ 23,385	\$ 25,169	\$ 24,133	\$ 1,036
General administration	1,069	1,069	1,055	14
School administration				-
Central services				-
Total expenditures	\$ 24,454	\$ 26,238	\$ 25,188	\$ 1,050
Net change in fund balance	\$ -	\$ -	\$ (5,567)	\$ (5,567)
Fund balance, July 1, 2014	-	-	(8,538)	(8,538)
Fund balance, June 30, 2015	\$ -	\$ -	\$ (14,105)	\$ (14,105)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(5,567)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (5,567)	

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

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - CAFETERIA EQUIPMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 12,000	\$ -	\$ (12,000)
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
General administration				-
Capital outlay		12,000	9,600	2,400
Total expenditures	\$ -	\$ 12,000	\$ 9,600	\$ 2,400
Net change in fund balance	\$ -	\$ -	\$ (9,600)	\$ (9,600)
Fund balance, July 1, 2014	-	-	-	-
Fund balance, June 30, 2015	\$ -	\$ -	\$ (9,600)	\$ (9,600)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(9,600)	
Expenditure accruals (net)				
Other financing sources (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (9,600)	

The accompanying notes are an integral part of these financial statements

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - FRESH FRUIT AND VEGETABLES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 28,516	\$ 13,543	\$ (14,973)
Expenditures:				
Current:				
Food services	<u>-</u>	<u>28,516</u>	<u>28,516</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ (14,973)	\$ (14,973)
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>(4,703)</u>	<u>(4,703)</u>
Fund balance, June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (19,676)</u></u>	<u><u>\$ (19,676)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(14,973)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (14,973)</u></u>	

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

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - KINDERGARTEN 3+
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 86,562	\$ 174,838	\$ 166,727	\$ (8,111)
Expenditures:				
Current:				
Instruction	\$ 59,787	\$ 148,426	\$ 148,159	\$ 267
School administration				-
Transportation	<u>26,775</u>	<u>26,412</u>	<u>26,402</u>	<u>10</u>
Total expenditures	<u>\$ 86,562</u>	<u>\$ 174,838</u>	<u>\$ 174,561</u>	<u>\$ 277</u>
Net change in fund balance	\$ -	\$ -	\$ (7,834)	\$ (7,834)
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>(91,829)</u>	<u>(91,829)</u>
Fund balance, June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (99,663)</u></u>	<u><u>\$ (99,663)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(7,834)	
Expenditure accruals (net)			<u> </u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (7,834)</u></u>	

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

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - IDEA B RISK POOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 25,008	\$ -	\$ (25,008)
Expenditures:				
Current:				
Instruction	\$ -	\$ 25,008	\$ 24,710	\$ 298
Support services - Students				-
General administration				-
Total expenditures	<u>\$ -</u>	<u>\$ 25,008</u>	<u>\$ 24,710</u>	<u>\$ 298</u>
Net change in fund balance	\$ -	\$ -	\$ (24,710)	\$ (24,710)
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (24,710)</u></u>	<u><u>\$ (24,710)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(25,394)	
Expenditure accruals (net)			<u>684</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (24,710)</u></u>	

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

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - CARL PERKINS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 13,133	\$ 17,745	\$ 13,930	\$ (3,815)
Expenditures:				
Current:				
Instruction	\$ 11,983	\$ 17,127	\$ 16,243	\$ 884
Support services - Students	1,000	254	254	-
General administration		364	364	-
School administration	150			-
Total expenditures	<u>\$ 13,133</u>	<u>\$ 17,745</u>	<u>\$ 16,861</u>	<u>\$ 884</u>
Net change in fund balance	\$ -	\$ -	\$ (2,931)	\$ (2,931)
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>(11,970)</u>	<u>(11,970)</u>
Fund balance, June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (14,901)</u></u>	<u><u>\$ (14,901)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(3,012)	
Expenditure accruals (net)			<u>81</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (2,931)</u></u>	

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

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - MEDICAID
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 129,475	\$ 129,475	\$ 78,815	\$ (50,660)
Expenditures:				
Current:				
Support services - Students	\$ 129,475	\$ 129,475	\$ 91,134	\$ 38,341
Other support services				-
Total expenditures	<u>\$ 129,475</u>	<u>\$ 129,475</u>	<u>\$ 91,134</u>	<u>\$ 38,341</u>
Net change in fund balance	\$ -	\$ -	\$ (12,319)	\$ (12,319)
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>(43,541)</u>	<u>(43,541)</u>
Fund balance, June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (55,860)</u></u>	<u><u>\$ (55,860)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(12,319)	
Expenditure accruals (net)				
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (12,319)</u></u>	

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

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - ROTC
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 67,698	\$ 67,800	\$ 102
Expenditures:				
Current:				
Instruction	\$ -	\$ 67,698	\$ 59,113	\$ 8,585
General administration				-
Total expenditures	<u>\$ -</u>	<u>\$ 67,698</u>	<u>\$ 59,113</u>	<u>\$ 8,585</u>
Net change in fund balance	\$ -	\$ -	\$ 8,687	\$ 8,687
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>1,080</u>	<u>1,080</u>
Fund balance, June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,767</u></u>	<u><u>\$ 9,767</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			8,687	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 8,687</u></u>	

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

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - SPACEPORT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ 230,762	\$ 230,762	\$ 122,726	\$ (108,036)
Expenditures:				
Current:				
Instruction	\$ 129,314	\$ 129,314	\$ 32,833	\$ 96,481
Support services - Students	101,448	101,448	96,177	5,271
School administration				-
Total expenditures	<u>\$ 230,762</u>	<u>\$ 230,762</u>	<u>\$ 129,010</u>	<u>\$ 101,752</u>
Net change in fund balance	\$ -	\$ -	\$ (6,284)	\$ (6,284)
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>142,261</u>	<u>142,261</u>
Fund balance, June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 135,977</u></u>	<u><u>\$ 135,977</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (5,264)	
Revenue accruals (net)			(4,863)	
Expenditure accruals (net)			<u>3,843</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (6,284)</u></u>	

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

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - READS TO LEADS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 97,500	\$ 97,500	\$ 128,485	\$ 30,985
Expenditures:				
Current:				
Instruction	\$ 93,297	\$ 93,297	\$ 93,253	\$ 44
General administration	4,203	4,203	4,092	111
Capital outlay				-
Total expenditures	\$ 97,500	\$ 97,500	\$ 97,345	\$ 155
Net change in fund balance	\$ -	\$ -	\$ 31,140	\$ 31,140
Fund balance, July 1, 2014	-	-	(44,752)	(44,752)
Fund balance, June 30, 2015	\$ -	\$ -	\$ (13,612)	\$ (13,612)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			31,140	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 31,140	

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

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - 2010 GO BONDS STUDENT LIBRARY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 9,166	\$ 9,166	\$ 1,965	\$ (7,201)
Expenditures:				
Current:				
Support services - Instruction	\$ 9,166	\$ 9,166	\$ 4,923	\$ 4,243
Net change in fund balance	\$ -	\$ -	\$ (2,958)	\$ (2,958)
Fund balance, July 1, 2014	-	-	(1,015)	(1,015)
Fund balance, June 30, 2015	\$ -	\$ -	\$ (3,973)	\$ (3,973)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(6,872)	
Expenditure accruals (net)			3,914	
Net change in fund balance, NON-GAAP budgetary basis			\$ (2,958)	

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

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - PRE K INITIATIVE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 200,000	\$ 200,000	\$ 241,321	\$ 41,321
Expenditures:				
Current:				
Instruction	\$ 177,816	\$ 177,816	\$ 182,168	\$ (4,352)
General administration	2,000	2,000	1,137	863
School administration				-
Transportation	20,184	20,184	16,695	3,489
Capital outlay				-
Total expenditures	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ 41,321	\$ 41,321
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>(87,870)</u>	<u>(87,870)</u>
Fund balance, June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (46,549)</u></u>	<u><u>\$ (46,549)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			41,321	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 41,321</u></u>	

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

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - ELEMENTARY BREAKFAST
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ 3,813	\$ 3,813
Expenditures:				
Current:				
Food services	-	-		-
Net change in fund balance	\$ -	\$ -	\$ 3,813	\$ 3,813
Fund balance, July 1, 2014	-	-	(3,813)	(3,813)
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			3,813	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 3,813</u>	

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

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - NM HIGHWAY DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 23,410	\$ 23,410	\$ 15,963	\$ (7,447)
Expenditures:				
Current:				
Operation of plant	<u>\$ 23,410</u>	<u>\$ 23,410</u>	<u>\$ 15,884</u>	<u>\$ 7,526</u>
Net change in fund balance	\$ -	\$ -	\$ 79	\$ 79
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>1,233</u>	<u>1,233</u>
Fund balance, June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,312</u></u>	<u><u>\$ 1,312</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 79	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 79</u></u>	

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

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - SCHOOL BUS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 85,700	\$ 85,700	\$ -
Expenditures:				
Capital outlay	-	85,700	85,700	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2014	-	-		-
Fund balance, June 30, 2015	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Truth or Consequences Municipal Schools
SPECIAL REVENUE FUND - NEXT GENERATION ASSESSMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ 10,857	\$ 10,857
Expenditures:				
Current:				
Instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ 10,857	\$ 10,857
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>(10,857)</u>	<u>(10,857)</u>
Fund balance, June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			10,857	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 10,857</u></u>	

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

Truth or Consequences Municipal Schools
CAPITAL PROJECTS FUND - BOND BUILDING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Local sources			\$ -	\$ -
Earnings on investments	1,000	1,000	2,077	1,077
Total revenues	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 2,077</u>	<u>\$ 1,077</u>
Expenditures:				
Current:				
Operation of plant	\$ -	\$ -	\$ -	\$ -
Bond issue costs				-
Capital outlay	<u>7,243,814</u>	<u>7,243,814</u>	<u>3,488,602</u>	<u>3,755,212</u>
Total expenditures	<u>\$ 7,243,814</u>	<u>\$ 7,243,814</u>	<u>\$ 3,488,602</u>	<u>\$ 3,755,212</u>
Revenues over (under) expenditures	\$ (7,242,814)	\$ (7,242,814)	\$ (3,486,525)	\$ 3,756,289
Other financing sources (uses):				
Bond proceeds	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,999,966</u>	<u>(34)</u>
Net change in fund balance	\$ (4,242,814)	\$ (4,242,814)	\$ (486,559)	\$ 3,756,255
Fund balance, July 1, 2014	<u>4,242,814</u>	<u>4,242,814</u>	<u>3,452,614</u>	<u>(790,200)</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,966,055</u>	<u>\$ 2,966,055</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 1,023,065	
Revenue accruals (net)			(1,922,484)	
Expenditure accruals (net)			1,874,031	
Other financing uses (net)			<u>(1,461,171)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (486,559)</u>	

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

Truth or Consequences Municipal Schools
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ 2,017,864	\$ 2,017,864	\$ 1,699,746	\$ (318,118)
Earnings on investments			847	847
	<u>\$ 2,017,864</u>	<u>\$ 2,017,864</u>	<u>\$ 1,700,593</u>	<u>\$ (317,271)</u>
Total revenues				
Expenditures:				
Current:				
Administration	\$ 25,000	\$ 25,000	\$ 17,238	\$ 7,762
Principal	1,815,000	1,876,038	1,876,038	-
Interest	235,146	235,146	205,418	29,728
Special revenue bonds reserve	3,041,413	2,980,375		2,980,375
	<u>\$ 5,116,559</u>	<u>\$ 5,116,559</u>	<u>\$ 2,098,694</u>	<u>\$ 3,017,865</u>
Total expenditures				
Net change in fund balance	\$ (3,098,695)	\$ (3,098,695)	\$ (398,101)	\$ 2,700,594
Fund balance, July 1, 2014	<u>3,098,695</u>	<u>3,098,695</u>	<u>2,300,454</u>	<u>(798,241)</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,902,353</u>	<u>\$ 1,902,353</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (401,352)	
Revenue accruals (net)			2,946	
Expenditure accruals (net)			<u>305</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (398,101)</u>	

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

Truth or Consequences Municipal Schools
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF
 THE EDUCATIONAL RETIREMENT BOARD (ERB) PLAN
 LAST 10 FISCAL YEARS***

	2015
Truth or Consequences Municipal Schools' proportion of the net pension liability	.29808%
Truth or Consequences Municipal Schools' proportionate share of the net pension liability	\$ 17,007,632
Truth or Consequences Municipal Schools' covered employee payroll	\$ 8,342,192
Truth or Consequences Municipal Schools' proportionate share of the net pension liability as a percentage of its covered-employee payroll	204%
Plan fiduciary net position as a percentage of the total pension liability	66.54%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend is compiled, Truth or Consequences Municipal Schools will present information for those years for which information is available.

Truth or Consequences Municipal Schools
SCHEDULE OF CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
***LAST 10 FISCAL YEARS**

	2015
Contractually required contributions	\$ 1,159,563
Contributions in relation to contractually required contribution	(1,159,563)
Contribution deficiency (excess)	\$ -
Truth or Consequences Municipal Schools' covered-employee payroll	\$ 8,342,192
Contributions as a percentage of covered-employee payroll	13.90%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, Truth or Consequences Municipal Schools will present information for those years for which information is available.

Truth or Consequences Municipal Schools
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2015

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

Changes of Assumptions

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

1. Fiscal year 2014 and 2013 valuation assumptions that changed based on this study:
 - a. Lower wage inflation from 4.75% to 4.25%
 - b. Lower payroll growth from 3.75% to 3.5%
 - c. Minor changes in demographic assumptions
 - d. Population growth per year from 075% to .50%

2. Assumptions that were not changed:
 - a. Investment return will remain at 7.75%
 - b. Inflation will remain at 3.00%

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

Truth or Consequences Municipal Schools
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>Balance</u> <u>June 30, 2015</u>
Assets				
Cash and investments:				
T or C Elementary	\$ 39,434	\$ 60,720	\$ 59,600	\$ 40,554
SEC Elementary	4,791	4,420	4,737	4,474
Arrey Elementary	7,755	10,725	13,661	4,819
T or C Middle School	19,441	22,719	17,299	24,861
Hot Springs High School	78,074	118,853	118,841	78,086
Transportation	166	810	-	976
Department of Special Education	950	-	-	950
Athletics	22,272	62,523	56,591	28,204
Central Office	4,244	9,932	3,756	10,420
	<u>\$ 177,127</u>	<u>\$ 290,702</u>	<u>\$ 274,485</u>	<u>\$ 193,344</u>
Liabilities				
Deposits held for others:				
T or C Elementary	\$ 39,434	\$ 60,720	\$ 59,600	\$ 40,554
SEC Elementary	4,791	4,420	4,737	4,474
Arrey Elementary	7,755	10,725	13,661	4,819
T or C Middle School	19,441	22,719	17,299	24,861
Hot Springs High School	78,074	118,853	118,841	78,086
Transportation	166	810	-	976
Department of Special Education	950	-	-	950
Athletics	22,272	62,523	56,591	28,204
Central Office	4,244	9,932	3,756	10,420
	<u>\$ 177,127</u>	<u>\$ 290,702</u>	<u>\$ 274,485</u>	<u>\$ 193,344</u>

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

Truth or Consequences Municipal Schools
SCHEDULE OF DEPOSITORY COLLATERAL
June 30, 2015

	<u>1st Savings Bank</u>	<u>Compass Bank</u>	<u>Citizens Bank</u>	<u>Bank of the Southwest</u>	<u>Total</u>
Checking and CD's	\$ 157,693	\$ 203,064	\$ 4,352,071	\$ 4,376,933	\$ 9,089,761
Total on deposit	\$ 157,693	\$ 203,064	\$ 4,352,071	\$ 4,376,933	\$ 9,089,761
Less: FDIC insurance	<u>(157,693)</u>	<u>(203,064)</u>	<u>(250,000)</u>	<u>(500,000)</u>	<u>(1,110,757)</u>
Total uninsured public funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,102,071</u>	<u>\$ 3,876,933</u>	<u>\$ 7,979,004</u>
102% collateralization requirement	\$ -	\$ -	\$ -	\$ -	\$ -
50% collateralization requirement (Section 6-10-17 NMSA)	<u>-</u>	<u>-</u>	<u>2,051,036</u>	<u>1,938,467</u>	<u>3,989,502</u>
Total collateralization requirement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,051,036</u>	<u>\$ 1,938,467</u>	<u>\$ 3,989,502</u>
Pledged Securities:					
FNMA 31401MKT7 5/1/33	\$ -	\$ 227,856	\$ -		\$ 227,856
GNMA II Pool #80119 10/20/27				7,757	7,757
FHLB Letter of Credit 6/11/21			2,018,114		2,018,114
FFCB Letter of Credit 7/9/21			2,011,726		2,011,726
FHLB Letter of Credit 11/3/15				2,200,000	2,200,000
FHLB Letter of Credit 12/3/15				<u>100,000</u>	<u>100,000</u>
Total pledged securities	<u>\$ -</u>	<u>\$ 227,856</u>	<u>\$ 4,029,840</u>	<u>\$ 2,307,757</u>	<u>\$ 6,565,453</u>
Pledged securities over (under) requirement	<u>\$ -</u>	<u>\$ 227,856</u>	<u>\$ 1,978,805</u>	<u>\$ 369,291</u>	<u>\$ 2,575,951</u>

Securities pledged by Bank of the Southwest are held by the Federal Home Loan Bank in Irving, Tx.
Securities pledged by Compass Bank are Held by First Financial in El Paso, Tx.
Securities pledged by First Savings Bank are held by the Federal Home Loan Bank in Dallas, Texas,
Securities pledged by Citizens Bank are held by the Federal Home Loan Bank in Irving, TX.

Truth or Consequences Municipal Schools
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS
June 30, 2015

	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<u>First Savings Bank</u>			
Food Services	Checking	\$ 157,693	\$ 17,133
Total First Savings Bank		<u>\$ 157,693</u>	<u>\$ 17,133</u>
<u>Compass Bank</u>			
Activity	Checking	\$ 203,064	\$ 193,344
Total Compass Bank		<u>\$ 203,064</u>	<u>\$ 193,344</u>
<u>Bank of the Southwest</u>			
Operational	Checking	\$ 1,745,247	\$ 1,573,382
Capital Outlay	Checking	1,150,305	1,150,305
Debt Service	Checking	754,861	754,861
Payroll	Checking	687,928	-
Audrey Lang	Checking	38,592	38,592
Total First NM Bank		<u>\$ 4,376,933</u>	<u>\$ 3,517,140</u>
<u>Citizens Bank</u>			
Capital Outlay	Checking	\$ 3,204,884	\$ 3,109,988
Debt Service	Checking	1,147,187	1,147,187
Total Citizens Bank		<u>\$ 4,352,071</u>	<u>\$ 4,257,175</u>
<u>NM Local Government Investment Pool</u>			
Operational	Investment	\$ 1,215	\$ 1,215
Total NM Local Government Investment Pool		<u>\$ 1,215</u>	<u>\$ 1,215</u>
Cash on deposit with NMFA		<u>\$ 1,500,003</u>	<u>\$ 1,500,003</u>
Total cash and investments		<u><u>\$ 10,590,979</u></u>	<u><u>\$ 9,486,010</u></u>

Truth or Consequences Municipal Schools
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2015

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Food Services</u>	<u>Athletics</u>
Total cash and investments as of July 1, 2014	\$ 1,892,015	\$ 6,931	\$ 11,666	\$ 44,723	\$ (275)
Add: Current year receipts	11,105,824	888,723	92,988	728,991	43,115
Voided warrants					
Adjustments					
Less: Current year expenditures	(11,010,903)	(882,676)	(1,211)	(766,997)	(33,936)
Permanent cash transfers		(3,465)			
Abatements					
Receivables/payables	(20,000)			20,000	
Transfers					
	_____	_____	_____	_____	_____
Total cash and investments as of June 30, 2015					
per cash report	\$ 1,966,936	\$ 9,513	\$ 103,443	\$ 26,717	\$ 8,904
Cash on Deposit with NMFA					
Audit adjustment	(780)				
	_____	_____	_____	_____	_____
Cash and investments per audit report	<u>\$ 1,966,156</u>	<u>\$ 9,513</u>	<u>\$ 103,443</u>	<u>\$ 26,717</u>	<u>\$ 8,904</u>

Truth or Consequences Municipal Schools
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (continued)
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2015

	Non Instructional Support	Federal Flowthrough	Federal Direct	Local Grants	State Flowthrough
Total cash and investments as of July 1, 2014	\$ 177,127	\$ (500,784)	\$ (42,461)	\$ 142,261	\$ (240,136)
Add: Current year receipts	291,064	1,318,871	146,614	122,726	640,871
Voided warrants					
Adjustments					
Less: Current year expenditures	(274,847)	(1,269,455)	(150,246)	(129,010)	(564,586)
Permanent cash transfers					
Abatements					
Receivables/payables					
Transfers					
Total cash and investments as of June 30, 2015 per cash report	\$ 193,344	\$ (451,368)	\$ (46,093)	\$ 135,977	\$ (163,851)
Cash on Deposit with NMFA					
Audit Adjustment					
	<u>\$ 193,344</u>	<u>\$ (451,368)</u>	<u>\$ (46,093)</u>	<u>\$ 135,977</u>	<u>\$ (163,851)</u>

Truth or Consequences Municipal Schools
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (continued)
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2015

	<u>State Direct</u>	<u>Bond Building</u>	<u>SB-9</u>	<u>Debt Service</u>	<u>Agency</u>
Total cash and investments as of July 1, 2014	\$ 1,233	\$ 3,452,614	\$ 1,175,054	\$ 2,300,454	\$ 39,614
Add: Current year receipts	15,963	3,002,044	605,799	1,700,594	1,018
Chargebacks					
Adjustments					
Less: Current year expenditures	(15,884)	(3,488,603)	(485,595)	(2,098,693)	(2,042)
Permanent cash transfers					
Abatements					
Receivables/payables					
Transfers					
Total cash and investments as of June 30, 2015					
per cash report	\$ 1,312	\$ 2,966,055	\$ 1,295,258	\$ 1,902,355	\$ 38,590
Cash on Deposit with NMFA		1,500,003			
Audit adjustment				(305)	
Cash and investments per audit report	<u>\$ 1,312</u>	<u>\$ 4,466,058</u>	<u>\$ 1,295,258</u>	<u>\$ 1,902,050</u>	<u>\$ 38,590</u>

Truth or Consequences Municipal Schools
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (concluded)
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2015

	Total
Total cash and investments as of July 1, 2014	\$ 8,460,036
Add: Current year receipts	20,705,205
Chargebacks	-
Adjustments	-
Less: Current year expenditures	(21,174,684)
Permanent cash transfers	(3,465)
Abatements	-
Receivables/payables	-
Transfers	-
	-
Total cash and investments as of June 30, 2015	
per cash report	\$ 7,987,092
Cash on Deposit with NMFA	1,500,003
Audit adjustment	(1,085)
	(1,085)
Cash and investments per audit report	\$ 9,486,010

Truth or Consequences Municipal Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2015

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through N.M. Department of Education:			
Title I Grants to Lea's	84.010	24.101	749,542
Special Education-Grants to States	84.027	24.106	340,978
Migrant Education-Basic State Grant Program	84.011	24.103	40,928
Vocational Education	84.048	24.174	16,942
Special Education-Preschool Grants	84.173	24.109	13,913
Education of Homeless	84.196	24.113	7,216
Teacher Quality State Grants	84.367	24.154	29,037
Rural Education	84.358	24.160	<u>25,188</u>
Total U.S. Department of Education			<u>\$ 1,223,744</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct Programs:			
Schools and Roads-Grants to States	10.665	N/A	\$ 140,051
Passed through N.M. Department of Education:			
National School Lunch Program	10.555	N/A	564,016
Summer Food Service Program for Children	10.559	N/A	11,449
School Breakfast Program	10.553	N/A	241,242
Farm to School Grant Program	10.575	24.183	9,600
Fresh Fruits and Vegetables Program	10.582	24.118	28,516
Passed through N.M. Department of Human Svc's:			
Emergency Food Assistance Program	10.569	N/A	<u>52,251</u>
Total U.S. Department of Agriculture			<u>\$ 1,047,125</u>

Truth or Consequences Municipal Schools
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS(concluded)
For The Fiscal Year Ended June 30, 2015

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>			
Direct Programs:			
ROTC	12.100	25.200	<u>\$ 59,113</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through N.M. Dept. of Human Services:			
Autism and Other Developmental Disabilities	93.998	24.108	\$ 8,968
Medical Assistance Program	93.778	25.153	<u>91,134</u>
Total U.S. Department of Health and Human Services			<u>\$ 100,102</u>
Total expenditures of federal awards			<u><u>\$ 2,430,084</u></u>

See the accompanying notes to Schedule of Expenditures of Federal Awards.

Truth or Consequences Municipal Schools
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2015

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Truth or Consequences Municipal Schools and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, 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 basic financial statements.

Note 2 Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. The District received \$52,251 in food commodities during the 2014-2015 fiscal year.

Note 3 The District had the following insurance coverages during the year ended June 30, 2015:

Workers compensation	\$ 1,050,000
Property	500,000,000
Liability	1,000,000
Auto	10,000,000

Truth or Consequences Municipal Schools
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)
 For the Year Ended 6/30/15
 Prepared by Agency Staff Name: Sabrina Bierner Title: Business Manager Date 10/22/15

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
N/A	BOARD APPROVED	Denise Susan McClain	\$67,961.25	N/A	No other responses	Y	N	Occupational Therapy Services to the Truth or Consequences Municipal School District for the duration of the school year following all district calendars. One day of service is inclusive of six (6) hours per day, on-site direct service time to include screenings and evaluations.
N/A	BOARD APPROVED	Cindy Carpenter	\$70,679.70	N/A	No other responses	y	N	Diagnostician Services to the Truth or Consequences Municipal School District for the duration of the school year following all district calendars. One day of service is inclusive of six (6) hours per day, on-site direct service time to include screenings and evaluations.

Truth or Consequences Municipal Schools
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2015

Findings – Financial Statement Audit

Current Status

2014-001 Financial statements required restatement	Resolved
2013-010 Expenditures made in excess of budgetary authority	Repeated
2014-003 Personnel file documentation insufficient	Resolved
2014-004 Invoices not approved for payment	Repeated

Findings and Questioned Costs – Major Federal Award programs

None

MIKE STONE, C.P.A.
LINDA STONE MCGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
KELLEY WYATT, C.P.A.

RYAN MONTOYA, C.P.A.

1311 N. GRANT ST.
P.O. BOX 2828
SILVER CITY, NEW MEXICO 88062
TELEPHONE (575) 388-1777
(575) 538-3795
FAX (575) 388-5040
E-MAIL: admin@stone-mcgee.com

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

INDEPENDENT AUDITOR'S REPORT

Timothy Keller, State Auditor
And
Board of Education
Truth or Consequences Municipal Schools
Truth or Consequences, 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, and the budgetary comparisons for the general fund and major special revenue funds of the Truth or Consequences Municipal Schools as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Truth or Consequences Municipal Schools' basic financial statements, and the combining and individual fund financial statements and related budgetary comparisons of the District presented as other supplementary information, and have issued our report thereon dated October 22, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Truth or Consequences Municipal Schools' 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 Truth or Consequences Municipal Schools' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Truth or Consequences Municipal Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 items 2013-010, 2014-004, and 2015-001.

Truth or Consequences Municipal Schools' Responses to Findings

Truth or Consequences Municipal Schools' 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 subject 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.

Stone, McGee & Co CPAs

Silver City, New Mexico
October 22, 2015

Stone, McGee & Co.
Certified Public Accountants

MIKE STONE, C.P.A.
LINDA STONE MCGEE, C.P.A.
KAY STONE, C.P.A.
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FAX (575) 388-5040
E-MAIL: admin@stone-mcgee.com

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

Timothy Keller, State Auditor
And
Board of Education
Truth or Consequences Municipal Schools
Truth or Consequences, New Mexico

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Truth or Consequences Municipal Schools' 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 Truth or Consequences Municipal Schools' 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 Truth or Consequences Municipal Schools' compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the 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 Truth or Consequences Municipal Schools' 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 Truth or Consequences Municipal Schools' 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 of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Stone, McGee & Co CPAs

Silver City, New Mexico
October 22, 2015

Stone, McGee & Co.
Certified Public Accountants

Truth or Consequences Municipal Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Fiscal Year Ended June 30, 2015

SUMMARY OF AUDIT RESULTS

1. The auditor’s report expresses an unmodified opinion on the financial statements of Truth or Consequences Municipal Schools.
2. No significant deficiencies relating to the audit of the financial statements is reported in the *Independent Auditor’s 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*.
3. No instances of noncompliance material to the financial statements of Truth or Consequences Municipal Schools, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies related to the audit of the major federal award programs are reported in the *Independent Auditor’s Report on Compliance for each Major Program and on Internal Control over Compliance Required by OMB Circular A-133*.
5. The auditor’s report on compliance for the major federal award programs for Truth or Consequences Municipal Schools expresses an unmodified opinion on all major programs.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 were noted during the audit.
7. The programs tested as major programs included: Title I Grants to LEAs, CFDA No. 84.010; the special education cluster, consisting of the Special Education – Grants to States, CFDA No. 84.027, and Special Education – Preschool Grants, CFDA No. 84.173; and Schools and Roads – Grants to States, CFDA No. 10.665.
8. The threshold for distinguishing types A and B programs was \$300,000.
9. Truth or Consequences Municipal Schools was not considered a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

2013-010(13-10) Expenditures in Excess of Budgetary Authority (Other Noncompliance)

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

SB-9 – General Administration	\$ 152
Cafeteria – Food Services	48,869
Pre K Initiative – Instruction	4,352
NM Autism Project – Instruction	60

The District's corrective action plan was implemented, however, key personnel turnover near year-end prevented budgetary adjustments to alleviate the current year excess expenditures.

Criteria – Sections 6-3-1 through 6-3-25 NMSA 1978 require, in part, that expenditures not exceed budgetary authority. The function is the legal level of control for public schools.

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

Cause – The District did not make the necessary year-end budget adjustments to alleviate these over-expenditures.

Recommendation – We recommend that the District continue to emphasize its policy of making year-end adjustments to budgets to alleviate excess expenditures. Supervisory personnel should be involved in the year-end budgetary adjustment process.

Agency Response – The District continues to emphasize year-end budget adjustments. Key personnel turnover near year-end in a supervisory position prevented the District from requesting budget adjustment requests in a timely fashion. Supervisory personnel continue to be involved in the year-end adjustment process.

2014-004 Procurement Code Compliance (Other Noncompliance)

Condition – During our review of 81 purchasing transactions, we noted 21 instances where approval for payment was not documented.

The District implemented its corrective action plan, however, supervisory turnover allowed payment of invoices without proper indication of approval for payment.

Criteria – Section 13-1-97 of NMSA 1978 requires that purchases be made through a central purchasing office which properly authorizes and approves the purchase prior to payment.

Effect – There is an increased likelihood that payments can be made for goods or services not received.

Cause – The District's approval process was compromised due to turnover in supervisory personnel.

Recommendation – We recommend that the policy be emphasized which requires the approval of the invoice, indicating the receipt of the goods or services, before payment is made.

Agency Response – The District will emphasize the aforementioned policy, and ensure that goods or services are received prior to cash disbursement.

2015-001 Per Diem and Mileage Act compliance (Other Noncompliance)

Condition – In a review of 25 requests for travel reimbursement, we noted 13 instances where the travel request was not signed by the requestor, 8 instances where no travel request is present, 7 instances where the back-up information was not sufficient to determine eligibility, and one instance where the reimbursement for hotel accommodations exceeded that amount allowed by the Act by \$12.

Criteria – The Per Diem and Mileage Act, Sections 10-8-1 to 10-8-8 of NMSA 1978 establish the documentation requirements for reimbursement of travel costs, as well as the rate of reimbursement. These requirements include the reimbursement for travel costs only where the travel request is properly signed and approved, evidenced by appropriate back-up receipts, and in an amount within the rates allowed.

Effect – The District has violated the aforementioned statutes and regulations, and there is an increased likelihood of reimbursement for travel that was not approved or is not appropriately evidenced.

Cause – The District had significant supervisory personnel absences and turnover during the year, causing the travel reimbursement requests to not be properly reviewed and approved.

Recommendation – The District should reimburse employees and Board members for authorized travel in accordance with the provisions of the Per Diem and Mileage Act.

Agency Response – The District has already taken steps to comply with the Per Diem and Mileage Act, including requiring supervisory approval prior to reimbursement, and comparison of requests to rates allowed by law.

2015-002 Cash Balances (Other Noncompliance)

Condition – The District’s actual cash balances differed from the report submitted to the Public Education Department, as follows:

General Fund	\$	(780)
Debt Service Fund		(305)

Criteria – Public Education Department regulations require that cash balances reported by the District balance to reconciled bank amounts.

Effect – Public Education Department regulations have been violated, and the analysis provided by the Public Education Department to the District could be based on misstated balances.

Cause – These discrepancies were caused by an adjustment from the Local Government Investment Pool, and a prior period incorrect journal entry. Although the discrepancies were included in the cash reconciliations completed by the District, they were not reported in the cash balances provided to the Public Education Department.

Recommendation – The District should ensure that the reconciled balances are reflected in the Public Education Department report prior to submission.

Agency Response - The recommendation will be adopted.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

None

OTHER – FINANCIAL STATEMENT PREPARATION

The financial statements were prepared by Stone, McGee & Co., C.P.A.'s, with substantial assistance from District personnel, who have approved and accepted responsibility for the financial statements.

EXIT CONFERENCE

The contents of this report were discussed in a meeting on October 7, 2015. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
John C. Johnson	Board President	T or C Schools
Denise Barrera	Board Vice-President	T or C Schools
Dr Craig Cummins	Superintendent	T or C Schools
Hank Hopkins	Director of Human Resources	T or C Schools
Sabrina Bierner	Business Manager	T or C Schools
Sarah Montoya	Accounts Payable Clerk	T or C Schools
Barbara Chavez	Payroll Clerk	T or C Schools
Jennie Bierner	Administrative assistant	T or C Schools
Kay Stone	Shareholder	Stone, McGee & Co., CPAs
Mike Stone	Shareholder	Stone, McGee & Co., CPA's