

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

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COMPREHENSIVE FINANCIAL ANNUAL REPORT  
AND  
SUPPLEMENTAL INFORMATION  
YEAR ENDED JUNE 30, 2016  
WITH  
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



ACCOUNTING & FINANCIAL  
**SOLUTIONS**  
CERTIFIED PUBLIC ACCOUNTANTS

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# INTRODUCTORY SECTION

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# TABLE OF CONTENTS

Year Ended June 30, 2016

## INTRODUCTORY SECTION

	Title Page
iii	Table of Contents
1	Official Roster

## FINANCIAL SECTION

5	Independent Auditors' Report
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### BASIC FINANCIAL STATEMENTS:

#### **Government-Wide Financial Statements:**

8	Statement of Net Position
9	Statement of Activities

#### **Fund Financial Statements:**

10	Balance Sheet – Governmental Funds
13	Reconciliation of the Balance Sheet – All Governmental Funds to the Statement of Net Position
14	Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds
17	Reconciliation of the Statement of Revenue, Expenditures, and Changes In Fund Balance – All Governmental Funds to the Statement of Activities

#### Major Funds:

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):

18	General Fund	
	Special Revenue Funds:	Fund #
19	Title I	24101
20	Entitlement IDEA-B	24106
21	Kindergarten 3-Plus	27166

#### 22 **Statement of Fiduciary Assets and Liabilities – Agency Funds**

#### **Notes to the Financial Statements**

23	Contents	
24	Note I	Summary of Significant Accounting Policies
34	Note II	Stewardship, Compliance, and Accountability
35	Note III	Detailed Notes On All Funds
38	Note IV	Other Information

#### **Required Supplementary Information**

45	Schedule of the District's Proportionate Share of Net Pension Liability
45	Schedule of District's Contributions
45	Notes to the Required Supplementary Information

### COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:

#### **General Fund:**

48	Combining Balance Sheet	
49	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	
	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):	
		Fund #
50	Operating Fund	11000
51	Teacherage	12000
52	Transportation Fund	13000
53	Instructional Materials Fund	14000

#### **Major Capital Projects Funds:**

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):

		Fund #
56	Special Capital Outlay - State	31400
57	Capital Improvements HB-33	31600
58	Capital Improvements SB-9	31700

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# TABLE OF CONTENTS

Year Ended June 30, 2016

---

## COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES (cont'd):

### **Nonmajor Governmental Funds:**

- 64 Combining Balance Sheet
- 68 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

### **Non-Major Special Revenue Funds:**

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):

	Fund #
74 Food Service	21000
75 Athletics	22000
76 Preschool IDEA-B	24109
77 IDEA-B Student Success	24132
78 Title III English Language	24153
79 Title II Teacher Quality	24154
80 Rural & Low-Income Schools	24160
81 Title XIX Medicaid	25153
82 Dual Credit Instructional Materials	27103
83 Library Go Bonds 2012	27107
84 Reads to Leads	27114
85 Breakfast for Elementary Students	27155
86 STEM Teacher Initiative	27181
87 NM Grown	27183
88 STEM/HARD to Staff	27195

### **Nonmajor Debt Service Funds:**

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):

	Fund #
89 Debt Service Fund	41000

## OTHER SUPPLEMENTAL INFORMATION:

### Fiduciary Funds:

- 92 Schedule of Changes in Assets and Liabilities – All Agency Funds
- 95 Schedule of Pledged Collateral
- 96 Cash Reconciliation
- 97 Schedule of Vendor Information

## **COMPLIANCE SECTION**

- 101 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
- 103 Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by Uniform Guidance
- 106 Schedule of Expenditures of Federal Awards
- 107 Notes to the Schedule of Expenditures of Federal Awards
- 109 Schedule of Findings and Questioned Costs
- 111 Summary Schedule of Prior Year Audit Findings
- 112 Required Disclosure

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STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

OFFICIAL ROSTER  
June 30, 2016

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BOARD OF EDUCATION

Lowell Irby	President
Jeff Bowman	Vice-President
Carolyn Shearman	Secretary
Margaret Aguilar	Member
Becky Harwell	Member

SCHOOL OFFICIALS

Dr. Crit Caton	Superintendent
Thad Phipps	Assistant Superintendent Operations/Transportation Procurement Officer
J.R. Null	Assistant Superintendent Curriculum/Testing
Rick Stewart	Assistant Superintendent Federal Programs/Testing
Janet Grice	Business Manager

AUDIT COMMITTEE

Carolyn Shearman	Member
Margaret Aguilar	Member
Dr. Crit Caton	Member
Thad Phipps	Member
Janet Grice	Member
J.R. Null	Member
Melany Cardwell	Member

FINANCE COMMITTEE

Carolyn Shearman	Member
Margaret Aguilar	Member
Dr. Crit Caton	Superintendent
Thad Phipps	Assistant Superintendent Operations/Transportation
J.R. Null	Assistant Superintendent Curriculum/Testing
Janet Grice	Business Manager

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FINANCIAL SECTION  
FISCAL YEAR 2016  
JULY 1, 2015 THROUGH JUNE 30, 2016

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## INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor,  
The Board of Education, and  
The Audit Committee of Artesia Public Schools

### **Report on the 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 Artesia Public Schools, as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise Artesia Public Schools basic financial statements as listed in the table of contents. We also have audited the financial statements of each of Artesia Public Schools nonmajor governmental funds and the budgetary comparisons for the major capital project funds and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, 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 misstatement, 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Artesia Public Schools' 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 Artesia Public Schools, as of June 30, 2016, and the respective changes in financial position thereof 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 of Artesia Public Schools as of June 30, 2016, and the respective changes in financial position thereof and the respective budgetary comparisons for the major capital project funds and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Tim Keller, State Auditor,  
The Board of Education, and  
The Audit Committee of Artesia Public Schools

### ***Other Matters***

#### *Required Supplementary Information*

Management has omitted the 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. Accounting principles generally accepted in the United States of America also require that the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions on page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. 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 Artesia Public Schools' financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other schedules required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures and other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Vendor Information 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 September 20, 2016 on our consideration of the Artesia Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Artesia Public Schools' internal control over financial reporting and compliance.

*Accounting & Financial Solutions, LLC*  
Farmington, New Mexico  
September 20, 2016

## BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

STATEMENT OF NET POSITION  
**June 30, 2016**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 35,438,822
Receivables:	
Delinquent property taxes receivable	428,735
Grant	1,029,304
Due from other governments	349,155
Food inventory	8,689
Non-current:	
Non-depreciable assets	215,439
Depreciable capital assets, net	<u>57,967,843</u>
<b>Total Assets</b>	<u>95,437,987</u>
 <b>Deferred Outflows of Resources:</b>	
Contributions to pension subsequent to the measurement date	2,888,644
Net change in pension assumptions	1,606,344
Net change in proportionate share of pension liability	<u>1,557,831</u>
<b>Total Deferred Outflows of Resources</b>	<u>6,052,819</u>
 <b>Liabilities</b>	
Accounts payable	44,020
Compensated absences	120,687
Aggregate net pension liability	<u>46,702,385</u>
<b>Total Liabilities</b>	<u>46,867,092</u>
 <b>Deferred Inflows of Resources</b>	
Difference between expected and actual experience	855,354
Net difference between projected and actual investment earnings on plan investments	220,684
Net change in proportionate share of pension liability	<u>364,665</u>
<b>Total Deferred Inflows of Resources</b>	<u>1,440,703</u>
 <b>Net Position</b>	
Net investment in capital assets	58,278,985
Restricted for:	
Inventories	8,689
Special revenue funds	235,485
Capital projects	32,113,121
Debt service	3,934
Unrestricted	<u>(37,457,203)</u>
<b>Total Net Position</b>	<u>\$ 53,183,011</u>

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



STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
<b>Primary government:</b>					
<b>Governmental activities:</b>					
Instruction	\$ 23,424,935	\$ 193,127	\$ 1,807,343	\$ 271,191	\$ (21,153,274)
Support Services - Students	2,960,729	203,569	228,434	-	(2,528,726)
Support Services - Instruction	796,491	-	61,453	-	(735,038)
Support Services - General Administration	702,875	-	54,230	1,219	(647,426)
Support Services - School Administration	3,084,021	-	237,947	-	(2,846,074)
Central Services	803,093	-	61,962	-	(741,131)
Operations & Maintenance of Plant	6,772,777	-	522,551	109,804	(6,140,422)
Student Transportation	1,489,024	-	1,316,772	-	(172,252)
Other Support Services	21,256	-	1,640	-	(19,616)
Food Services	<u>1,942,083</u>	<u>420,886</u>	<u>1,319,441</u>	<u>-</u>	<u>(201,756)</u>
<b>Total governmental activities</b>	<b><u>\$ 41,997,284</u></b>	<b><u>\$ 817,582</u></b>	<b><u>\$ 5,611,773</u></b>	<b><u>\$ 382,214</u></b>	<b><u>(35,185,715)</u></b>
			General revenues:		
			Taxes:		
			Property Taxes:		
			General purposes	357,995	
			Capital projects	5,187,279	
			Debt service	90,008	
			Oil and gas	6,633,647	
			State equalization	27,326,194	
			Grants and contributions not restricted	380,762	
			Miscellaneous income	3,967	
			Loss on asset disposal	<u>(12,554)</u>	
			Total general revenues	<u>39,967,298</u>	
			<i>Change in net position</i>	4,781,583	
			<b>Net position - beginning</b>	<u>48,401,428</u>	
			<b>Net position - ending</b>	<b><u>\$ 53,183,011</u></b>	

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

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

GOVERNMENTAL FUNDS  
**Balance Sheet**  
**June 30, 2016**

	General <u>Fund</u>	Title I <u>Fund #24101</u>	Entitlement IDEA-B <u>Fund #24106</u>	Kindergarten 3-Plus <u>Fund #27166</u>	Special Capital Outlay - State <u>Fund #31400</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 3,702,382	\$ -	\$ -	\$ -	\$ -
Receivables:					
Property taxes	27,497	-	-	-	-
Grant	-	170,258	261,293	156,388	275,000
Due from other governments	23,000	-	-	-	-
Due from other funds	1,025,292	-	-	-	-
Food inventory	-	-	-	-	-
<b>Total assets</b>	<b><u>\$ 4,778,171</u></b>	<b><u>\$ 170,258</u></b>	<b><u>\$ 261,293</u></b>	<b><u>\$ 156,388</u></b>	<b><u>\$ 275,000</u></b>
 <b>Liabilities, deferred inflows, and fund balance</b>					
Liabilities:					
Accounts payable	\$ 18,966	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	170,258	261,293	156,388	275,000
<b>Total liabilities</b>	<b><u>18,966</u></b>	<b><u>170,258</u></b>	<b><u>261,293</u></b>	<b><u>156,388</u></b>	<b><u>275,000</u></b>
 Deferred inflows of resources:					
Delinquent property taxes	5,452	-	-	-	-
 Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service	-	-	-	-	-
Unassigned	4,753,753	-	-	-	-
<b>Total fund balance</b>	<b><u>4,753,753</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
 <b>Total liabilities, deferred inflows of resources, and fund balance</b>	 <b><u>\$ 4,778,171</u></b>	 <b><u>\$ 170,258</u></b>	 <b><u>\$ 261,293</u></b>	 <b><u>\$ 156,388</u></b>	 <b><u>\$ 275,000</u></b>

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STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

GOVERNMENTAL FUNDS

**Balance Sheet**  
**June 30, 2016**

	Capital Improvements HB-33 <u>Fund #31600</u>	Capital Improvements SB-9 <u>Fund #31700</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 25,085,021	\$ 6,412,934	\$ 238,485	\$ 35,438,822
Receivables:				
Property taxes	287,535	113,691	12	428,735
Grant	-	-	166,365	1,029,304
Due from other governments	233,204	92,946	5	349,155
Due from other funds	-	-	-	1,025,292
Food inventory	-	-	<u>8,689</u>	<u>8,689</u>
<b>Total assets</b>	<b><u>\$ 25,605,760</u></b>	<b><u>\$ 6,619,571</u></b>	<b><u>\$ 413,556</u></b>	<b><u>\$ 38,279,997</u></b>
 <b>Liabilities, deferred inflows, and fund balance</b>				
Liabilities:				
Accounts payable	\$ -	\$ 21,970	\$ 3,084	\$ 44,020
Due to other funds	<u>-</u>	<u>-</u>	<u>162,353</u>	<u>1,025,292</u>
Total liabilities	<u>-</u>	<u>21,970</u>	<u>165,437</u>	<u>1,069,312</u>
 Deferred inflows of resources:				
Delinquent property taxes	<u>65,259</u>	<u>24,981</u>	<u>11</u>	<u>95,703</u>
 Fund balance:				
Non-spendable:				
Inventories	-	-	8,689	8,689
Restricted for:				
Special revenue funds	-	-	235,485	235,485
Capital projects funds	25,540,501	6,572,620	-	32,113,121
Debt service	-	-	3,934	3,934
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,753,753</u>
Total fund balance	<u>25,540,501</u>	<u>6,572,620</u>	<u>248,108</u>	<u>37,114,982</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b><u>\$ 25,605,760</u></b>	<b><u>\$ 6,619,571</u></b>	<b><u>\$ 413,556</u></b>	<b><u>\$ 38,279,997</u></b>

( 2 of 2 )

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STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

RECONCILIATION OF THE BALANCE SHEET - ALL GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
**June 30, 2016**

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

Fund balances - total governmental funds	\$	37,114,982
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		111,200,268
Accumulated depreciation		(53,016,986)
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable		95,703
Deferred inflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Contributions to pension subsequent to the measurement date		2,888,644
Net change in pension assumptions		1,606,344
Net change in proportionate share of pension liability		1,557,831
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		
Accrued vacation payable		(120,687)
Net pension liability		(46,702,385)
Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Difference between expected and actual experience		(855,354)
Net difference between projected and actual investment earnings on plan investments		(220,684)
Net change in proportionate share of pension liability		<u>(364,665)</u>
Net position of governmental activities	\$	<u>53,183,011</u>

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Year Ended June 30, 2016

	General <u>Fund</u>	Title I <u>Fund #24101</u>	Entitlement IDEA-B <u>Fund #24106</u>	Kindergarten 3- Plus <u>Fund #27166</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ 357,733	\$ -	\$ -	\$ -
Oil and gas	442,249	-	-	-
Intergovernmental - federal grants	63,154	637,541	757,558	-
Intergovernmental - state grants	28,920,831	-	-	491,152
Contributions - private grants	378,192	-	-	-
Charges for services	193,127	-	-	-
Investment and interest income	7,749	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>30,363,035</b>	<b>637,541</b>	<b>757,558</b>	<b>491,152</b>
<b>Expenditures:</b>				
Current:				
Instruction	18,290,212	457,461	455,198	356,343
Support services:				
Students	2,321,475	-	133,838	-
Instruction	707,945	-	-	-
General Administration	550,717	18,148	21,565	-
School Administration	2,343,994	161,932	146,957	82,869
Central Services	727,049	-	-	-
Operation & Maintenance of Plant	3,197,452	-	-	-
Student transportation	1,316,772	-	-	31,257
Other Support services	19,243	-	-	-
Food services operations	-	-	-	20,683
Capital outlay	344,039	-	-	-
<b>Total expenditures</b>	<b>29,818,898</b>	<b>637,541</b>	<b>757,558</b>	<b>491,152</b>
<i>Excess (deficiency) of revenues over expenditures</i>	544,137	-	-	-
<b>Fund balance at beginning of the year</b>	<b>4,209,616</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance at end of the year</b>	<b>\$ 4,753,753</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(cont'd; 1 of 2)

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

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

GOVERNMENTAL FUNDS

**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Year Ended June 30, 2016**

	Special Capital Outlay - State <u>Fund #31400</u>	Capital Improvements HB-33 <u>Fund #31600</u>	Capital Improvements SB-9 <u>Fund #31700</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Revenues:</b>					
Taxes:					
Property	\$ -	\$ 3,781,172	\$ 1,489,848	\$ 8	\$ 5,628,761
Oil and gas	-	4,421,983	1,768,969	446	6,633,647
Intergovernmental - federal grants	-	-	-	1,865,076	3,323,329
Intergovernmental - state grants	275,000	-	85,054	202,655	29,974,692
Contributions - private grants	-	-	-	2,570	380,762
Charges for services	-	-	-	624,455	817,582
Investment and interest income	-	10,855	3,536	20	22,160
Miscellaneous	-	-	2,283	1,684	3,967
<b>Total revenues</b>	<u>275,000</u>	<u>8,214,010</u>	<u>3,349,690</u>	<u>2,696,914</u>	<u>46,784,900</u>
<b>Expenditures:</b>					
Current:					
Instruction	-	-	-	646,011	20,205,225
Support services:					
Students	-	-	-	225,066	2,680,379
Instruction	-	-	-	29,933	737,878
General Administration	-	23,372	9,192	13,326	636,320
School Administration	-	-	-	56,245	2,791,997
Central Services	-	-	-	-	727,049
Operation & Maintenance of Plant	-	149,529	2,784,486	-	6,131,467
Student transportation	-	-	-	-	1,348,029
Other Support services	-	-	-	-	19,243
Food services operations	-	-	-	1,737,505	1,758,188
Capital outlay	<u>275,000</u>	<u>6,225,602</u>	<u>745,795</u>	<u>-</u>	<u>7,590,436</u>
<b>Total expenditures</b>	<u>275,000</u>	<u>6,398,503</u>	<u>3,539,473</u>	<u>2,708,086</u>	<u>44,626,211</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	1,815,507	(189,783)	(11,172)	2,158,689
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>23,724,994</u>	<u>6,762,403</u>	<u>259,280</u>	<u>34,956,293</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ 25,540,501</u>	<u>\$ 6,572,620</u>	<u>\$ 248,108</u>	<u>\$ 37,114,982</u>

( 2 of 2 )

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STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
**Year Ended June 30, 2016**

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

Net change in fund balance - total governmental funds	\$	2,158,689
<p>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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year</p>		
Capital outlay		7,590,436
Depreciation		(3,976,699)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
<p>Deferred property taxes at:</p>		
June 30, 2015		(89,182)
June 30, 2016		95,703
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
<p>Compensated absences at:</p>		
June 30, 2015		137,493
June 30, 2016		(120,687)
Loss on asset disposal		(12,554)
Deferred contributions to pension plan		2,888,644
Pension expense		<u>(3,890,260)</u>
Change in net position of governmental activities	\$	<u>4,781,583</u>

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

GENERAL FUND  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ 225,000	\$ 225,000	\$ 359,938	\$ 134,938
Oil and gas	600,000	600,000	458,891	(141,109)
Intergovernmental - federal sources:				
Forest reserve	-	10,115	10,116	1
Federal grants	23,000	23,000	53,038	30,038
Intergovernmental - state sources:				
State equalization guarantee	26,652,950	27,063,052	27,326,194	263,142
Transportation	1,190,697	1,316,772	1,316,772	-
State instructional material	211,891	277,865	277,865	-
Contributions - private grants	481,648	481,648	534,956	53,308
Charges for services	33,035	33,035	36,363	3,328
Investment and interest income	3,500	3,500	7,749	4,249
<b>Total revenues</b>	<u>29,421,721</u>	<u>30,033,987</u>	<u>30,381,882</u>	<u>347,895</u>
<b>Expenditures:</b>				
Current:				
Instruction	19,056,583	19,496,170	18,279,876	1,216,294
Support services:				
Students	2,427,010	2,460,735	2,319,318	141,417
Instruction	809,087	826,087	707,842	118,245
General Administration	653,153	686,953	550,120	136,833
School Administration	2,566,015	2,579,122	2,345,324	233,798
Central Services	894,479	923,749	726,943	196,806
Operation & Maintenance of Plant	4,462,638	4,514,221	3,197,952	1,316,269
Student transportation	1,190,697	1,316,772	1,316,772	-
Other Support services	215,713	215,713	19,242	196,471
Capital outlay:				
Construction in progress	509,780	509,780	390,177	119,603
<b>Total expenditures</b>	<u>32,785,155</u>	<u>33,529,302</u>	<u>29,853,566</u>	<u>3,675,736</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(3,363,434)	(3,495,315)	528,316	4,023,631
<i>Beginning cash balance budgeted</i>	3,363,434	3,495,315	-	(3,495,315)
<b>Fund balance at beginning of the year</b>	-	-	4,209,616	4,209,616
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>4,737,932</u>	<u>\$ 4,737,932</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			(8,010)	
Change in due from other governments			(10,575)	
Change in payables			34,668	
Change in deferred property taxes			(262)	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 4,753,753</u>	

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

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

TITLE I FUND - NO. 24101  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 658,849	\$ 736,898	\$ 745,867	\$ 8,969
<b>Expenditures:</b>				
Current:				
Instruction	469,968	544,089	457,461	86,628
Support services:				
General Administration	19,305	21,233	18,148	3,085
School Administration	<u>169,576</u>	<u>171,576</u>	<u>161,932</u>	<u>9,644</u>
<b>Total expenditures</b>	<u>658,849</u>	<u>736,898</u>	<u>637,541</u>	<u>99,357</u>
<i>Excess of revenues over expenditures</i>	-	-	108,326	108,326
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	108,326	<u>\$ 108,326</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			<u>(108,326)</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u><u>\$ -</u></u>	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

ENTITLEMENT IDEA-B FUND - NO. 24106  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 783,688	\$ 1,174,356	\$ 658,948	\$ (515,408)
<b>Expenditures:</b>				
Current:				
Instruction	477,642	745,304	455,198	290,106
Support services:				
Students	142,661	200,667	133,838	66,829
General Administration	22,962	22,962	21,565	1,397
School Administration	139,423	194,423	146,958	47,465
Capital outlay:				
Equipment	1,000	11,000	-	11,000
<b>Total expenditures</b>	783,688	1,174,356	757,559	416,797
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(98,611)	(98,611)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	(98,611)	\$ (98,611)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			98,611	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

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

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

KINDERGARTEN 3-PLUS FUND - NO. 27166  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 325,280	\$ 496,564	\$ 442,584	\$ (53,980)
<b>Expenditures:</b>				
Current:				
Instruction	214,531	356,716	356,343	373
Support services:				
School Administration	63,045	84,921	82,869	2,052
Student transportation	23,685	31,258	31,257	1
Food Services Operations	<u>24,019</u>	<u>23,669</u>	<u>20,683</u>	<u>2,986</u>
<b>Total expenditures</b>	<u>325,280</u>	<u>496,564</u>	<u>491,152</u>	<u>5,412</u>
<i>Excess (deficiency) of revenues     over expenditures</i>	-	-	(48,568)	(48,568)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	(48,568)	<u>\$ (48,568)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			<u>48,568</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

AGENCY FUNDS  
**Statement of Fiduciary Assets and Liabilities**  
**June 30, 2016**

ASSETS

Pooled cash and investments	\$ <u>1,117,102</u>
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LIABILITIES

Deposits held for others	\$ <u>1,117,102</u>
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The notes to the financial statements are an integral part of this statement.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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NOTE	PAGE
I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES	
A. Reporting Entity	24
1. Blended Component Units	
2. Discretely Presented Component Units	
B. Government-Wide and Fund Financial Statements	28
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	28
1. Major Funds	29
D. Assets, Liabilities, and Net Position or Equity	30
II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	
A. Budgetary Information	34
B. Budgetary Violations	34
C. Deficit Fund Equity	34
III. DETAILED NOTES ON ALL FUNDS	
A. Cash and Temporary Investments	35
B. Receivables	35
C. Inter-Fund Receivables and Payables	36
D. Inter-Fund Transfers	36
E. Capital Assets	37
F. Long-Term Debt	38
IV. OTHER INFORMATION	38

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

## I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

Artesia Public Schools (District) is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education in the City of Artesia, New Mexico and the surrounding areas. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District's financial statements include all entities over which the Board of Education exercises oversight responsibility. Oversight responsibility includes such aspects as appointment of governing body members, designation of management, the ability to significantly influence operations, and accountability for fiscal matters. Based upon the application of these criteria, no component units or fiduciary units were included in the financial statements.

Generally Accepted Accounting Principles (GAAP) requires that financial statements present the District (primary government) and its component units. The District has no component units that are required to be presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*.

#### 1. Blended Component Units

The District does not have any component units reported as blended component units.

#### 2. Discretely Presented Component Units

The District does not have any component units reported as discretely presented component units.

During fiscal year 2016, Artesia Public Schools adopted the following GASB Statements:

- GASB 72, *Fair Value Measurement and Application*, This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement will be effective for the year ended June 30, 2016.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, this Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. This Statement will be effective for the year ended June 30, 2016.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement will be effective for the year ended June 30, 2016.



# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### A. Reporting Entity (cont'd)

- GASB 79, *Certain External Investment Pools and Pool Participants*, this Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement 31, as amended.

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2015 (FYE June 30, 2016), except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015 (FYE June 30, 2017). Earlier application is encouraged.

Other accounting standards that Artesia Public Schools is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. This Statement will be effective for the year ended June 30, 2017.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, this Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement will be effective for the year ended June 30, 2018.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### A. Reporting Entity (cont'd)

- GASB 77, *Tax Abatement Disclosures*, financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as inter-period equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time.

Financial statement users need information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

Although many governments offer tax abatements and provide information to the public about them, they do not always provide the information necessary to assess how tax abatements affect their financial position and results of operations, including their ability to raise resources in the future. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015 (FYE June 30, 2017). Earlier application is encouraged.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### A. Reporting Entity (cont'd)

- GASB 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, the objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of this Statement, the requirements of Statement 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2015 (FYE June 30, 2017). Earlier application is encouraged.

- GASB 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, the objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended.

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016 (FYE June 30, 2017). Earlier application is encouraged.

- GASB 81, *Irrevocable Split-Interest Agreements*, The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016 (FYE June 30, 2018), and should be applied retroactively. Earlier application is encouraged.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### A. Reporting Entity (cont'd)

- GASB 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, the objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016 (FYE June 30, 2017), except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged.

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Artesia Public Schools' management who is responsible for their integrity and objectivity. The financial statements of the District conform to GAAP as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the school district. For the most part, the effect of inter-fund activity has been removed from these statements.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### A. Reporting Entity (cont'd)

The government reports the following major governmental funds:

➤ General Fund

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

➤ Title I Special Revenue Fund (Fund No. 24101) Minimum Balance: None

To help local education agencies (LEAs) and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards. Funding authorization: Elementary and Secondary Education Act of 1965, Title I, Part A, 20 U.S.C. 6301 et seq.

➤ Entitlement IDEA-B Special Revenue Fund (Fund No. 24106) Minimum Balance: None

Program provides grants to states that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

➤ Kindergarten 3-Plus Special Revenue Fund (Fund No. 27166) Minimum Balance: None

To account for funds received to provide the opportunity for the district to address early literacy. The full day kindergarten program is the first step in the implementation of a sequential early literacy approach to teaching reading.

➤ Special Capital Outlay – State Capital Projects Fund (Fund No. 31400) Minimum Balance: None

This fund provides financing for special appropriation monies received from the State of New Mexico under Chapter 367, Laws of 1993.

➤ Capital Improvements HB – 33 Capital Projects Fund (Fund No. 31600) Minimum Balance: None

This fund provides financing for the purchase of equipment and capital improvements to School District property. Funding is received from a 5 mill property tax levy and interest earned on investments, under House Bill 33.

➤ Capital Improvements SB – 9 Capital Projects Fund (Fund No. 31700) Minimum Balance: None

This fund provides financing for the purchase of equipment and capital improvements to School District property. Funding is received from a 2 mill property tax levy and interest earned on investments, under New Mexico Senate Bill 9.

Additionally, the government reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources – which are legally restricted to expenditures for specified purposes.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Fiduciary Funds – Fiduciary Funds are the agency funds used to account for financial resources used by the student activity groups for which the District has stewardship

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

#### 1. *Deposits and investments*

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the investment of the District's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The District is also allowed to invest in United States Government obligations. All funds for the District must follow the above investment policies.

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

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

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

#### 2. *Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due from/to other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due from/to other funds."

The District's property taxes are levied each year on the assessed valuation of property located in the School District as of the preceding January 1st. Mill levy rates are set by the State of New Mexico each year for the General Fund, HB-33 Capital Improvements Fund SB – 9 Capital Improvements Fund, and Debt Service Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days.

Under GASB Statement 33, property taxes are impressed non-exchange revenue. Assets from impressed non-exchange transactions are reported when the District has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date. Taxes are payable in two equal installments on November 10 and April 10th following the levy and become delinquent after 30 days. Therefore, the District has recorded a delinquent tax receivable and revenue for taxes received within the sixty days following year-end. A receivable and deferred revenue have been recorded for uncollected delinquent taxes. On the government-wide financial statements, the district has recorded delinquent property taxes receivable and revenue for taxes assessed as of year-end that have not be collected, as prescribed in GASB 34. An allowance for refunds and uncollectible amounts has not been recorded.

#### 3. *Inventories*

USDA Commodities are recorded at estimated costs and other inventories are recorded at cost, which approximates market. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

#### 4. *Capital assets*

Capital assets, which include property, plant, and equipment (software), are reported in the applicable governmental-wide financial statements. Beginning July 1, 2005, the threshold for defining Capital assets by the government was raised from \$1,000 to assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### D. Assets, Liabilities, and Net Position or Equity (cont'd)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Software costs have been included with the cost of computer equipment and are capitalized with that equipment. The District does not develop software for internal use or any other use.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction projects has not been capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Building improvements	20
Land Improvements	10-20
Vehicles	5-7
Office equipment	5
Computer equipment	3-5

#### 5. *Compensated absences*

It is the District's policy to permit employees to accumulate earned but unused vacation up to 20 days, which may be paid to employees upon separation from the District's service. Twelve-month employees that are full time are entitled to two weeks paid vacation per year.

Accumulated sick leave is not payable upon termination and is recorded as expenditures when it is paid.

#### 6. *Long-term obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as capital projects expenditures.

#### 7. *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Education Retirement Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### D. Assets, Liabilities, and Net Position or Equity (cont'd)

#### 8. *Fund balance*

##### a. Non-Spendable

The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

##### b. Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

##### c. Committed

Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the District's Board of Education should be reported as committed fund balance. The committed amounts cannot be used for any other purpose unless the District's Board of Education removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District did not have committed fund balances for the year ended June 30, 2016.

##### d. Assigned

Assigned fund balance includes (a) all remaining amounts, except for negative balances, that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed and amounts in the general fund that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent, and removal of, is expressed by the Board of Education or the Finance Committee. The District did not have assigned fund balances for the year ended June 30, 2016.

##### e. Unassigned

The remaining fund balance, after all other classifications, within the general fund is reported as unassigned fund balance. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, a negative fund balance will be reported as unassigned fund balance.

When committed, assigned, and unassigned resources are available for use, it is the District's policy to use committed first followed by assigned and unassigned resources as they are needed.

#### 9. *Net Position*

Net Position is presented on the Statement of Net Position and may be presented in any of three components.

##### a. Net investment in capital assets

This component of Net Position 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. The portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. That portion of the debt is included in restricted for capital projects.

##### b. Restricted Net Position

Net Position is reported as being restricted when the restriction is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.



# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### D. Assets, Liabilities, and Net Position or Equity (cont'd)

#### c. Unrestricted Net Position

Unrestricted Net Position consists of Net Position that does not meet the definition of “net investment in capital assets” or “restricted.”

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

In the governmental environment, Net Position often is designated to indicate that management does not consider them to be available for general operations. In contrast to restricted Net Position, these types of constraints on resources are internal and management can remove or modify them. However, enabling legislation established by the reporting government should not be construed as an internal constraint.

#### 10. *Indirect Costs*

The District’s General Fund receives indirect cost reimbursements from the various federal programs it administers. These reimbursements are for expenses incurred in performing administrative functions on behalf of the Special Revenue Funds. They are shown as expenditures in the Special Revenue Funds, and as other special federal revenue in the General Fund.

#### 11. *Estimates*

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

#### 12. *Revenues*

**State Equalization Guarantee:** School districts in the State of New Mexico receive a ‘state equalization guarantee distribution’ which is defined as “that amount of money distributed to each school district to insure that the school district’s operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the school district’s “program cost”.

A school district’s program costs are determined through the use of various formulas using ‘program units’ which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$27,326,194 in state equalization guarantee distributions during the year ended June 30, 2016.

**Transportation Distribution:** School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$1,316,772 in transportation distributions during the year ended June 30, 2016.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. Budgetary Information

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

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year. Such appropriated balance is legally restricted and is therefore presented as a reserved portion of fund balance.

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

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

The school district follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called for.
4. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.
6. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2016 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	<u>Original Budget</u>	<u>Final Budget</u>
General Fund	\$ 32,785,155	\$ 33,529,302
Special Revenue Fund	4,286,684	5,546,517
Capital Projects Fund	43,708,620	42,231,062
Debt Service Fund	6,500	6,500
Totals	\$ 80,786,959	\$ 81,313,381

### B. Budgetary Violations

The District did not have any budgetary violations during the year ended June 30, 2016.

### C. Deficit Fund Equity

The District did not have any deficit fund balances as of June 30, 2016.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

### III. DETAILED NOTES ON ALL FUNDS

#### A. Cash and Temporary Investments

At June 30, 2016, the carrying amount of the District's deposits was \$36,555,924 and the bank balance was \$37,828,504 with the difference consisting of outstanding checks. Of this balance \$504,673 was covered by federal depository insurance and \$25,118,006 was covered by collateral held in joint safekeeping by a third party.

#### Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The statement listed below will meet the State of New Mexico Office of the State Auditor's requirement in reporting the uninsured portion of the deposits. As of June 30, 2016, \$12,205,825 of the District's bank balance of \$37,828,504 was exposed to custodial risk as follows:

	<u>Western Bank</u>	<u>First American Bank</u>	<u>Artesia Credit Union</u>	<u>Total</u>
Uninsured and uncollateralized	\$ -	\$ 12,205,825	\$ -	\$ 12,205,825
Uninsured and collateral held by pledging bank's trust dept not in the District's name	<u>6,177,046</u>	<u>18,940,960</u>	<u>-</u>	<u>25,118,006</u>
Total uninsured	6,177,046	31,146,785	-	37,323,831
Insured (FDIC)	<u>250,000</u>	<u>250,000</u>	<u>4,673</u>	<u>504,673</u>
Total deposits	<u>\$ 6,427,046</u>	<u>\$ 31,396,785</u>	<u>\$ 4,673</u>	<u>\$ 37,828,504</u>
State of New Mexico collateral requirement:				
50% of uninsured public fund bank deposits	\$ 3,088,523	\$ 15,573,393	\$ -	\$ 18,661,916
Pledged security	<u>6,384,082</u>	<u>18,940,960</u>	<u>-</u>	<u>25,325,042</u>
Over collateralization	<u>\$ 3,295,559</u>	<u>\$ 3,367,567</u>	<u>\$ -</u>	<u>\$ 6,663,126</u>

The collateral pledged is listed on Page 95 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the schools. Time deposits, savings deposits and interest bearing "Now" accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

#### B. Receivables

Receivables as of year-end for the government's individual major funds and non-major funds in the aggregate, including the following:

	Receivables		Due from Other	
	<u>Property Taxes</u>	<u>Grant</u>	<u>Governments</u>	<u>Funds</u>
Major Funds:				
General Fund	\$ 27,497	\$ -	\$ 23,000	\$ 1,025,292
Title I	-	170,258	-	-
Entitlement IDEA-B	-	261,293	-	-
Kindergarten 3-Plus	-	156,388	-	-
Special Capital Outlay - State	-	275,000	-	-
Capital Improvements HB-33	287,535	-	233,204	-
Capital Improvements SB-9	113,691	-	92,946	-
Other Governmental Funds	<u>12</u>	<u>166,365</u>	<u>5</u>	<u>-</u>
Total	<u>\$ 428,735</u>	<u>\$ 1,029,304</u>	<u>\$ 349,155</u>	<u>\$ 1,025,292</u>

An allowance for doubtful accounts has not been established. All receivables are expected to be collectible.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

### III. DETAILED NOTES ON ALL FUNDS (cont'd)

#### B. Receivables (cont'd)

Governmental funds reported deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Grant drawdowns prior to meeting all eligibility requirements		
General Fund	\$ -	\$ -
Delinquent property taxes		
General Fund	5,452	-
Capital Improvements HB-33	65,259	-
Capital Improvements SB-9	24,981	-
Other Governmental Funds	<u>11</u>	<u>-</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 95,703</u>	<u>\$ -</u>

#### C. Inter-Fund Receivables and Payables

The inter-fund receivables and payables at June 30, 2016 were:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 1,025,292	\$ -
Title I	-	170,258
Entitlement IDEA-B	-	261,293
Kindergarten 3-Plus	-	156,388
Special Capital Outlay - State	-	275,000
Other Governmental Funds	<u>-</u>	<u>162,353</u>
Total	<u>\$ 1,025,292</u>	<u>\$ 1,025,292</u>

The inter-fund loans were made for the purposes of cash shortfalls within the individual funds. The loans are expected to be repaid within the next fiscal year.

#### D. Inter-Fund Transfers

The District did not have any transfers during the year ended June 30, 2016.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

### III. DETAILED NOTES ON ALL FUNDS (cont'd)

#### E. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 215,439	\$ -	\$ -	\$ -	\$ 215,439
Capital assets being depreciated:					
Land improvements	10,280,250	-	-	-	10,280,250
Buildings and improvements	86,132,644	6,177,284	(38,300)	-	92,271,628
Furniture, fixtures, and equipment	7,019,799	1,413,152	-	-	8,432,951
Total capital assets being depreciated	<u>103,432,693</u>	<u>7,590,436</u>	<u>(38,300)</u>	<u>-</u>	<u>110,984,829</u>
Less accumulated depreciation for:					
Land improvements	(2,909,935)	(496,709)	-	-	(3,406,644)
Buildings and improvements	(43,669,557)	(2,768,187)	25,746	-	(46,411,998)
Furniture, fixtures, and equipment	(2,486,541)	(711,803)	-	-	(3,198,344)
Total accumulated depreciation	<u>(49,066,033)</u>	<u>(3,976,699)</u>	<u>25,746</u>	<u>-</u>	<u>(53,016,986)</u>
Total capital assets being depreciated, net	<u>54,366,660</u>	<u>3,613,737</u>	<u>(12,554)</u>	<u>-</u>	<u>57,967,843</u>
Total capital assets, net	<u>\$ 54,582,099</u>	<u>\$ 3,613,737</u>	<u>\$ (12,554)</u>	<u>\$ -</u>	<u>\$ 58,183,282</u>

Depreciation has been allocated to the functions by the following amounts:

<u>Depreciation Allocation to Functions</u>	
Instruction	\$ 992,065
Support Services - Students	891,341
Support Services - Instruction	29,316
Support Services - General Administration	649,545
Support Services - School Administration	134,962
Operations & Maintenance of Plant	1,237,152
Student Transportation	25,515
Food Services	16,803
Total Depreciation Expense	<u>\$ 3,976,699</u>

The Schedule of Capital Assets Used by Source, and the Schedule of Changes in Capital Assets by Function and Activity have not been prepared because the detailed information is unavailable.

#### Construction commitments

The District is involved in long-term construction projects as part of their master plan for upgrading the district buildings. The amount in the capital projects funds designated for subsequent years expenditures are committed for funding these projects. Interest on construction projects is not capitalized.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

## III. DETAILED NOTES ON ALL FUNDS (cont'd)

### F. Long-Term Debt

Changes in long term debt – During the year ended June 30, 2016 the following changes occurred in liabilities reported in the general obligation bonds account group:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>	Amount Due <u>Within One Year</u>
Compensated absences:					
Compensated vacation	\$ 137,493	\$ 132,292	\$ 149,098	\$ 120,687	\$ 120,687

The liability of compensated absences is liquidated with resources from the general fund and several special revenue funds.

## IV. OTHER INFORMATION

### A. 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; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2016.

### B. Employee Retirement Plan

*Plan Description* - Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, Sections 1 through 52, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the New Mexico Educational Employees' Retirement Plan (Plan), which is a cost-sharing multiple-employer defined benefit retirement plan. ERB issues a separate, publicly available financial report that includes the financial statements and required supplementary information for the plan. That report may be obtained [www.nmerb.org](http://www.nmerb.org), [www.saonm.org](http://www.saonm.org), or by writing to:

ERB  
P.O. Box 26129  
Santa Fe, New Mexico 87502-6129  
[www.nmerb.org](http://www.nmerb.org)

Membership in the Plan is a condition of employment. Employees of public schools, universities, regional cooperatives, special schools and state agencies providing educational programs, who are employed at more than 25% of a full-time equivalency, are required to be members of the Plan. There were 146,089 active, retired, and inactive members in fiscal year 2015; there were 140,008 active, retired, and inactive members in fiscal year 2014.

*Benefits Provided* - The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. Benefits are based on three components: Final Average Salary (FAS), years of both earned and allowed service credits, and a 2.35% factor. The gross annual benefit is determined by multiplying the three components together. FAS is the higher of annual earnings for the previous 20 calendar quarters prior to retirement or the highest average annual earnings for any 20 consecutive calendar quarters.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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## IV. OTHER INFORMATION (cont'd)

### B. Employee Retirement Plan (cont'd)

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

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

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

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

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

The member, upon retirement, has three options as to how to receive the benefit.

Option A – If the member elects the Option A, there is no reduction to the monthly benefit other than any "Rule of 75" deductions or any community property or child support reductions. There will be no continuing benefit to a beneficiary or estate upon the retiree's death, except the balance, if any, of member contributions. Those contributions are usually exhausted in the first three to four years of retirement.

Option B – If the member elects Option B, the monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member and upon the retiree's death, the same benefit is paid to the beneficiary for his or her lifetime. The named beneficiary may not be changed after the effective date of retirement since the amount of the option is calculated by using both the age of the member and the beneficiary. If the beneficiary predeceases the member, the member's benefit will be adjusted by returning it to the Option A Benefit amount. The IRS prohibits selection of Option B for a non-spouse beneficiary more than ten years younger than the member.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

## IV. OTHER INFORMATION (cont'd)

### B. Employee Retirement Plan (cont'd)

Option C – If the member elects Option C, the monthly benefit is reduced to provide for a 50% survivor's benefit. The benefit is payable during the life of the member and upon the retiree's death, one half of the member's benefit is paid to the beneficiary for his or her lifetime. Here again, the named beneficiary may not be changed after the effective date of retirement. If the beneficiary predeceases the member, the member's benefit is adjusted by returning it to the Option A Benefit amount.

Under the provisions of Options B and C coverage, the beneficiary must be a person, and only one beneficiary may be named. The term beneficiary means a person having an insurable interest in the life of the member.

Member Contributions – Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 10.7% of their gross salary in fiscal year 2016.

Employer Contributions – In fiscal year 2016, the District was required to contribute 13.9% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 13.9% of the gross covered salary for employees whose annual salary is more than \$20,000. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2016, 2015, and 2014, were \$2,888,644, \$2,849,014, and \$2,489,711, respectively, which equal the amount of the required contributions for each fiscal year.

Employers

The Educational Retirement Act designates employers as Local Administrative Units, directly responsible for payment of compensation for the employment of members or participants of this Plan. There were 216 contributing employers in fiscal year 2015; there were 217 contributing employers in fiscal year 2014.

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

At June 30, 2016, the District reported a liability of \$46,702,385 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District's proportion was 0.72102 percent, which was an increase of 0.03349 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$3,890,260.

<b>Pension Expense Calculation</b>		
Add:	Net pension liability - end of the year	\$ 46,702,385
Deduct:	Net pension liability - beginning of the year	(39,228,602)
Deduct:	Deferred outflows of resources during the year	(6,313,983)
Add:	First year of amortization of deferred outflows of resources	555,201
Add:	Deferred inflows of resources during the year	465,775
Deduct:	First year of amortization of deferred inflows of resources	-
Add:	Layered amortization of prior year(s) deferred outflows of resources	-
Deduct:	Layered amortization of prior year(s) deferred inflows of resources	(1,139,530)
	Reductions to ending net pension liability due contributions paid	2,849,014
	Total Pension Expense	\$ 3,890,260



# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

## IV. OTHER INFORMATION (cont'd)

### B. Employee Retirement Plan (cont'd)

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 855,354
Change of assumptions	1,606,344	-
Net difference between projected and actual earnings on pension plan investments	-	220,684
Changes in proportion and differences between District contributions and proportionate share of contributions	1,557,831	364,665
District contributions subsequent to the measurement date	<u>2,888,644</u>	<u>-</u>
Total	<u>\$ 6,052,819</u>	<u>\$ 1,440,703</u>

Deferred outflows of resources related to pensions in the amount of \$2,888,644 resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2017	\$ (231,059)
2018	(279,871)
2019	(563,891)
2020	(648,651)
2021	-
Thereafter	<u>-</u>
Total	<u>\$ (1,723,472)</u>

#### Actuarial Assumptions

A single discount rate of 7.75% was used to measure the total pension liability as of June 30, 2015. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the assumptions described below and the projection of cash flows, pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. The long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of June 30, 2014. The total pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2014. The total pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2015. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

- 1) All members with an annual salary of more than \$20,000 will contribute 10.7% during the fiscal year ending June 30, 2015 and thereafter.
- 2) Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their Cost of Living Adjustment (COLA) will be deferred until age 67.
- 3) COLAs for most retirees are reduced until ERB attains a 100% funded status.
- 4) The new assumptions were adopted by ERB on June 12, 2015 in conjunction with the six year experience study period ending June 30, 2014.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

## IV. OTHER INFORMATION (cont'd)

### B. Employee Retirement Plan (cont'd)

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 contributions rates included in the measurement are as follows:

Actuarial Cost Method Entry Age:	Normal
Amortization Method:	Level Percentage of Payroll
Remaining Period:	Amortized - closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method:	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation:	3.00%
Salary Increases:	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return:	7.75%
Retirement Age:	Experience based table of age and service rates
Mortality:	90% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2015 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 2015 and 2014 for 30-year return assumptions are summarized in the following table:

<u>Asset Class</u>	<u>2015 Long-Term Expected Real Rate of Return</u>	<u>2014 Long-Term Expected Real Rate of Return</u>
Cash	3.25%	1.50%
Treasuries	3.50%	2.00%
IG Corp Credit	4.75%	3.50%
MBS	3.75%	2.25%
Core Bonds	3.98%	2.53%
TIPS	4.00%	2.50%
High Yield Bonds	5.75%	4.50%
Bank Loans	6.00%	5.00%
Global Bonds (Unhedged)	2.25%	1.25%
Global Bonds (Hedged)	2.41%	1.38%
EMD External	6.00%	5.00%
EMD Local Currency	6.75%	5.75%
Large Cap Equities	7.50%	6.25%
Small/Mid Cap	7.75%	6.25%
International Equities (Unhedged)	8.00%	7.25%
International Equities (Hedged)	8.47%	7.50%
Emerging International Equities	9.25%	9.50%
Private Equity	9.50%	8.75%
Private Debt	8.00%	8.00%
Private Real Assets	7.75%	7.75%
Real Estate	6.50%	6.25%
Commodities	5.75%	5.00%
Hedge Funds	6.75%	5.50%

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

## IV. OTHER INFORMATION (cont'd)

### B. Employee Retirement Plan (cont'd)

#### Rate of Return

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.

#### Sensitivity of the Net Pension Liability to Changes in the Discount Rate Assumption

The following table shows the sensitivity of the net pension liability to changes in the discount rate as of fiscal year end 2015, 2014, and 2013. In particular, the table presents the Plan'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.

		1% Decrease 6.75%		Current Single Rate Assumption 7.75%		1% Increase 8.75%
<b>ERB (All Employers)</b>						
2015	\$	8,715,594,530	\$	6,477,266,299	\$	4,596,837,569
2014	\$	7,763,304,829	\$	5,705,730,813	\$	3,987,098,791
2013	\$	8,286,923,513	\$	6,276,852,149	\$	4,599,162,126
<b>Artesia Public Schools</b>						
2015	\$	62,841,180	\$	46,702,385	\$	33,144,118
2014	\$	53,375,040	\$	39,228,602	\$	27,412,491
2013	\$	57,968,687	\$	43,907,837	\$	32,172,059

### C. Post-Retirement Health Care Benefits

#### Plan Description

Artesia Public 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 the 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:

Retiree Health Care Authority  
4308 Carlisle NE, Suite 104  
Albuquerque, NM 87107

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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## IV. OTHER INFORMATION (cont'd)

### C. Post-Retirement Health Care Benefits (cont'd)

#### *Funding Policy*

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 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 District's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$416,001, \$409,942, and \$378,700, respectively, which equal the required contributions for each year.

### D. Contingent Liabilities

Amounts received or receivable from grant 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 that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

### E. Cash Flows

The District's federal and state grants operate on a reimbursement basis. The District must support the expenditures of these grants with monies from the unrestricted operating monies. Operating on a reimbursement basis for these grants in its self does not adversely affect the District's ability to operate effectively. However, the time it takes to receive reimbursement, if extensive, does significantly affect the District's cash flows and the ability to deliver educational services to the community in an effective manner. This could affect the District's financial operations in subsequent years.

### F. Subsequent Events

Subsequent events were evaluated through September 20, 2016 which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

JUNE 30, 2016

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY  
Educational Retirement Board (ERB) Pension Plan  
Last 10 Fiscal Years\*

	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.721020%	0.687530%
District's proportionate share of the net pension liability	\$ 46,702,385	\$ 39,228,602
District's covered-employee payroll	\$ 20,496,186	\$ 18,950,850
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	227.86%	207.00%
Plan fiduciary net position as a percentage of the total pension liability	63.97%	66.54%

\* These schedules are intended to present 10 years of trending history. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
Educational Retirement Board (ERB) Pension Plan  
Last 10 Fiscal Years\*

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,848,969	\$ 2,489,711
Contributions in relation to the contractually required	<u>(2,849,014)</u>	<u>(2,489,711)</u>
Contribution deficiency (excess)	<u>\$ (45)</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 20,496,186	\$ 18,950,850
Contribution as a percentage of covered-employee payroll	13.90%	13.14%

\* These schedules are intended to present 10 years of trending history. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2016

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

*Changes of assumptions:* ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on June 12, 2015, ERB implemented the following changes in assumptions for fiscal years 2015.

- 1) Fiscal year 2015 valuation assumptions that changed based on this study:
  - a. Lower wage inflation from 4.75% to 3.75%
  - b. Lower payroll growth from 3.75% to 3.50%
  - c. Minor changes to demographic assumptions
  - d. Population growth per year from 0.50% to 0.00%
  
- 2) Assumptions that were not changed:
  - a. Investment return will remain at 7.75%
  - b. Net real return remains at 4.75%
  - c. Inflation will remain at 3.00%
  - d. COLA assumption of 2.00% per year
  - e. Payroll growth remains at 3.50%

See also the Note IV (B) *Actuarial Assumptions* of the financial statement note disclosure on the Pension Plan.

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**GENERAL FUNDS**  
YEAR ENDED JUNE 30, 2016

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**OPERATING FUND**

The government's primary fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**TEACHERAGE FUND**

Accounts for all financial resources used in the housing of teachers.

**TRANSPORTATION FUND**

Accounts for all the Transportation funds received through the state that are used in the maintaining and operating vehicles used to transport students.

**INSTRUCTIONAL MATERIALS FUND**

Accounts for all the Instructional Materials funds received through the state for the purpose of acquiring study materials for the students.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

GENERAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2016**

	Operational <u>Fund #11000</u>	Teacherage <u>Fund #12000</u>	Transportation <u>Fund #13000</u>	Instructional Materials <u>Fund #14000</u>	Total General <u>Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 3,333,858	\$ 241,000	\$ -	\$ 127,524	\$ 3,702,382
Receivables:					
Property taxes	27,497	-	-	-	27,497
Due from other governments	23,000	-	-	-	23,000
Due from other funds	<u>1,025,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,025,292</u>
<b>Total assets</b>	<u><u>\$ 4,409,647</u></u>	<u><u>\$ 241,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 127,524</u></u>	<u><u>\$ 4,778,171</u></u>
 <b>Liabilities, deferred inflows and fund balance</b>					
Liabilities:					
Accounts payable	\$ 8,050	\$ -	\$ -	\$ 10,916	\$ 18,966
Deferred inflows of resources:					
Delinquent property taxes	5,452	-	-	-	5,452
Fund balance:					
Unassigned	<u>4,396,145</u>	<u>241,000</u>	<u>-</u>	<u>116,608</u>	<u>4,753,753</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u><u>\$ 4,409,647</u></u>	<u><u>\$ 241,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 127,524</u></u>	<u><u>\$ 4,778,171</u></u>



STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

GENERAL FUNDS  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Year Ended June 30, 2016

	<u>General Funds</u>				<u>Total General Fund</u>
	<u>Operational Fund #11000</u>	<u>Teacherage Fund #12000</u>	<u>Transportation Fund #13000</u>	<u>Instructional Materials Fund #14000</u>	
<b>Revenues:</b>					
Taxes:					
Property	\$ 357,733	\$ -	\$ -	\$ -	\$ 357,733
Oil and gas	442,249	-	-	-	442,249
Intergovernmental - federal grants	63,154	-	-	-	63,154
Intergovernmental - state grants	27,326,194	-	1,316,772	277,865	28,920,831
Contributions - private grants	378,192	-	-	-	378,192
Charges for services	36,363	156,764	-	-	193,127
Investment and interest income	<u>7,749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,749</u>
<b>Total revenue</b>	<u>28,611,634</u>	<u>156,764</u>	<u>1,316,772</u>	<u>277,865</u>	<u>30,363,035</u>
<b>Expenditures:</b>					
Current:					
Instruction	18,035,557	-	-	254,655	18,290,212
Support services:					
Students	2,321,475	-	-	-	2,321,475
Instruction	707,945	-	-	-	707,945
General Administration	550,717	-	-	-	550,717
School Administration	2,343,994	-	-	-	2,343,994
Central Services	727,049	-	-	-	727,049
Operation & Maintenance of Plant	3,128,257	69,195	-	-	3,197,452
Student transportation	-	-	1,316,772	-	1,316,772
Other Support services	19,243	-	-	-	19,243
Capital outlay	<u>344,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>344,039</u>
<b>Total expenditures</b>	<u>28,178,276</u>	<u>69,195</u>	<u>1,316,772</u>	<u>254,655</u>	<u>29,818,898</u>
<i>Excess of revenues over expenditures</i>	433,358	87,569	-	23,210	544,137
<b>Fund balance at beginning of the year</b>	<u>3,962,787</u>	<u>153,431</u>	<u>-</u>	<u>93,398</u>	<u>4,209,616</u>
<b>Fund balance at end of the year</b>	<u>\$ 4,396,145</u>	<u>\$ 241,000</u>	<u>\$ -</u>	<u>\$ 116,608</u>	<u>\$ 4,753,753</u>

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

OPERATIONAL FUND - NO. 11000  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ 225,000	\$ 225,000	\$ 359,938	\$ 134,938
Oil and gas	600,000	600,000	458,891	(141,109)
Intergovernmental - federal sources:				
Forest reserve	-	10,115	10,116	1
Federal grants	23,000	23,000	53,038	30,038
Intergovernmental - state sources:				
State equalization guarantee	26,652,950	27,063,052	27,326,194	263,142
Contributions - private grants	377,000	377,000	378,192	1,192
Charges for services	33,035	33,035	36,363	3,328
Investment and interest income	<u>3,500</u>	<u>3,500</u>	<u>7,749</u>	<u>4,249</u>
<b>Total revenues</b>	<u>27,914,485</u>	<u>28,334,702</u>	<u>28,630,481</u>	<u>295,779</u>
<b>Expenditures:</b>				
Current:				
Instruction	18,844,692	19,124,907	18,036,137	1,088,770
Support services:				
Students	2,427,010	2,460,735	2,319,318	141,417
Instruction	809,087	826,087	707,842	118,245
General Administration	653,153	686,953	550,120	136,833
School Administration	2,566,015	2,579,122	2,345,324	233,798
Central Services	894,479	923,749	726,943	196,806
Operation & Maintenance of Plant	4,242,638	4,255,738	3,128,353	1,127,385
Other Support services	215,713	215,713	19,242	196,471
Capital outlay:				
Construction in progress	<u>509,780</u>	<u>509,780</u>	<u>390,177</u>	<u>119,603</u>
<b>Total expenditures</b>	<u>31,162,567</u>	<u>31,582,784</u>	<u>28,223,456</u>	<u>3,359,328</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(3,248,082)	(3,248,082)	407,025	3,655,107
<i>Beginning cash balance budgeted</i>	3,248,082	3,248,082	-	(3,248,082)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>3,962,787</u>	<u>3,962,787</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>4,369,812</u>	<u>\$ 4,369,812</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			(8,010)	
Change in due from other governments			(10,575)	
Change in payables			45,180	
Change in deferred property taxes			<u>(262)</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 4,396,145</u>	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

TEACHERAGE FUND - NO. 12000  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Contributions - private grants	\$ 104,648	\$ 104,648	\$ 156,764	\$ 52,116
<b>Expenditures:</b>				
Current:				
Support services:				
Operation & Maintenance of Plant	220,000	258,483	69,599	188,884
<i>Excess (deficiency) of revenues over expenditures</i>	(115,352)	(153,835)	87,165	241,000
<i>Beginning cash balance budgeted</i>	115,352	153,835	-	(153,835)
<b>Fund balance at beginning of the year</b>	-	-	153,431	153,431
<b>Fund balance at end of the year</b>	\$ -	\$ -	240,596	\$ 240,596
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			404	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 241,000	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

TRANSPORTATION FUND - NO. 13000  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state sources:				
Transportation	\$ 1,190,697	\$ 1,316,772	\$ 1,316,772	\$ -
<b>Expenditures:</b>				
Current:				
Support services:				
Student transportation	<u>1,190,697</u>	<u>1,316,772</u>	<u>1,316,772</u>	<u>-</u>
<i>Excess of revenues over expenditures</i>	-	-	-	-
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>\$ -</u></u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u><u>\$ -</u></u>	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

INSTRUCTIONAL MATERIALS FUND - NO. 14000  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state sources:				
State instructional material	\$ 211,891	\$ 277,865	\$ 277,865	\$ -
<b>Expenditures:</b>				
Current:				
Instruction	<u>211,891</u>	<u>371,263</u>	<u>243,739</u>	<u>127,524</u>
<i>Excess (deficiency) of revenues   over expenditures</i>	-	(93,398)	34,126	127,524
<i>Beginning cash balance budgeted</i>	-	93,398	-	(93,398)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>93,398</u>	<u>93,398</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	127,524	<u>\$ 127,524</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			<u>(10,916)</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u><u>\$ 116,608</u></u>	

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## MAJOR CAPITAL PROJECTS FUNDS

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

SPECIAL CAPITAL OUTLAY - STATE FUND - NO. 31400  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ 275,000	\$ -	\$ (275,000)
<b>Expenditures:</b>				
Capital outlay:				
Construction in progress	-	275,000	275,000	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(275,000)	(275,000)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance (deficit) at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	(275,000)	<u>\$ (275,000)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			275,000	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	



STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

CAPITAL IMPROVEMENTS HB-33 FUND - NO. 31600

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ 3,531,060	\$ 3,531,060	\$ 3,803,236	\$ 272,176
Oil and gas	7,581,820	5,081,820	4,589,196	(492,624)
Investment and interest income	-	-	10,855	10,855
<b>Total revenues</b>	11,112,880	8,612,880	8,403,287	(209,593)
<b>Expenditures:</b>				
Current:				
Support services:				
General Administration	55,000	55,000	23,372	31,628
Operation & Maintenance of Plant	7,298,742	7,298,742	174,175	7,124,567
Capital outlay:				
Land and improvements	565,000	565,000	31,386	533,614
Buildings and improvements	35,000	35,000	-	35,000
Equipment	2,500,000	2,500,000	971,531	1,528,469
Construction in progress	22,480,000	21,239,375	5,198,039	16,041,336
<b>Total expenditures</b>	32,933,742	31,693,117	6,398,503	25,294,614
<i>Excess (deficiency) of revenues   over expenditures</i>	(21,820,862)	(23,080,237)	2,004,784	25,085,021
<i>Beginning cash balance budgeted</i>	21,820,862	23,080,237	-	(23,080,237)
<b>Fund balance at beginning of the year</b>	-	-	23,724,994	23,724,994
<b>Fund balance at end of the year</b>	\$ -	\$ -	25,729,778	\$ 25,729,778
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			(77,927)	
Change in due from other governments			(106,316)	
Change in deferred property taxes			(5,034)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 25,540,501	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

CAPITAL IMPROVEMENTS SB-9 FUND - NO. 31700  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ 1,380,798	\$ 1,380,798	\$ 1,498,676	\$ 117,878
Oil and gas	3,361,073	2,161,073	1,835,830	(325,243)
Intergovernmental - state grants	85,054	171,913	85,054	(86,859)
Investment and interest income	-	-	3,536	3,536
Miscellaneous	-	-	2,283	2,283
<b>Total revenues</b>	<b>4,826,925</b>	<b>3,713,784</b>	<b>3,425,379</b>	<b>(288,405)</b>
<b>Expenditures:</b>				
Current:				
Support services:				
General Administration	36,871	36,871	9,192	27,679
Operation & Maintenance of Plant	6,050,000	6,188,067	2,806,618	3,381,449
Capital outlay:				
Land and improvements	725,000	725,000	102,954	622,046
Buildings and improvements	525,000	175,000	-	175,000
Equipment	1,905,000	1,605,000	473,066	1,131,934
Construction in progress	1,533,007	1,533,007	169,776	1,363,231
<b>Total expenditures</b>	<b>10,774,878</b>	<b>10,262,945</b>	<b>3,561,606</b>	<b>6,701,339</b>
<i>Excess (deficiency) of revenues over expenditures</i>	(5,947,953)	(6,549,161)	(136,227)	6,412,934
<i>Beginning cash balance budgeted</i>	5,947,953	6,549,161	-	(6,549,161)
<b>Fund balance at beginning of the year</b>	-	-	6,762,403	6,762,403
<b>Fund balance at end of the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>6,626,176</b>	<b>\$ 6,626,176</b>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			(31,776)	
Change in due from other governments			(42,458)	
Change in payables			22,132	
Change in deferred property taxes			(1,454)	
<b>Fund balance at end of the year (GAAP basis)</b>			<b>\$ 6,572,620</b>	

## NONMAJOR GOVERNMENTAL FUNDS

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**NONMAJOR GOVERNMENTAL FUNDS**  
YEAR ENDED JUNE 30, 2016

**Nonmajor Special Revenue Funds**

Special revenue funds are operating funds used to account for the proceeds of specific revenue sources that are intended for specific purposes other than special assessments or major capital projects.

- **FOOD SERVICE (Fund No. 21000)** Minimum Balance: None

This program provides financing for the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-4, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 stat. 889, as amended; 84 stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 sat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 stat. 3341; Public Law 100-71, 101 stat. 430.
- **ATHLETICS (Fund No. 22000)** Minimum Balance: None

This fund provides financing for school athletic activities. Funding is provided by fees from patrons.
- **PRESCHOOL IDEA-B (Fund No. 24109)** Minimum Balance: None

The Preschool program is for the purpose of enhancing Special Education for handicapped children from ages 3 to 5. The program is funded by the United States government, under the Individuals With Disabilities Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, and 101-476.
- **IDEA-B Student Success (Fund No. 24132)** Minimum Balance: None

The purpose of this grant award is to support activities included in the school's Educational Plan for Student Success, or areas in need of improvement, identified through the instructional audit. The program is funded by the United States government, under the Individuals with Disabilities Act, Public Law 108-446 Part B.
- **TITLE III ENGLISH LANGUAGE (Fund No. 24153)** Minimum Balance: None

To ensure that limited English proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same standards as all children and youth are expected to meet; to provide assistance to Native American, Native Hawaiian, Native American Pacific Islander, and Alaskan native children with certain modifications relative to the unique status of native American language under Federal Law; to develop to the extent possible, the native language skills of such children. The fund is authorized through the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101,3129.
- **TITLE II TEACHER QUALITY (Fund No. 24154)** Minimum Balance: None

To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in the academic achievement. Authorization is granted through the Elementary and Secondary Education Act of 1965, as amended, Title II, Part A, Public Law 107-110.
- **RURAL & LOW-INCOME SCHOOLS (Fund No. 24160)** Minimum Balance: None

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, Title VI, Part B.

**NONMAJOR GOVERNMENTAL FUNDS**  
YEAR ENDED JUNE 30, 2016

**Nonmajor Special Revenue Funds (cont'd)**

- TITLE XIX MEDICAID (Fund No. 25153) Minimum Balance: None

To provide financial assistance from the Federal government which flows-through the State of New Mexico to school districts, for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women and the aged who meet income and resource requirements, and other categorically-eligible groups. The program is funded by the U.S. government under the Social Security Act, Title XIX, as amended; Public Laws 92-223, 92-602, 93-66, 93-233, 96-499, 97-35, 97-2248, 98-369, 99-272, 99-509, 100-93, 100-202, 100-203, 100-360, 100-436, 100-485, 100-647, 101-166, 101-234, 101-239, 101-508, 101-517, 102-234, 102-170, 102-394, 103-66, 103-14, 103-333, 104-91, 104-191, 104-193, 104-208, and 104-134; Balanced Budget Act of 1997, Public Law 105-33.
- DUAL CREDIT INSTRUCTIONAL MATERIALS (Fund No. 27103) Minimum Balance: None

To be used for courses approved by Higher Education Department (HED) and through a college/university for which the district has an approved agreement.
- LIBRARY GO BONDS 2012 (Fund No. 27107) Minimum Balance: None

Funds to be used for library books and library resources for public school libraries statewide. Library resources include computers, software, projectors, televisions, other related hardware and software, shelving, desks, chairs, and book trucks/carts. Senate Bill 66, Laws of 2012, 2nd Session, Chapter 54, Section 10.B.(3).
- READS TO LEAD (Fund No. 27114) Minimum Balance: None

Provides an aligned approach for districts and schools to ensure that children can read by the end of third grade—giving them essential skills for future career and college success. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators.
- BREAKFAST FOR ELEMENTARY STUDENTS (Fund No. 27155) Minimum Balance: None

To provide elementary students with the nutrition necessary to facilitate learning.
- STEM TEACHER INTIATIVE (Fund No. 27181) Minimum Balance: None

The purpose of these funds is to provide a \$5,000 stipend per year to 125 highly effective STEM teachers to teach Science, Technology, Engineering, or Mathematics (grades 7-12) for two years to serve in hard to staff (low performing CD/F), rural, urban) schools.
- NM GROWN (Fund No. 27183) Minimum Balance: None

Funds under this award are to be used to purchase locally grown New Mexico fresh fruits and vegetables, to be made available at no charge to students. Funds have been received as appropriation through the General Appropriations Act to distribute to school districts and charter schools.
- STEM/HARD TO STAFF (Fund No. 27195) Minimum Balance: None

The purpose of these funds is to provide a \$5,000 stipend per year to 125 highly effective STEM teachers to teach Science, Technology, Engineering, or Mathematics (grades 7-12) for two years to serve in hard to staff (low performing CD/F), rural, urban) schools. These funds can be used as a stipend to recruit these hard-to-staff experts to teach in hard to staff schools or to attract and retain these teachers in low-performing schools. The New Mexico Public Education Department's (PED's) Math and Science and Licensure Bureaus are issuing this RFI to all New Mexico public school districts, state chartered schools and state-supported schools that have been determined as "hard to staff".

**NONMAJOR GOVERNMENTAL FUNDS**  
YEAR ENDED JUNE 30, 2016

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**Nonmajor Debt Service Funds**

Debt service funds are used to account for the payment of principal and interest on long-term debt. Debt Service revenues are from taxes and other operating revenues, some of which are pledged specifically to repay certain outstanding bond issues.

➤ DEBT SERVICE FUND (Fund No. 41000) Minimum Balance:     None

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2016**

	Special Revenue Funds				
	Food Service Fund #21000	Athletics Fund #22000	Preschool IDEA-B Fund #24109	IDEA-B Student Success Fund #24132	Title III English Language Fund #24153
<b>Assets</b>					
Cash and cash equivalents	\$ 13	\$ 195,612	\$ -	\$ -	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	4,012	-	14,938	28,828	9,575
Due from other governments	-	-	-	-	-
Food inventory	8,689	-	-	-	-
<b>Total assets</b>	<u>\$ 12,714</u>	<u>\$ 195,612</u>	<u>\$ 14,938</u>	<u>\$ 28,828</u>	<u>\$ 9,575</u>
 <b>Liabilities, deferred inflows and fund balance</b>					
Liabilities:					
Accounts payable	\$ 128	\$ 2,956	\$ -	\$ -	\$ -
Due to other funds	-	-	14,938	28,828	9,575
<b>Total liabilities</b>	<u>128</u>	<u>2,956</u>	<u>14,938</u>	<u>28,828</u>	<u>9,575</u>
Deferred inflows of resources:					
Delinquent property taxes	-	-	-	-	-
Fund balance:					
Non-spendable:					
Inventories	8,689	-	-	-	-
Restricted for:					
Special revenue funds	3,897	192,656	-	-	-
Debt service	-	-	-	-	-
<b>Total fund balance</b>	<u>12,586</u>	<u>192,656</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ 12,714</u>	<u>\$ 195,612</u>	<u>\$ 14,938</u>	<u>\$ 28,828</u>	<u>\$ 9,575</u>

( cont'd; 1 of 4 )



STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2016**

	<b>Special Revenue Funds</b>			
	Title II Teacher Quality Fund #24154	Rural & Low- Income Schools Fund #24160	Title XIX Medicaid Fund #25153	Dual Credit Instructional Materials Fund #27103
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 38,932	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	44,489	8,893	-	-
Due from other governments	-	-	-	-
Food inventory	-	-	-	-
<b>Total assets</b>	<u>\$ 44,489</u>	<u>\$ 8,893</u>	<u>\$ 38,932</u>	<u>\$ -</u>
<b>Liabilities, deferred inflows and fund balance</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	44,489	8,893	-	-
Total liabilities	<u>44,489</u>	<u>8,893</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	38,932	-
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>38,932</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ 44,489</u>	<u>\$ 8,893</u>	<u>\$ 38,932</u>	<u>\$ -</u>

( cont'd; 2 of 4 )

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2016**

	<b>Special Revenue Funds</b>			
	Library Go Bonds 2012 Fund #27107	Reads to Leads Fund #27114	Breakfast for Elementary Students Fund #27155	STEM Teacher Initiative Fund #27181
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	6,700	17,354	10,039	-
Due from other governments	-	-	-	-
Food inventory	-	-	-	-
<b>Total assets</b>	<b>\$ 6,700</b>	<b>\$ 17,354</b>	<b>\$ 10,039</b>	<b>\$ -</b>
<b>Liabilities, deferred inflows and fund balance</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	6,700	17,354	10,039	-
<b>Total liabilities</b>	<b>6,700</b>	<b>17,354</b>	<b>10,039</b>	<b>-</b>
Deferred inflows of resources:				
Delinquent property taxes	-	-	-	-
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Debt service	-	-	-	-
Total fund balance	-	-	-	-
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 6,700</b>	<b>\$ 17,354</b>	<b>\$ 10,039</b>	<b>\$ -</b>

( cont'd; 3 of 4 )

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2016**

	<b>Special Revenue Funds</b>		Total	Debt Service	Total Nonmajor
	NM Grown	STEM/HARD	Non-Major	Fund #41000	Governmental
	Fund #27183	to Staff Fund #27195	Special Revenue Funds		Funds
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 234,557	\$ 3,928	\$ 238,485
Receivables:					
Property taxes	-	-	-	12	12
Grant	-	21,537	166,365	-	166,365
Due from other governments	-	-	-	5	5
Food inventory	-	-	8,689	-	8,689
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 21,537</b>	<b>\$ 409,611</b>	<b>\$ 3,945</b>	<b>\$ 413,556</b>
<b>Liabilities, deferred inflows and fund balance</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 3,084	\$ -	\$ 3,084
Due to other funds	-	21,537	162,353	-	162,353
Total liabilities	-	21,537	165,437	-	165,437
Deferred inflows of resources:					
Delinquent property taxes	-	-	-	11	11
Fund balance:					
Non-spendable:					
Inventories	-	-	8,689	-	8,689
Restricted for:					
Special revenue funds	-	-	235,485	-	235,485
Debt service	-	-	-	3,934	3,934
Total fund balance	-	-	244,174	3,934	248,108
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ -</b>	<b>\$ 21,537</b>	<b>\$ 409,611</b>	<b>\$ 3,945</b>	<b>\$ 413,556</b>

( 4 of 4 )

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2016**

	<b>Special Revenue Funds</b>			
	<u>Food Service Fund #21000</u>	<u>Athletics Fund #22000</u>	<u>Preschool IDEA-B Fund #24109</u>	<u>IDEA-B Student Success Fund #24132</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-
Intergovernmental - federal grants	1,319,441	-	47,195	79,982
Intergovernmental - state grants	-	-	-	-
Contributions - private grants	-	2,570	-	-
Charges for services	420,886	203,569	-	-
Investment and interest income	20	-	-	-
Miscellaneous	<u>1,684</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<u>1,742,031</u>	<u>206,139</u>	<u>47,195</u>	<u>79,982</u>
<b>Expenditures:</b>				
Current:				
Instruction	-	182,298	7,241	79,982
Support services:				
Students	-	-	1,229	-
Instruction	-	-	-	-
General Administration	-	-	1,285	-
School Administration	-	-	37,440	-
Food services operations	<u>1,723,610</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>1,723,610</u>	<u>182,298</u>	<u>47,195</u>	<u>79,982</u>
<i>Excess (deficiency) of revenues   over expenditures</i>	18,421	23,841	-	-
<b>Fund balance at beginning of the year</b>	<u>(5,835)</u>	<u>168,815</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ 12,586</u>	<u>\$ 192,656</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 1 of 5)

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2016**

	<b>Special Revenue Funds</b>			
	Title III English Language <u>Fund #24153</u>	Title II Teacher Quality <u>Fund #24154</u>	Rural & Low- Income Schools <u>Fund #24160</u>	Title XIX Medicaid <u>Fund #25153</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-
Intergovernmental - federal grants	17,642	142,401	64,294	194,121
Intergovernmental - state grants	-	-	-	-
Contributions - private grants	-	-	-	-
Charges for services	-	-	-	-
Investment and interest income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>17,642</u>	<u>142,401</u>	<u>64,294</u>	<u>194,121</u>
<b>Expenditures:</b>				
Current:				
Instruction	16,852	138,347	62,464	-
Support services:				
Students	-	-	-	223,837
Instruction	-	-	-	-
General Administration	297	4,054	1,830	5,860
School Administration	493	-	-	18,312
Food services operations	-	-	-	-
<b>Total expenditures</b>	<u>17,642</u>	<u>142,401</u>	<u>64,294</u>	<u>248,009</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	(53,888)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,820</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,932</u>

( cont'd; 2 of 5 )

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2016**

	<b>Special Revenue Funds</b>			
	Dual Credit Instructional Materials <u>Fund #27103</u>	Library Go Bonds 2012 <u>Fund #27107</u>	Reads to Leads <u>Fund #27114</u>	Breakfast for Elementary Students <u>Fund #27155</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-
Intergovernmental - federal grants	-	-	-	-
Intergovernmental - state grants	1,714	29,933	114,066	12,660
Contributions - private grants	-	-	-	-
Charges for services	-	-	-	-
Investment and interest income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	1,714	29,933	114,066	12,660
<b>Expenditures:</b>				
Current:				
Instruction	1,714	-	114,066	-
Support services:				
Students	-	-	-	-
Instruction	-	29,933	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Food services operations	-	-	-	12,660
<b>Total expenditures</b>	1,714	29,933	114,066	12,660
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	\$ -	\$ -

( cont'd; 3 of 5 )

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2016**

	<b>Special Revenue Funds</b>			
	STEM Teacher Initiative <u>Fund #27181</u>	NM Grown <u>Fund #27183</u>	STEM/HARD to Staff <u>Fund #27195</u>	Total Nonmajor Special Revenue <u>Funds</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-
Intergovernmental - federal grants	-	-	-	1,865,076
Intergovernmental - state grants	-	1,235	43,047	202,655
Contributions - private grants	-	-	-	2,570
Charges for services	-	-	-	624,455
Investment and interest income	-	-	-	20
Miscellaneous	-	-	-	1,684
<b>Total revenues</b>	-	1,235	43,047	2,696,460
<b>Expenditures:</b>				
Current:				
Instruction	-	-	43,047	646,011
Support services:				
Students	-	-	-	225,066
Instruction	-	-	-	29,933
General Administration	-	-	-	13,326
School Administration	-	-	-	56,245
Food services operations	-	1,235	-	1,737,505
<b>Total expenditures</b>	-	1,235	43,047	2,708,086
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	(11,626)
<b>Fund balance at beginning of the year</b>	-	-	-	255,800
<b>Fund balance at end of the year</b>	\$ -	\$ -	\$ -	\$ 244,174

( cont'd; 4 of 5 )

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2016**

	<u>Debt Service Fund #41000</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues:</b>		
Taxes:		
Property	\$ 8	\$ 8
Oil and gas	446	446
Intergovernmental - federal grants	-	1,865,076
Intergovernmental - state grants	-	202,655
Contributions - private grants	-	2,570
Charges for services	-	624,455
Investment and interest income	-	20
Miscellaneous	-	1,684
<b>Total revenues</b>	<u>454</u>	<u>2,696,914</u>
<b>Expenditures:</b>		
Current:		
Instruction	-	646,011
Support services:		
Students	-	225,066
Instruction	-	29,933
General Administration	-	13,326
School Administration	-	56,245
Food services operations	-	1,737,505
<b>Total expenditures</b>	<u>-</u>	<u>2,708,086</u>
<i>Excess (deficiency) of revenues over expenditures</i>	454	(11,172)
<b>Fund balance at beginning of the year</b>	<u>3,480</u>	<u>259,280</u>
<b>Fund balance at end of the year</b>	<u>\$ 3,934</u>	<u>\$ 248,108</u>

( 5 of 5 )



NONMAJOR GOVERNMENTAL FUNDS  
BUDGETARY PRESENTATION

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

FOOD SERVICE FUND - NO. 21000  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 1,028,855	\$ 1,228,855	\$ 1,214,513	\$ (14,342)
Charges for services	448,875	448,875	420,886	(27,989)
Investment and interest income	-	-	20	20
Miscellaneous	-	-	<u>1,684</u>	<u>1,684</u>
<b>Total revenues</b>	<u>1,477,730</u>	<u>1,677,730</u>	1,637,103	(40,627)
<b>Expenditures:</b>				
Current:				
Food Services Operations	<u>1,477,730</u>	<u>1,677,730</u>	<u>1,620,991</u>	<u>56,739</u>
<i>Excess of revenues over expenditures</i>	-	-	16,112	16,112
<b>Fund balance (deficit) at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>(5,835)</u>	<u>(5,835)</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	10,277	<u>\$ 10,277</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in inventory			735	
Change in grant receivable			1,619	
Change in payables			<u>(45)</u>	
<b>Fund balance (deficit) at end of the year (GAAP basis)</b>			<u><u>\$ 12,586</u></u>	

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

ATHLETICS FUND - NO. 22000  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Contributions - private grants	\$ 3,500	\$ 3,500	\$ 2,570	\$ (930)
Charges for services	<u>158,706</u>	<u>158,706</u>	<u>203,569</u>	<u>44,863</u>
<b>Total revenues</b>	162,206	162,206	206,139	43,933
<b>Expenditures:</b>				
Current:				
Instruction	<u>343,500</u>	<u>332,770</u>	<u>181,091</u>	<u>151,679</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(181,294)	(170,564)	25,048	195,612
<i>Beginning cash balance budgeted</i>	181,294	170,564	-	(170,564)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>168,815</u>	<u>168,815</u>
<b>Fund balance at end of the year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>193,863</u>	<u><u>\$ 193,863</u></u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			<u>(1,207)</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u><u>\$ 192,656</u></u>	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

PRESCHOOL IDEA-B FUND - NO. 24109  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 43,829	\$ 71,068	\$ 50,029	\$ (21,039)
<b>Expenditures:</b>				
Current:				
Instruction	4,477	16,389	7,241	9,148
Support services:				
Students	3,604	9,540	1,229	8,311
General Administration	1,285	1,285	1,285	-
School Administration	34,463	43,854	37,440	6,414
<b>Total expenditures</b>	43,829	71,068	47,195	23,873
<i>Excess of revenues over expenditures</i>	-	-	2,834	2,834
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	2,834	\$ 2,834
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(2,834)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

IDEA-B STUDENT SUCCESS FUND - NO. 24132  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 80,000	\$ 80,000	\$ 51,154	\$ (28,846)
<b>Expenditures:</b>				
Current:				
Instruction	<u>80,000</u>	<u>80,000</u>	<u>79,982</u>	<u>18</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(28,828)	(28,828)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	(28,828)	<u>\$ (28,828)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			<u>28,828</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

TITLE III ENGLISH LANGUAGE FUND - NO. 24153  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 15,134	\$ 29,302	\$ 9,584	\$ (19,718)
<b>Expenditures:</b>				
Current:				
Instruction	14,287	28,455	16,852	11,603
Support services:				
General Administration	297	297	297	-
School Administration	550	550	493	57
<b>Total expenditures</b>	15,134	29,302	17,642	11,660
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(8,058)	(8,058)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	(8,058)	\$ (8,058)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			8,058	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

TITLE II TEACHER QUALITY FUND - NO. 24154  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 123,877	\$ 163,138	\$ 121,359	\$ (41,779)
<b>Expenditures:</b>				
Current:				
Instruction	120,352	158,496	138,347	20,149
Support services:				
General Administration	3,525	4,642	4,054	588
<b>Total expenditures</b>	123,877	163,138	142,401	20,737
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(21,042)	(21,042)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	(21,042)	\$ (21,042)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			21,042	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

RURAL & LOW-INCOME SCHOOLS FUND - NO. 24160  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 64,349	\$ 64,349	\$ 70,989	\$ 6,640
<b>Expenditures:</b>				
Current:				
Instruction	62,464	62,464	62,464	-
Support services:				
General Administration	1,885	1,885	1,830	55
<b>Total expenditures</b>	<u>64,349</u>	<u>64,349</u>	<u>64,294</u>	<u>55</u>
<i>Excess of revenues over expenditures</i>	-	-	6,695	6,695
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	6,695	<u>\$ 6,695</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(6,695)	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	



STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

TITLE XIX MEDICAID FUND - NO. 25153  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 199,411	\$ 199,411	\$ 194,121	\$ (5,290)
<b>Expenditures:</b>				
Current:				
Support services:				
Students	179,156	256,976	223,837	33,139
General Administration	5,860	5,860	5,860	-
School Administration	14,395	29,395	18,312	11,083
<b>Total expenditures</b>	199,411	292,231	248,009	44,222
<i>Excess (deficiency) of revenues over expenditures</i>	-	(92,820)	(53,888)	38,932
<i>Beginning cash balance budgeted</i>	-	92,820	-	(92,820)
<b>Fund balance at beginning of the year</b>	-	-	92,820	92,820
<b>Fund balance at end of the year</b>	\$ -	\$ -	38,932	\$ 38,932
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 38,932	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

DUAL CREDIT INSTRUCTIONAL MATERIALS FUND - NO. 27103  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ 10,664	\$ 1,714	\$ (8,950)
<b>Expenditures:</b>				
Current:				
Instruction	-	10,664	1,714	8,950
<i>Excess of revenues over expenditures</i>	-	-	-	-
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	-	\$ -
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

LIBRARY GO BONDS 2012 FUND - NO. 27107  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 41,037	\$ 41,037	\$ 25,334	\$ (15,703)
<b>Expenditures:</b>				
Current:				
Support services:				
Instruction	41,037	41,037	29,933	11,104
<i>Excess (deficiency) of revenues     over expenditures</i>	-	-	(4,599)	(4,599)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	(4,599)	\$ (4,599)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			4,599	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

READS TO LEADS FUND - NO. 27114  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 130,000	\$ 130,000	\$ 101,225	\$ (28,775)
<b>Expenditures:</b>				
Current:				
Instruction	130,000	130,000	114,066	15,934
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(12,841)	(12,841)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	(12,841)	\$ (12,841)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			12,841	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

BREAKFAST FOR ELEMENTARY STUDENTS FUND - NO. 27155  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ 181,529	\$ 3,454	\$ (178,075)
<b>Expenditures:</b>				
Current:				
Food Services Operations	-	181,529	12,660	168,869
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(9,206)	(9,206)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	(9,206)	\$ (9,206)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			9,206	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

STEM TEACHER INITIATIVE FUND - NO. 27181  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ -	\$ 10,765	\$ 10,765
<b>Expenditures:</b>				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	10,765	10,765
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	10,765	\$ 10,765
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(10,765)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

NM GROWN FUND - NO. 27183  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ 4,131	\$ 1,235	\$ (2,896)
<b>Expenditures:</b>				
Current:				
Food Services Operations	-	4,131	1,235	2,896
<i>Excess of revenues over expenditures</i>	-	-	-	-
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	-	\$ -
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

STEM/HARD TO STAFF FUND - NO. 27195

**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ 60,750	\$ 21,510	\$ (39,240)
<b>Expenditures:</b>				
Current:				
Instruction	-	60,750	43,047	17,703
<i>Excess (deficiency) of revenues     over expenditures</i>	-	-	(21,537)	(21,537)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	(21,537)	<u>\$ (21,537)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			21,537	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	



STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

DEBT SERVICE FUND - NO. 41000  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ 500	\$ 500	\$ 8	\$ (492)
Oil and gas	<u>3,000</u>	<u>3,000</u>	<u>460</u>	<u>(2,540)</u>
<b>Total revenues</b>	<u>3,500</u>	<u>3,500</u>	<u>468</u>	<u>(3,032)</u>
<b>Expenditures:</b>				
Current:				
Support services:				
General Administration	100	100	-	100
Debt service:				
Reserves	<u>6,400</u>	<u>6,400</u>	<u>-</u>	<u>6,400</u>
<b>Total expenditures</b>	<u>6,500</u>	<u>6,500</u>	<u>-</u>	<u>6,500</u>
<i>Excess (deficiency) of revenues   over expenditures</i>	(3,000)	(3,000)	468	3,468
<i>Beginning cash balance budgeted</i>	3,000	3,000	-	(3,000)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>3,480</u>	<u>3,480</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>3,948</u>	<u>\$ 3,948</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			(248)	
Change in due from other governments			<u>5</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 3,934</u>	

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## OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

FIDUCIARY FUNDS  
**Schedule of Changes in Assets and Liabilities - All Agency Funds**  
**Year Ended June 30, 2016**

Activity		Balance				Balance
<u>Activity</u>	<u>ASSETS</u>	<u>June 30, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>		<u>June 30, 2016</u>
23700	Interest on Investments	\$ 9,163	\$ -	\$ -		\$ 9,163
23701	Red Ribbon Campaign	185	-	-		185
23704	Book Fund	3,465	3,018	127		6,356
23705	Elementary Art Program	123	-	-		123
23706	General Fund	1,674	-	-		1,674
23707	Gifted Programs	1,109	-	-		1,109
23711	AIS PTO	10,215	12,702	14,113		8,804
23712	Summer School	21,157	21,988	450		42,695
23713	Snack Bar	740	-	-		740
23714	Yeso General	3,403	7,531	2,680		8,254
23715	Central Memorial	2,209	10,289	10,031		2,467
23716	Central General	7,507	1,819	1,823		7,503
23717	Central Special Account	97	142	-		239
23718	Grand Heights General	19,861	28,285	26,008		22,138
23719	Golf Boosters	574	4,970	4,185		1,359
23720	Hermosa General	2,288	2,245	2,627		1,906
23721	Hermosa PTO	14,877	36,167	36,244		14,800
23722	Penasco General	211	231	-		442
23723	AHS Paw Prowlers	536	250	270		516
23724	Roselawn General	6,808	8,559	10,183		5,184
23725	Elementary Science	320	-	-		320
23726	Yucca General	1,514	7,414	6,354		2,574
23728	AHS Boys A Club	8,617	10,276	4,946		13,947
23729	AHS Track Team	5,686	15,983	13,535		8,134
23730	AHS Girls A Club	223	-	-		223
23732	Lou Smith Scholarship	268	981	1,200		49
23733	J. Clark Bruce Scholarship	26	-	-		26
23734	Estell Yates Special	35,785	382,060	415,567		2,278
23735	Navajo Pie	779	20,000	20,284		495
23736	Mack Chase Scholarship	433	22,500	17,500		5,433
23737	AHS Arts and Crafts	2,211	90	-		2,301
23738	AHS Annual Fund	8,645	8,803	13,620		3,828
23739	AJHS Paw Prints	1	-	-		1
23740	AHS Band Fund	3,752	114,340	105,795		12,297
23741	AHS Baseball Boosters	20,290	13,610	28,239		5,661
23742	AHS Beacon	2,048	820	428		2,440
23743	AHS Girls Basketball	1,367	6,572	5,693		2,246
23744	AHS Tennis	6,148	2,140	1,062		7,226
23745	AHS Boys Basketball Camp	1,124	12,227	13,099		252
23746	AHS Cheerleaders	2,159	36,559	34,435		4,283
23747	Yeso Library	1,502	2,824	1,156		3,170
23748	AHS Chorus	18,073	69,260	64,535		22,798
23749	AHS Night Classes	1,292	400	-		1,692
23750	Workbook Fees	5,147	-	-		5,147

( cont'd; 1 of 3 )

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

FIDUCIARY FUNDS  
**Schedule of Changes in Assets and Liabilities - All Agency Funds**  
**Year Ended June 30, 2016**

Activity		Balance			Balance
<u>Activity</u>	<u>ASSETS</u>	<u>June 30, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>June 30, 2016</u>
23752	Class Of 2014	4,193	13,315	9,509	7,999
23753	Class Of 2013	9,825	(2,299)	4,772	2,754
23755	RDC Scholarship	2,416	-	-	2,416
23756	Class of 2015	2,743	1,000	230	3,513
23757	Chase Special Projects	320,259	8,694	46,813	282,140
23758	AHS Rodeo	13,590	3,100	2,760	13,930
23759	AHS Cross Country	543	1,453	1,996	-
23760	AHS Girls Soccer	4,609	3,646	2,111	6,144
23761	Boys Soccer	1,089	3,722	1,662	3,149
23762	Drivers Education	13,501	13,010	1,808	24,703
23763	AHS DECA	6,028	5,480	9,613	1,895
23764	AHS FFA	2,673	103,507	90,522	15,658
23765	AHS Volleyball	3,847	18,072	20,511	1,408
23766	Grads Activity	3,173	1,802	1,048	3,927
23767	AHS Football Boosters	5,324	14,557	12,329	7,552
23768	AHS Football Playoffs	9,797	41,264	32,695	18,366
23769	AHS General	5,995	4,269	9,663	601
23772	AHS Honor Society	541	1,369	1,418	492
23773	Athletic General	33,330	12,640	14,458	31,512
23774	AHS Industrial Arts	2,447	3,690	2,246	3,891
23775	Grads Co-Pay	10,368	-	-	10,368
23776	AHS Library	6,364	11,978	10,975	7,367
23777	FCA	1,298	-	-	1,298
23778	AHS Drama Masques	16,616	34,552	33,436	17,732
23779	Kaci Houghtaling	1,088	-	-	1,088
23780	AHS Ideal NM	1,937	1,750	2,000	1,687
23781	Yeso Thunderbirds	640	1,500	640	1,500
23782	AHS BPA	1,800	6,274	7,395	679
23783	Scholarship Fund	22,194	67,000	71,000	18,194
23784	AHS International Club	62	-	-	62
23785	AHS Special Education	6,970	58	1,870	5,158
23786	AHS Student Council	2,477	800	571	2,706
23787	AHS Swimming Fund	7,235	19,730	18,726	8,239
23788	AHS Vocational Ag	2,715	(1,835)	735	145
23789	AHS Concessions	24,781	46,606	45,912	25,475
23790	AHS Auto Mechanics	1,385	3,417	2,275	2,527
23791	Girls Softball	5,958	9,743	10,606	5,095
23792	AHS Testing	2,324	13,179	12,591	2,912
23793	AJHS Activity	35,000	-	446	34,554
23794	AJHS Annual	5,813	4,630	5,424	5,019
23795	AJHS Concessions	14,414	15,805	13,683	16,536
23796	AJHS Arts and Crafts	6,042	860	725	6,177
23797	AJHS Band	140	100	240	-
23798	AJHS Cheerleaders	4,802	14,261	6,957	12,106
23799	AJHS FACS	1,213	6,225	4,901	2,537
23800	AJHS General	17,225	14,439	20,545	11,119
23801	AJHS Football	5	-	-	5
23802	AJHS Honor Society	812	306	1,016	102

( cont'd; 2 of 3 )

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

FIDUCIARY FUNDS  
**Schedule of Changes in Assets and Liabilities - All Agency Funds**  
**Year Ended June 30, 2016**

Activity		Balance			Balance
<u>Activity</u>	<u>ASSETS</u>	<u>June 30, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>June 30, 2016</u>
23803	AJHS Border Conference	175	1,084	1,219	40
23804	AJHS Industrial Arts	9,047	2,502	3,684	7,865
23805	AJHS Track	910	140	-	1,050
23806	AJHS Library	6,439	3,222	5,643	4,018
23807	AIS Boys Athletics	511	40	387	164
23808	AHS NM MESA	2,672	2,969	12	5,629
23809	APS Transportation	2,243	1	1,300	944
23810	AJHS Student Council	332	-	-	332
23812	AIS General	12,621	8,528	10,683	10,466
23813	AIS Library	509	928	858	579
23814	District 4-AAA	1,351	6,106	5,469	1,988
23815	AIS Grants	6	-	-	6
23816	AIS Vending	3,578	6,988	5,864	4,702
23817	AIS Band	9,097	15,145	17,490	6,752
23818	5th Grade Choir	4,425	3,800	2,340	5,885
23819	AIS Student Council	2,196	3,067	1,945	3,318
23821	AIS Chorus	18,387	40,632	38,561	20,458
23822	Children First	14	-	-	14
23823	AIS Art	4,428	1,933	3,273	3,088
23824	AIS Girls Athletics	731	-	-	731
23825	NMAA District Chair	5,925	9,170	8,047	7,048
23826	AHS Bowling	9,625	-	3,019	6,606
23829	Yeso PTO	15,573	51,433	33,818	33,188
23830	Roselawn PTO	3,059	5,384	4,533	3,910
23831	Yucca PTO	3,655	17,172	17,577	3,250
23832	Penasco PTO	5,726	7,704	5,061	8,369
23833	Rachel's Challenge	620	-	-	620
23834	LG Henerson	6,505	6,100	-	12,605
23835	Estel Yates II	401,799	-	398,937	2,862
23836	GH Morgan	287	(240)	-	47
23837	AIS Annual	4,015	5,709	5,861	3,863
23838	AHS Science	10	-	-	10
23839	Carol Tolle Scholarship	20,944	14,150	5,583	29,511
23840	PFS Activity	40	-	-	40
23841	Band All-State/Camp	-	23,005	22,363	642
23842	Masters Program	50,692	21,748	61,159	11,281
23843	Assets	-	-	-	-
23844	AJHS Navajo	9,925	-	2,103	7,822
23845	AHS Girls Soccer Booster	-	35,979	11,982	23,997
23846	AJHS Basketball Activity	-	1,819	1,464	355
23847	Tennis Booster	-	6,987	769	6,218
23900	NMPSIA	172	-	-	172
23920	Special Projects	1,742	-	-	1,742
	Pooled cash and investments	<u>\$ 1,501,199</u>	<u>\$ 1,691,929</u>	<u>\$ 2,076,026</u>	<u>\$ 1,117,102</u>
	<u>LIABILITIES</u>				
	Deposits held for others	<u>\$ 1,501,199</u>	<u>\$ 1,691,929</u>	<u>\$ 2,076,026</u>	<u>\$ 1,117,102</u>

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

SCHEDULE OF PLEDGED COLLATERAL  
**June 30, 2016**

	Western <u>Bank</u>	First American <u>Bank</u>	Artesia <u>Credit Union</u>	<u>Total</u>
<b>Cash on deposit at June 30, 2016</b>				
Checking and savings	\$ 6,427,046	\$ 31,396,785	\$ 4,673	\$ 37,828,504
Less: FDIC coverage	(250,000)	(250,000)	(4,673)	(504,673)
Uninsured funds	<u>\$ 6,177,046</u>	<u>\$ 31,146,785</u>	<u>\$ -</u>	<u>\$ 37,323,831</u>
<b>Amount requiring pledged collateral:</b>				
50% collateral requirement	\$ 3,088,523	\$ 15,573,393	\$ -	\$ 18,661,916
Pledged collateral	<u>6,384,082</u>	<u>18,940,960</u>	<u>-</u>	<u>25,325,042</u>
Excess (deficiency) of pledged collateral	<u>\$ 3,295,559</u>	<u>\$ 3,367,567</u>	<u>\$ -</u>	<u>\$ (18,661,916)</u>

Pledged collateral of financial institutions consists of the following at June 30, 2016

<u>Western Bank:</u>	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
Los Lunas, NM	7/15/2021	545562PH7	\$ 350,000
Los Lunas, NM	7/15/2021	545562PH7	195,000
Artesia, NM	6/15/2027	04310LAT7	353,111
UNM Gallup	10/15/2023	914684DW2	251,575
FNMA	3/1/2038	31412SKY0	141,347
FNMA	6/27/2018	3136G0QL8	707,398
FFCB	12/22/2021	3133EEFR6	2,024,068
FNMA	5/26/2021	313G05J6	1,021,725
FHLB	6/11/2021	3133XFKF2	1,208,901
FHLMC	10/1/2029	3128P7MW0	130,957
			<u>\$ 6,384,082</u>

The above securities are held at Federal Home Loan Bank in Dallas, TX.

<u>First American Bank:</u>			
Belen SD NM	8/1/2020	077581MQ6	\$ 175,602
Grant County NM	9/1/2016	387766BV9	502,085
Portales SD NM	2/1/2017	736151DA6	400,684
Hobbs SD NM	7/15/2020	433866CR9	1,034,610
Albuquerque NM	8/1/2017	013572JD5	569,442
Artesia NM	8/1/2017	04310KAT9	1,490,488
Gallup McKinley SD NM	8/1/2017	364010NS3	206,166
San Juan SD NM	8/1/2018	798359HQ1	923,409
Albuquerque SD NM	8/1/2019	013595QN6	212,960
Taos SD NM	9/1/2019	876014FE6	600,680
Grants SD NM	11/15/2020	388240FZ1	832,824
Albuquerque SD NM	8/1/2022	013595LM3	2,183,000
Alamogordo SD NM	8/1/2023	011464HL1	831,512
Torrance County NM	9/1/2023	891400NS8	374,156
FNMA	7/1/2024	31418BFN1	1,489,776
Clovis SD NM	8/1/2024	189414JA4	673,777
Ruidoso NM	6/1/2025	781346DP3	278,231
Belen NM	8/1/2025	077581PT7	770,406
FNMA	12/1/2029	3138ENYB9	1,488,153
Dona Ana County	9/1/1930	257579DC3	500,520
FNMA	1/1/2032	31410LQE5	1,492,963
FNMA	8/1/2036	3138ELZ97	1,277,204
GNMA	2/20/2042	36225FLV9	632,312
			<u>\$ 18,940,960</u>

The above securities are held at Federal Home Loan Bank in Dallas, TX.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

CASH RECONCILIATION  
Year Ended June 30, 2016

	Beginning Cash	Receipts	Distributions	Other	Net Cash End of Period	Adjustments to the report	Total Cash on Report
Operations	\$ 3,936,024	\$ 28,630,481	\$ 28,223,455	\$ 16,100	\$ 4,359,150	\$ (1,025,292) <sup>(1)</sup>	\$ 3,333,858
Teachage	153,835	156,764	69,599	-	241,000	-	241,000
Transportation	-	1,316,772	1,316,772	-	-	-	-
Instructional Materials	93,398	277,865	243,739	-	127,524	-	127,524
Food Services	-	1,637,104	1,620,991	(16,100)	13	-	13
Athletics	170,564	206,139	181,091	-	195,612	-	195,612
Federal Flowthrough Funds	(499,591)	1,707,931	1,746,614	-	(538,274)	538,274 <sup>(1)</sup>	-
Federal Direct Funds	92,820	194,121	248,009	-	38,932	-	38,932
State Flowthrough Funds	(126,032)	607,821	693,807	-	(212,018)	212,018 <sup>(1)</sup>	-
Special Capital Outlay - State	-	-	275,000	-	(275,000)	275,000 <sup>(1)</sup>	-
Capital Improvements HB-33	23,080,237	8,403,287	6,398,503	-	25,085,021	-	25,085,021
Capital Improvements SB-9	6,549,162	3,425,378	3,561,606	-	6,412,934	-	6,412,934
Debt Service	3,460	468	-	-	3,928	-	3,928
Agency Funds	1,501,199	1,691,929	2,076,026	-	1,117,102	-	1,117,102
<b>Total</b>	<b>\$ 34,955,076</b>	<b>\$ 48,256,060</b>	<b>\$ 46,655,212</b>	<b>\$ -</b>	<b>\$ 36,555,924</b>	<b>\$ -</b>	<b>\$ 36,555,924</b>

  

Account Name	Account Type	Bank Name	Bank Amount
Operational	Checking - Interest	Western Bank	\$ 6,399,538
Operational	Money Market - Interest	Western Bank	27,508
Operational	Checking - Interest	First American Bank	28,968
Operational	Money Market - Interest	First American Bank	1,021
Cafeteria	Checking - Interest	First American Bank	5,362
Activities	Checking - Interest	First American Bank	1,223
Activities	Checking - Interest	Artesia Credit Union	4,673
AP Clearing	Checking - Interest	First American Bank	1,071
Capital improvement	Checking - Interest	First American Bank	30,857,456
HB-33	Checking - Interest	First American Bank	1,684
Capital projects	Certificate of deposit	First American Bank	500,000
			<b>\$ 37,828,504</b>

  

Adjustments to report:	
Interfund loans - pooled cash <sup>(1)</sup>	\$ (1,025,292)
Interfund loans - pooled cash <sup>(1)</sup>	1,025,292
Total adjustment to the report	\$ -

  

Adjustments to cash:	
Bank Balance	\$ 37,828,504
Cash on hand	-
Outstanding deposits	(1,272,580)
Outstanding checks	-
Errors	-
Total adjustment to cash	\$ 36,555,924



STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

SCHEDULE OF VENDOR INFORMATION  
 (Individual Purchases in Exceeding \$60,000, Excluding Gross Receipts Tax)  
**Year Ended June 30, 2016**

Prepared by (Agency Staff Name): James T. Phipps Title: Assistant Superintendent of Operations Date: September 20, 2016

<u>RFB/RFP #</u>	<u>Type of Procurement</u>	<u>Awarded To</u>	<u>Amount of Awarded Contract</u>	<u>Amount of Amended Contract</u>	<u>Name and Physical Address of All Respondents</u>	<u>In-State / Out-of-State Vendor</u>	<u>Veteran's Preference N/A for Federal Funds</u>	<u>Scope of Work</u>
Physical Therapy 15-16	RFB	CompHealth	\$85,765.12	\$ 85,765	<b>Ardor Health Solutions</b> 5830 Coral Ridge Drive Suite 120 Coral Springs, Florida 33076 <b>CompHealth</b> 2900 Charlevoix Dr. SE Suite 200 Grand Rapids, MI 49546 <b>Therapy Source Inc.</b> 5215 Militon Hill Rd., Suite A Plymouth Meeting, PA	Yes	No	Physical Therapy Services
Speech Therapy 15-16	RFB	Ciro's Speech Language Therapy	\$212,688.20	\$ 212,688	<b>Ciro's Speech Language Therapy</b> 1617 27th Street Lubbock, TX 79411 <b>Ardor Health Solutions</b> 5830 Coral Ridge Drive Suite 120 Coral Springs, Florida 33076 <b>Therapy Source Inc.</b> 5215 Militon Hill Rd., Suite A Plymouth Meeting, PA	No	No	Speech Language Services
AHS Security Vestible 2015-2016	RFP	Holloway Construction Co.	\$598,063.97	\$ 672,608	<b>Holloway Construction Co.</b> P.O. Box 1571 Roswell, NM 88203 <b>Mich Rich Contractors</b> 8401 Firestone Ln. NE Albuquerque, NM 87113	No	Yes	Construction Services
APS-2016-01	RFP	Jaynes Corporation	\$12,596,812.50	Project is not complete	<b>Jaynes Corporation</b> 2906 Broadway NE Albuquerque, NM 87125 <b>Bradbury Stamm</b> 7110 2nd Street NW Albuquerque, NM 87107	No	Yes	Construction Services

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## COMPLIANCE SECTION

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

§

Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance; and  
Report on the Schedule of Expenditures of  
Federal Awards Required By Uniform Guidance

§

Schedule of Findings and Questioned Costs:  
Summary of Auditor's Results  
Financial Statement Findings  
Federal Award Findings

§

Summary Schedule of Prior Year Audit Findings

§

Schedule of Expenditures of Federal Awards  
Notes to the Schedule of Expenditures of Federal Awards

§

Required Disclosure

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

INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor  
The Board of Education and  
The Audit Committee of Artesia Public Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Artesia Public Schools as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Artesia Public Schools' basic financial statements, and the combining and individual funds and related budgetary comparisons of Artesia Public Schools, presented as supplemental information, and have issued our report thereon dated September 20, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit, of the financial statements, we considered Artesia Public 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 Artesia Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Artesia Public 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Artesia Public Schools' financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Tim Keller, State Auditor  
The Board of Education and  
The Audit Committee of Artesia Public Schools

### Compliance and other matters

As part of obtaining reasonable assurance about whether Artesia Public 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. We also noted certain other matters that are required to be reported pursuant to *Government Auditing Standards* and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as finding 2016-001.

### Artesia Public Schools' Response to Findings

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Artesia Public Schools' 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.

*Accounting & Financial Solutions, LLC*  
Farmington, New Mexico  
September 20, 2016

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Tim Keller, State Auditor  
The Board of Education and  
The Audit Committee of Artesia Public Schools

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

We have audited Artesia Public Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Artesia Public Schools' major federal programs for the year ended June 30, 2016. Artesia Public 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 Artesia Public 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) Those standards and the Uniform Guidance 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 Artesia Public 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 Artesia Public Schools' compliance.

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

In our opinion, Artesia Public 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, 2016.

Tim Keller, State Auditor  
The Board of Education and  
The Audit Committee of Artesia Public Schools

### **Report on Internal Control Over Compliance**

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

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

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

*Accounting & Financial Solutions, LLC*  
Farmington, New Mexico  
September 20, 2016



SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2016

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed To Subrecipients</u>	<u>Cluster Programs</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Agriculture:</b>					
Direct Program:					
Forest Reserve	10.670	11000	\$ -		<u>\$ 10,116</u>
Pass-Through Program From:					
New Mexico Department of Education:					
<u>Child Nutrition Cluster:</u>					
USDA National School Lunch Program	10.555	21000	-	\$ 774,099	
USDA School Breakfast Program	10.553	21000	-	<u>442,033</u>	
Total Child Nutrition Cluster					1,216,132
Pass-Through Program From:					
New Mexico Human Service Department:					
USDA Commodities Program	10.550	21000	-		<u>103,309</u>
<i>Subtotal Pass-Through Programs</i>					<u>1,319,441</u>
<i>Total U.S. Department of Agriculture</i>					<u>1,329,557</u>
 <b>U.S. Department of Education:</b>					
Pass-Through Programs From:					
New Mexico Department of Education:					
<u>Special Education (IDEA) Cluster:</u>					
Entitlement IDEA-B	84.027	24106	-	757,558	
Preschool IDEA-B	84.173	24109	-	47,195	
IDEA-B Student Success	84.027A	24132	-	<u>79,982</u>	
Total Special Education (IDEA) Cluster					884,735
Title I	84.010	24101	-		637,541
Title III English Language	84.365	24153	-		17,642
Title II Teacher Quality	84.367	24154	-		142,401
Rural & Low-Income Schools	84.358	24160	-		<u>64,294</u>
<i>Subtotal Pass-Through Programs</i>					<u>1,746,613</u>
<i>Total U.S. Department of Education</i>					<u>1,746,613</u>
 <b>U.S. Department of Health and Human Services:</b>					
Pass-Through Program From:					
New Mexico Department of Health:					
Title XIX Medicaid	93.778	25153	<u>-</u>		<u>248,009</u>
Total Expenditures of Federal Awards			<u>\$ -</u>		<u>\$ 3,324,179</u>

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

**NOTES THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2016**

**1. Scope of audit pursuant to OMB Uniform Grant Guidance**

All federal grant operations of Artesia Public Schools (the “District”) are included in the scope of the Office of Management and Budget (“OMB”) Uniform Grant Guidance audit (the “Single Audit”). The Single Audit was performed in accordance with the provisions of the OMB Circular Compliance Supplement (Revised August 2016 the “Compliance Supplement”). Compliance testing of all requirements are described in the Compliance Supplement, was performed for the grants programs noted below. These programs represent all federal award programs and other grants with fiscal year 2016 cash and non-cash expenditures to ensure coverage of at least 20% (LOW risk auditee) of federally granted funds. Actual coverage is approximately 34% of total cash and non-cash federal award program expenditures. Total cash expenditures were in the amount of \$3,220,870 and all non-cash expenditures amounted to \$103,309.

<u>Major Federal Award Program Description</u>	<u>Fiscal 2016 Expenditure</u>
Cash assistance:	
Entitlement IDEA-B	\$ 884,735
Title XIX Medicaid	<u>248,009</u>
Total	<u><u>\$ 1,132,744</u></u>

The District had one federal program, IDEA-B Special Education Cluster, that was considered a high risk Type A programs for the 2016.

The U.S. Department of Education is the District’s oversight agency for single audit.

**2. Summary of significant accounting policies**

Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Grant Guidance. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position and changes in net position of the District. All federal programs considered active during the year ended June 30, 2016, are reflected on the Schedule. An active federal program is defined as a federal program for which there were receipts or disbursements of funds or accrued (deferred) grant revenue adjustments during the fiscal year or a federal program considered as not completed or closed out at the beginning of the fiscal year. The Schedule is prepared using the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the District has met the qualifications for the respective grant. Grant revenues for the Food Donation Program are based upon commodities received, at amounts per standard price listing, published quarterly by the United States Department of Agriculture (the “USDA”). In addition, there is no federal insurance in effect during the year and loan or loan guarantee outstanding at year end.

Accrued and deferred reimbursements

Various reimbursement procedures are used for Federal awards received by the District. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over receipts to date. Deferred balance at year-end represent an excess of cash receipts over reimbursable expenditure to date. Generally, accrued or deferred balances covered by differences in the timing of cash receipts and expenditures will be reversed in the remaining grant period.

**3. Reconciliation of Federal Awards to Expenditure of Federal Awards**

The differences between the federal awards received (Intergovernmental sources – federal) during the year ended June 30, 2016 and the federal awards expended during the year are as follows:

Federal sources	\$ 3,323,329
Indirect costs from federal programs	(53,038)
Unexpended federal sources from current year	(38,932)
Prior year federal sources expended	<u>92,820</u>
Total expenditures of federal awards	<u><u>\$ 3,324,179</u></u>

**NOTES THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 YEAR ENDED JUNE 30, 2016

**4. Unexpended Federal Awards**

There were federal awards received during the year ended June 30, 2016 that were not expended during the year. These awards will be reported in subsequent years when they have been expended. Those amounts are as follows:

	<u>CFDA#</u>	<u>Fund#</u>	PY Federal Sources		Unexpended Awards		
			Carryover Expended	During 2016	Carryover From PY	2016 Awards	Total
Title XIX Medicaid	93.778	25153	\$ 92,820		\$ -	\$ 38,932	\$ 38,932

**5. Federal Awards Receivable**

There are federal programs that have not received reimbursement for expenditures made within those programs. The District expects to receive all reimbursement of federal awards in the following year. The following programs reported a receivable for the expenditures that had not been reimbursed as of June 30, 2016.

	<u>CFDA#</u>	<u>Fund#</u>	
Food Service	10.555	21000	\$ 4,012
Title I	84.010	24101	170,258
Entitlement IDEA-B	84.027	24106	261,293
Preschool IDEA-B	84.173	24109	14,938
IDEA-B Student Success	84.027A	24132	28,828
Title III English Language	84.365	24153	9,575
Title II Teacher Quality	84.367	24154	44,489
Rural & Low-Income Schools	84.358	24160	8,893
			\$ 542,286

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 YEAR ENDED JUNE 30, 2016

I. SUMMARY OF AUDIT RESULTS

	<u>Yes</u>	<u>No</u>	<u>Occurrences</u>
<b>FINANCIAL STATEMENTS:</b>			
Type of auditor's report issued: <u>Unmodified</u>			
Internal control over financial reporting:			
Material weakness(es) identified?	—	✓	—
Significant Deficiency(ies) identified?	—	✓	—
Noncompliance material to financial statements noted?	—	✓	—
<b>FEDERAL AWARDS:</b>			
Internal control over major programs:			
Material weakness(es) identified?	—	✓	—
Significant Deficiency(ies) identified?	—	✓	—
Type of auditor's report issued on compliance with major programs: <u>Unmodified</u>			
Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance?	—	✓	—
The programs treated as major programs include:			
<b><u>Name of Federal Program or Cluster</u></b>	<b><u>CFDA Number</u></b>		
Special Education (IDEA-B) Cluster	84.027, 84.172, & 84.276A		
Title XIX Medicaid	93.778		
The threshold for distinguishing types A and B programs: <u>\$750,000</u>			
Auditee qualified as low-risk auditee?	✓	—	

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
YEAR ENDED JUNE 30, 2016

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II. FINDINGS RELATED TO FINANCIAL STATEMENTS

2016 – 001 LATE DEPOSIT OF RECEIPTS  
*Other matters*

Condition: During the review of cash receipts three, totaling \$201, of the thirty tested were not deposited into the bank within one banking day from the time of receipt.

Criteria: NMAC 6.20.2.14(c) states that money received and receipted shall be deposited in the bank within 24 hours or one banking day.

Effect of condition: The District is in violation of NMAC 6.20.2.14(c). Cash retained by management for extended periods of time are susceptible to misuse or fraud.

Cause: Deposits at times were taking more than 24 hours to be deposited in the bank.

Recommendation: Receipts should be deposited within one banking day.

Management's response: We held a district meeting with all activity boosters, PTO's, sponsors, principals, coaches and secretaries in charge of fundraisers and/or handling any funds. We gave out copies of the District's Internal Control Procedures and went over the handout with them; specifically discussing the 24 hour deposit rule. The District's Assistant Business Manager will be monitoring deposits, verifying that the receipting and depositing procedures are being followed.

III. AUDIT FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings required to be reported relating to federal awards.

## SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2016

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### I. NOT RESOLVED

There were not any findings to be reported from the prior year.

### II. RESOLVED

2015 – 001 CONTROLS OVER CAPITAL ASSETS

*Current Status:* Resolved. Not repeated in the current year.

## REQUIRED DISCLOSURE

YEAR ENDED JUNE 30, 2016

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The independent public accountants assisted in the preparation of the financial statements.

An exit conference was held October 12, 2016 and was attended by the following individuals:

### ARTESIA PUBLIC SCHOOLS

David Conklin	Member, Board of Education / Audit Committee
Melany Cardwell	Member, Audit Committee
Dr. Crit Caton	Superintendent; Member, Audit Committee
Thad Phipps	Assistant Superintendent; Member, Audit Committee
J.R. Null	Assistant Superintendent; Member, Audit Committee
Danny parker	Assistant Superintendent
Janet Grice	Business Manager; Member, Audit Committee
Katrina Beverage	Accounts Payable Specialist
Cindy Panzer	Bookkeeper

### ACCOUNTING & FINANCIAL SOLUTIONS, LLC

Terry Ogle, CPA	Partner
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