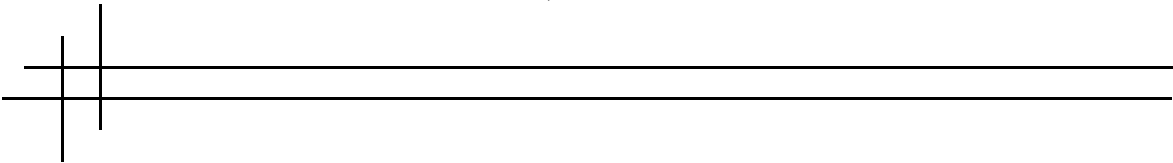


State of New Mexico
Carrizozo Municipal Schools

Annual Financial Report
June 30, 2016

De'Aun Willoughby CPA, PC
Certified Public Accountant
Clovis, New Mexico



State of New Mexico
Carrizozo Municipal Schools
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 For the Year Ended June 30, 2016

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Carrizozo Municipal Schools
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State of New Mexico
Carrizozo Municipal Schools
Official Roster
June 30, 2016

Board of Education

John Hemphill	President
Kelly Zamora	Vice-President
Antoinette Rossi	Secretary
Matt Ferguson	Member
Chris Barela	Member

School Officials

Ricky Espinoza	Superintendent
Liz Montoya	Business Manager

Independent Auditor's Report

Mr. Tim Keller
State Auditor of the State of New Mexico
Board Members of the Carrizozo Municipal Schools

Mr. Keller and Members of the Board

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general funds and major special revenue funds of Carrizozo Municipal School (District), as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, and the budgetary comparisons for the major capital projects, debt service, 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 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 fund of the District as of June 30, 2016, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital projects and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the Schedules of Required Supplementary Information for the Pension Plan 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 contest. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the District's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedule required by 2.2.2.NMAC is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The 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 schedules required by 2.2.2 NMAC are fairly stated, in all material

The Vendor Schedule 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 23, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

De'Ann Willoughby CPA PC

Clovis, New Mexico
September 23, 2016

Financial Section

State of New Mexico
Carrizozo Municipal Schools
Government-Wide Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 507,685
Property Taxes Receivable	58,082
Due from Grantor	50,765
Restricted Cash	20,461
Total Current Assets	<u>636,993</u>
Noncurrent Assets	
Capital Assets	10,335,885
Less: Accumulated Depreciation	<u>(1,416,387)</u>
Total Noncurrent Assets	<u>8,919,498</u>
Total Assets	<u>9,556,491</u>
Deferred Outflows of Resources	
Deferred Outflows Related to Pensions	
Changes of Assumptions	98,183
Changes in Proportion	92,102
Contributions Subsequent to Measurement Date	178,462
Total Deferred Outflows of Resources	<u>368,747</u>
Liabilities	
Current Liabilities	
Accounts Payable	6,928
Compensated Absences	16,509
Accrued Interest	31,862
Current Portion of Long-Term Debt	255,000
Total Current Liabilities	<u>310,299</u>
Noncurrent Liabilities	
Bonds	3,005,000
Pension Liability	2,854,531
Total Noncurrent Liabilities	<u>5,859,531</u>
Total Liabilities	<u>6,169,830</u>
Deferred Inflows of Resources	
Deferred Inflows Related to Pensions	
Actuarial Experience	52,920
Investment Experience	12,849
Total Deferred Inflows of Resources	<u>65,769</u>
Net Position	
Net Investment in Capital Assets	5,659,498
Restricted for:	
Capital Projects	105,004
Debt Service	30,663
Unrestricted	<u>(2,105,526)</u>
Total Net Position	<u>\$ 3,689,639</u>

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

State of New Mexico
Carrizozo Municipal Schools
Government-Wide Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities					
Instruction	\$ 1,643,261	\$ 0	\$ 205,070	\$ 0	\$ (1,438,191)
Support Services					
Students	188,451	11,325	25,836	0	(151,290)
Instruction	78,298	0	22,469	0	(55,829)
General Administration	114,335	0	0	0	(114,335)
School Administration	97,860	0	479	0	(97,381)
Central Services	109,831	0	0	0	(109,831)
Operation of Plant	447,813	0	0	0	(447,813)
Student Transportation	182,219	0	167,654	0	(14,565)
Food Services Operations	87,613	2,379	78,690	0	(6,544)
Interest on Long-Term Obligations & Other Charges	68,512	0	0	0	(68,512)
Total Governmental Activities	\$ 3,018,193	\$ 13,704	\$ 500,198	\$ 0	\$ (2,504,291)
General Revenues					
Taxes					
Property Taxes, Levied for General Purposes					23,185
Property Taxes, Levied for Capital Projects					120,871
Property Taxes, Levied for Debt Service					323,795
Federal and State aid not restricted to specific purpose					
General					1,873,611
Capital					17,464
Miscellaneous					5,294
Subtotal, General Revenues					2,364,220
Change in Net Position					(140,071)
Net Position - Beginning					3,844,741
Restatement					(15,031)
Restated Beginning Net Position					3,829,710
Net Position - Ending					\$ 3,689,639

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

State of New Mexico
Carrizozo Municipal Schools
 Governmental Funds
 Balance Sheet
 June 30, 2016

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
Assets			
Cash and Cash Equivalents	\$ 97,675	\$ 292	\$ 10,601
Receivables			
Taxes Receivable	2,743	0	0
Due From Grantor	0	0	0
Interfund Balances	33,301	0	0
Restricted Cash	0	0	0
Total Assets	\$ 133,719	\$ 292	\$ 10,601
Liabilities			
Accounts Payable	\$ 6,928	\$ 0	\$ 0
Interfund Balance	0	0	0
Current Portion Due			
Principal	0	0	0
Interest	0	0	0
Total Liabilities	6,928	0	0
Deferred Inflows of Resources			
Unavailable Revenue	2,743	0	0
Total Deferred Inflows of Resources	2,743	0	0
Fund Balances			
Restricted for Special Revenue	0	0	0
Restricted for Capital Projects	0	0	0
Restricted for Debt Service	0	0	0
Unassigned	124,048	292	10,601
Total Fund Balances	124,048	292	10,601
Total Liabilities, Deferred Inflows and Fund Balances	\$ 133,719	\$ 292	\$ 10,601

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

State of New Mexico
Carrizozo Municipal Schools
Governmental Funds
Balance Sheet
June 30, 2016

	<u>Capital Projects</u>		
	<u>Bond Building 31000</u>	<u>Senate Bill Nine 31700</u>	<u>Debt Service 41000</u>
Assets			
Cash and Cash Equivalents	\$ 1,408	\$ 65,671	\$ 317,525
Receivables			
Taxes Receivable	0	14,990	40,349
Due From Grantor	0	17,464	0
Interfund Balances	0	0	0
Restricted Cash	20,461	0	0
Total Assets	<u>\$ 21,869</u>	<u>\$ 98,125</u>	<u>\$ 357,874</u>
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	0
Current Portion Due			
Principal	0	0	255,000
Interest	0	0	31,862
Total Liabilities	<u>0</u>	<u>0</u>	<u>286,862</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	14,990	40,349
Total Deferred Inflows of Resources	<u>0</u>	<u>14,990</u>	<u>40,349</u>
Fund Balances			
Restricted for Special Revenue	0	0	0
Restricted for Capital Projects	21,869	83,135	0
Restricted for Debt Service	0	0	30,663
Unassigned	0	0	0
Total Fund Balances	<u>21,869</u>	<u>83,135</u>	<u>30,663</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 21,869</u>	<u>\$ 98,125</u>	<u>\$ 357,874</u>

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

State of New Mexico
Carrizozo Municipal Schools
 Governmental Funds
 Balance Sheet
 June 30, 2016

	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>
Assets		
Cash and Cash Equivalents	\$ 14,513	\$ 507,685
Receivables		
Taxes Receivable	0	58,082
Due From Grantor	33,301	50,765
Interfund Balances	0	33,301
Restricted Cash	0	20,461
Total Assets	<u>\$ 47,814</u>	<u>\$ 670,294</u>
Liabilities		
Accounts Payable	\$ 0	\$ 6,928
Interfund Balance	33,301	33,301
Current Portion Due		
Principal	0	255,000
Interest	0	31,862
Total Liabilities	<u>33,301</u>	<u>327,091</u>
Deferred Inflows of Resources		
Unavailable Revenue	<u>0</u>	<u>58,082</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>58,082</u>
Fund Balances		
Restricted for Special Revenue	14,513	14,513
Restricted for Capital Projects	0	105,004
Restricted for Debt Service	0	30,663
Unassigned	0	134,941
Total Fund Balances	<u>14,513</u>	<u>285,121</u>
 Total Liabilities, Deferred Inflows and Fund Balances	 <u>\$ 47,814</u>	 <u>\$ 670,294</u>

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

State of New Mexico
Carrizozo Municipal Schools
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position
 June 30, 2016

Total Fund Balance - Governmental Funds \$ 285,121

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

Property taxes receivable will be collected after the period of availability, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 58,082

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital Assets	\$ 10,335,885	
Accumulated Depreciation	<u>(1,416,387)</u>	8,919,498

Deferred Outflows and Inflows Related to Pensions are the results of differences in expected and actual actuary experience and the difference in actuary projected and actual earnings. Also changes in proportion and differences between contributions and proportionate share of contributions.

Deferred Outflows Related to Pensions	368,747	
Deferred Inflows Related to Pensions	<u>(65,769)</u>	302,978

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of :

Bonds payable-GWFS	(3,260,000)	
Current Principal Due-Balance Sheet	255,000	
Compensated Absences	(16,509)	
Pension Liability	(2,854,531)	
Accrued Interest-GWFS	(31,862)	
Current Interest Due-Balance Sheet	<u>31,862</u>	<u>(5,876,040)</u>

Total Net Position - Governmental Activities \$ 3,689,639

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

State of New Mexico
Carrizozo Municipal Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes
in Fund Balance
For the Year Ended June 30, 2016

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
Revenues			
Property Taxes	\$ 23,020	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	1,866,672	154,129	10,294
Federal Grants	6,939	0	0
Miscellaneous	4,263	900	0
Total Revenues	1,900,894	155,029	10,294
Expenditures			
Current			
Instruction	1,135,727	0	7,167
Support Services			
Students	157,922	0	0
Instruction	53,797	0	0
General Administration	67,816	0	0
School Administration	90,751	0	0
Central Services	106,370	0	0
Operation and Maintenance of Plant	300,567	0	0
Student Transportation	1,360	174,079	0
Food Services Operations	5,844	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Bond Issue Costs	0	0	0
Total Expenditures	1,920,154	174,079	7,167
Excess (Deficiency) of Revenues Over Expenditures	(19,260)	(19,050)	3,127
Other Financial Sources			
Bond Issue	0	0	0
Total Other Financial Sources	0	0	0
Net Change in Fund Balances	(19,260)	(19,050)	3,127
Fund Balances at Beginning of Year	158,338	19,342	7,474
Restatement	(15,030)	0	0
Restated Beginning Fund Balance	143,308	19,342	7,474
Fund Balances End of Year	\$ 124,048	\$ 292	\$ 10,601

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

State of New Mexico
Carrizozo Municipal Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes
in Fund Balance
For the Year Ended June 30, 2016

	Capital Projects		
	Bond Building 31000	Senate Bill Nine 31700	Debt Service 41000
Revenues			
Property Taxes	\$ 0	\$ 120,031	\$ 321,905
Fees	0	0	0
State & Local Grants	0	17,464	0
Federal Grants	0	0	0
Miscellaneous	131	0	0
Total Revenues	<u>131</u>	<u>137,495</u>	<u>321,905</u>
Expenditures			
Current			
Instruction	5,392	0	0
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	1,204	3,231
School Administration	0	0	0
Central Services	0	0	0
Operation and Maintenance of Plant	2,969	139,294	0
Student Transportation	0	0	0
Food Services Operations	0	0	0
Capital Outlay	572,571	0	0
Debt Service			
Principal	0	0	275,000
Interest	0	0	68,512
Bond Issue Costs	34,230	0	0
Total Expenditures	<u>615,162</u>	<u>140,498</u>	<u>346,743</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(615,031)</u>	<u>(3,003)</u>	<u>(24,838)</u>
Other Financial Sources			
Bond Issue	575,000	0	0
Total Other Financial Sources	<u>575,000</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>(40,031)</u>	<u>(3,003)</u>	<u>(24,838)</u>
Fund Balances at Beginning of Year	61,900	86,138	55,501
Restatement	0	0	0
Restated Beginning Fund Balance	<u>61,900</u>	<u>86,138</u>	<u>55,501</u>
Fund Balances End of Year	<u>\$ 21,869</u>	<u>\$ 83,135</u>	<u>\$ 30,663</u>

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

State of New Mexico
Carrizozo Municipal Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes
in Fund Balance
For the Year Ended June 30, 2016

	Other Governmental Funds	Total Governmental Funds
Revenues		
Property Taxes	\$ 0	\$ 464,956
Fees	13,704	13,704
State & Local Grants	109,225	2,157,784
Federal Grants	226,550	233,489
Miscellaneous	0	5,294
Total Revenues	<u>349,479</u>	<u>2,875,227</u>
Expenditures		
Current		
Instruction	212,607	1,360,893
Support Services		
Students	26,011	183,933
Instruction	22,469	76,266
General Administration	0	72,251
School Administration	479	91,230
Central Services	0	106,370
Operation and Maintenance of Plant	0	442,830
Student Transportation	3,231	178,670
Food Services Operations	80,267	86,111
Capital Outlay	0	572,571
Debt Service		
Principal	0	275,000
Interest	0	68,512
Bond Issue Costs	0	34,230
Total Expenditures	<u>345,064</u>	<u>3,548,867</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,415</u>	<u>(673,640)</u>
Other Financial Sources		
Bond Issue	0	575,000
Total Other Financial Sources	<u>0</u>	<u>575,000</u>
Net Change in Fund Balances	<u>4,415</u>	<u>(98,640)</u>
Fund Balances at Beginning of Year	10,098	398,791
Restatement	0	(15,030)
Restated Beginning Fund Balance	<u>10,098</u>	<u>383,761</u>
Fund Balances End of Year	<u>\$ 14,513</u>	<u>\$ 285,121</u>

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

State of New Mexico
Carrizozo Municipal Schools
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 To the Statement of Activities
 June 30, 2016

Net Change in Fund Balances \$ (98,640)

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

Some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead reported as unavailable revenues. They are however, recorded as revenues in the Statement of Activities.

Property Taxes Receivable, June 30, 2015	\$ (55,187)	
Property Taxes Receivable, June 30, 2016	<u>58,082</u>	2,895

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

Depreciation expense	(232,425)	
Capital Outlays	<u>572,571</u>	340,146

The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net position. (575,000)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.
 Principal paid for bonds 275,000

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences, June 30, 2015	11,588	
Compensated Absences, June 30, 2016	<u>(16,509)</u>	(4,921)

Pension contributions are reported as expenses in the government funds but are deferred outflows in the Statement of Net Position. Pension expense is reported in the Statement of Activities but not in the governmental funds.

Pension Contributions	178,462	
Pension Expense	<u>(258,013)</u>	<u>(79,551)</u>

Changes in Net Position of Governmental Activities \$ (140,071)

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

State of New Mexico
Carrizozo Municipal Schools
 General Fund-Operational-11000
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Property Taxes	\$ 21,458	\$ 21,458	\$ 23,086	\$ 1,628
State Grants	1,873,111	1,867,087	1,866,672	(415)
Federal Grants	0	6,939	6,939	0
Miscellaneous	0		4,263	4,263
Total Revenues	<u>1,894,569</u>	<u>1,895,484</u>	<u>1,900,960</u>	<u>5,476</u>
Expenditures				
Instruction				
Personnel Services	840,833	834,809	809,490	25,319
Employee Benefits	311,562	305,562	280,807	24,755
Professional & Tech Services	7,450	7,450	9,543	(2,093)
Other Purchased Services	33,457	33,457	27,195	6,262
Supplies	12,350	18,350	8,693	9,657
Total Instruction	<u>1,205,652</u>	<u>1,199,628</u>	<u>1,135,728</u>	<u>63,900</u>
Support Services				
Students				
Personnel Services	43,983	45,483	45,483	0
Employee Benefits	11,228	11,524	11,483	41
Professional & Tech Services	63,080	61,484	59,647	1,837
Other Purchased Services	51,284	51,384	41,154	10,230
Supplies	200	701	155	546
Total Students	<u>169,775</u>	<u>170,576</u>	<u>157,922</u>	<u>12,654</u>
Instruction				
Personnel Services	37,452	37,452	37,452	0
Employee Benefits	16,544	16,544	16,113	431
Professional & Tech Services	100	100	232	(132)
Other Purchased Services	0	0	0	0
Supplies	100	100	0	100
Total Instruction	<u>54,196</u>	<u>54,196</u>	<u>53,797</u>	<u>399</u>
General Administration				
Personnel Services	33,000	33,000	33,000	0
Employee Benefits	8,417	8,417	8,410	7
Professional & Tech Services	22,292	25,042	16,643	8,399
Other Purchased Services	6,000	8,000	4,561	3,439
Supplies	5,620	5,620	5,202	418
Total General Administration	<u>\$ 75,329</u>	<u>\$ 80,079</u>	<u>\$ 67,816</u>	<u>\$ 12,263</u>

State of New Mexico
Carrizozo Municipal Schools
 General Fund-Operational-11000
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
School Administration				
Personnel Services	\$ 66,500	\$ 66,500	\$ 66,495	\$ 5
Employee Benefits	23,420	23,420	23,082	338
Supplies	1,000	1,500	1,174	326
Total School Administration	<u>90,920</u>	<u>91,420</u>	<u>90,751</u>	<u>669</u>
Central Services				
Personnel Services	66,943	66,943	66,943	0
Employee Benefits	27,716	27,916	27,195	721
Professional & Tech Services	10,100	11,600	8,589	3,011
Other Purchased Services	2,600	3,100	1,952	1,148
Supplies	1,076	2,076	853	1,223
Supply Assets	0	1,050	853	197
Total Central Services	<u>108,435</u>	<u>112,685</u>	<u>106,385</u>	<u>6,300</u>
Operation of Plant				
Personnel Services	56,675	58,175	58,175	0
Employee Benefits	46,331	34,264	33,217	1,047
Purchased Property Services	122,850	136,939	112,416	24,523
Other Purchased Services	80,582	89,449	86,517	2,932
Supplies	18,659	19,159	7,323	11,836
Total Operation of Plant	<u>325,097</u>	<u>337,986</u>	<u>297,648</u>	<u>40,338</u>
Student Transportation				
Other Purchased Services	2,200	2,200	1,360	840
Total Student Transportation	<u>2,200</u>	<u>2,200</u>	<u>1,360</u>	<u>840</u>
Other Services				
Miscellaneous	3,281	3,281	0	3,281
Total Other Services	<u>3,281</u>	<u>3,281</u>	<u>0</u>	<u>3,281</u>
Total Support Services	<u>659,458</u>	<u>852,423</u>	<u>775,679</u>	<u>76,744</u>
Food Service				
Professional & Tech Services	0	9,176	5,843	3,333
Total Food Service	<u>0</u>	<u>9,176</u>	<u>5,843</u>	<u>3,333</u>
Total Expenditures	<u>\$ 1,865,110</u>	<u>\$ 2,061,227</u>	<u>\$ 1,917,250</u>	<u>\$ 143,977</u>

State of New Mexico
Carrizozo Municipal Schools
 General Fund-Operational-11000
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Excess (Deficiency) of Revenues Over Expenditures	\$ 29,459	\$ (165,743)	\$ (16,290)	\$ 149,453
Cash Balance Beginning of Year	162,296	162,296	162,296	0
Restatement	(15,030)	(15,030)	(15,030)	0
Restated Beginning Cash Balance	147,266	147,266	147,266	0
Cash Balance End of Year	\$ 176,725	\$ (18,477)	\$ 130,976	\$ 149,453
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (16,290)	
Net Change in Taxes Receivable			99	
Net Change in Accounts Payables			(2,904)	
Net Change in Unavailable Revenue			(165)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ (19,260)	

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

State of New Mexico
Carrizozo Municipal Schools
 General Fund-Transportation-13000
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 165,265	\$ 165,265	\$ 154,129	\$ (11,136)
Other	0	0	900	900
Total Revenues	<u>165,265</u>	<u>165,265</u>	<u>155,029</u>	<u>(10,236)</u>
Expenditures				
Student Transportation				
Personnel Services	53,760	53,604	53,604	0
Employee Benefits	12,792	12,663	12,644	19
Professional & Tech Services	0	52	126	(74)
Purchased Property Services	2,000	2,000	1,935	65
Other Purchased Services	91,335	91,881	90,988	893
Supplies	4,378	4,500	5,111	(611)
Returned to PED	0	9,671	9,671	(0)
Total Student Transportation	<u>164,265</u>	<u>174,371</u>	<u>174,079</u>	<u>292</u>
Total Expenditures	<u>164,265</u>	<u>174,371</u>	<u>174,079</u>	<u>292</u>
Excess (Deficiency) of Revenues Over Expenditures	1,000	(9,106)	(19,050)	(9,944)
Cash Balance Beginning of Year	<u>19,342</u>	<u>19,342</u>	<u>19,342</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 20,342</u>	<u>\$ 10,236</u>	<u>\$ 292</u>	<u>\$ (9,944)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ (19,050)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (19,050)</u>	

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

State of New Mexico
Carrizozo Municipal Schools
 General Fund-Instructional Materials-14000
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grants	\$ 8,201	\$ 9,546	\$ 10,294	\$ 748
Total Revenues	<u>8,201</u>	<u>9,546</u>	<u>10,294</u>	<u>748</u>
Expenditures				
Instruction				
Supplies	16,005	17,020	7,167	9,853
Total Instruction	<u>16,005</u>	<u>17,020</u>	<u>7,167</u>	<u>9,853</u>
Total Expenditures	<u>16,005</u>	<u>17,020</u>	<u>7,167</u>	<u>9,853</u>
Excess (Deficiency) of Revenues Over Expenditures	(7,804)	(7,474)	3,127	10,601
Cash Balance Beginning of Year	<u>7,474</u>	<u>7,474</u>	<u>7,474</u>	<u>0</u>
Cash Balance End of Year	\$ <u>(330)</u>	\$ <u>0</u>	\$ <u>10,601</u>	\$ <u>10,601</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>3,127</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u><u>3,127</u></u>	

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

State of New Mexico
Carrizozo Municipal Schools
Statement of Fiduciary Assets and Liabilities-Agency Funds
June 30, 2016

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 45,048
Total Assets	<u>\$ 45,048</u>
Liabilities	
Deposits Held for Others	\$ 45,048
Total Liabilities	<u>\$ 45,048</u>

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

Summary of Significant Accounting Policies

The financial statements of the Carrizozo Municipal Schools (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Financial Reporting Entity

The District has been in existence since the early nineteen hundreds, and is currently operating under the provisions of the Public School District Code, Chapter 22, of the New Mexico Statutes Annotated, 1978 Compilation. The District operates with a local board of education - superintendent form of government and provides a supervised program of instruction designed to educate students at the elementary and secondary level.

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

The District has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected District members are financially accountable. There are no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the District has a significant relationship.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the District are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follows below:

Governmental Funds

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

General Fund - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds.

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

Capital Projects Fund - The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the District.

Debt Service Fund - The Debt Service Fund is used to account for the resources for, and the payment of, principal, interest and related costs.

Fiduciary Fund Type

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the District.

The Student Activity Fund, an agency fund, accounts for assets held by the District as an agent for the District organizations. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

The District reports the following major governmental funds:

General Fund (11000)(13000)(14000)

The General Fund consist of three sub funds. The first is the Operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide text books for students in the District.

Bond Building (31000). To account for a bond issue to spend of capital improvements.

Senate Bill Nine (31700). The revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements.

Debt Service Fund (41000). To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values. Expenditures are restricted to debt reduction.

Measurement Focus and Basis of Accounting
Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflow of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflow of resources resulting from nonexchange transactions are recognized in accordance with the requirement of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues include: 1) charges for services to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions, and including grants for transportation, instructional materials, food service, special revenue funds such as special education as well as others and federal and state programs 3) program specific capital grants and contributions.

Fund Financial Statements (FFS)

Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity has been eliminated from the district-wide financial statements.

Revenues

Ad valorem taxes are susceptible to full accrual on the government wide financial statements. Property Tax revenues recognize revenues net of estimated refunds and uncollectible accounts in the period for which the taxes are levied.

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

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

Expenditures

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

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, etc.) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Basis of Budgeting

Formal budgetary integration is employed as a management control device during the year.

Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). These budgets are prepared using the cash basis of accounting. Budgetary comparisons for the various funds in this report are on the non-GAAP budgetary basis.

The District follows the following procedures in establishing data reflected in the financial statements:

1. Prior to April 15, (unless a later date is fixed by the Secretary of Education) the local school board submits to the School Budget and Finance Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAU.
5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the SBFAU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

Cash and Cash Equivalents

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

The District is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

Investments

All money not immediately necessary for the public uses of the District may be invested in :

- (a) bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or

(b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.

(c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

Property Taxes

The County collects the District's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the District on a monthly basis. The District accounts for its share of property taxes in the General, Debt Service and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

Elimination and Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Assets and Liabilities and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Inventories and Prepaid Items

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Cafeteria Fund consists of purchased food and non-food items and United States Department of Agriculture (USDA) commodities. Commodities are shown at the USDA procurement cost. Costs are recorded as expenditures at the time individual inventory items are used (consumption method). Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both District-wide and fund financial statements.

Capital Assets

Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

If there are any construction projects funded by the NM Public School Facilities Authority they are included in the appropriate capital projects fund and in the capital assets.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Buildings & Improvements	20-50 Years
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	3-15 Years

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet.

Short -Term Debt

Short-term debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans. The District does not have any activity in short-term debt.

Long-Term Liabilities

For district-wide reporting, the costs associated with the bonds are recognized over the life of the bond. As permitted by GASB Statement No. 34 the amortization of the costs of bonds will be amortized prospectively from the date of adoption of GASB Statement No. 34.

Restricted Net Position

For the government-wide statement of net position, net positions are reported as restricted when constraints placed on net positions use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available it will first be applied to restricted resources.

Fund Balances of Fund Financial Statements

Nonspendable fund balance represents assets that are other than cash such as inventory.

Restricted fund balance indicates that portion of fund equity which has been segregated for specific purposes.

Committed fund balance is a classification for governmental fund balance reporting that includes amounts that can only be used for specific purposes pursuant to constraints imposed by law and require a formal action of the government's highest level of decision-making authority.

Assigned fund balance classification are intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance indicates that portion of fund equity which is available for budgeting in future periods.

Interfund Transfers

In governmental funds, transfers should be reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

Deferred Inflows

The District reports unearned and unavailable revenues on its Statement of Net Position and Fund Balance Sheet. Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and the revenue is recognized. Unavailable revenues also occur in the fund financial statements when revenue is earned but is not available. The revenue becomes available if received within 30 days of the fiscal year end.

Estimates

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

A. Deposits and Investments

The District is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

First Savings Bank

<u>Name of Account</u>		Balance Per Bank 6/30/16	Reconciled Balance	Type
Operational	Checking	\$ 628,034	\$ 507,684	Interest
Activity	Checking	49,449	45,048	Interest
TOTAL Deposited		677,483	\$ 552,732	
Less: FDIC Coverage		(250,000)		
Uninsured Amount		427,483		
50% collateral requirement		213,742		
Pledged securities		573,843		
Over (Under) requirement		\$ 360,102		

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

The following securities are pledged at **First Savings Bank**:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
MBS FNMA	31307BJW1	\$ 273,064	04/01/2024	Federal Reserve
MBS FNMA	3138EKJA4	300,779	01/01/2028	Federal Reserve
FNR	3136AA2L8	42,437	01/25/2028	Federal Reserve
		\$ 573,843		

Bank of America-NMFA

<u>Name of Account</u>		Balance Per Bank 6/30/16	Reconciled Balance	Type
Bond Building	Checking	\$ 20,461	\$ 20,461	Interest

State of New Mexico
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Notes to the Financial Statements
June 30, 2016

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 270,461
Collateralized:	
Collateral held by the pledging bank in District's name	427,483
Uninsured and uncollateralized	0
Total Deposits	\$ 697,944

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2016 none of the District's bank balance of \$697,944 was exposed to custodial credit risk.

B. Receivables

Revenues are deferred in accordance with the modified accrual basis of accounting for the fund financial statements. The following deferred revenues are measurable but do not represent available expendable resources for the fund financial statements for the fiscal year ended June 30, 2016:

	<u>Operational 11000</u>	<u>Senate Bill Nine 31700</u>	<u>Debt Service 41000</u>
Property Taxes			
Available	\$ 0	\$ 0	\$ 0
Unavailable	2,743	14,990	40,349
Total Deferred Revenues	\$ 2,743	\$ 14,990	\$ 40,349

Amounts due from other agencies and units of government were as follows as of June 30, 2016:

State	\$ 85
Federal	50,680
Total	\$ 50,765

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Funds</u>
	<u>Nonmajor</u>
Operational Fund	\$ 33,301

The above interfund balances resulted from reimbursement grants. The shortfalls were covered by the above funds. All transactions will be repaid within one year.

State of New Mexico
Carrizozo Municipal Schools
Notes to the Financial Statements
June 30, 2016

D. Capital Assets

Capital Assets Balances and Activity for the fiscal year is as follows:

	Beginning Balance 6/30/15	Increases	Decreases	Ending Balance 6/30/16
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 513,093	\$ 0	\$ 0	\$ 513,093
Construction in Progress	0	0	0	0
Total Capital Assets, not Being Depreciated	<u>513,093</u>	<u>0</u>	<u>0</u>	<u>513,093</u>
Other Capital Assets				
Buildings & Improvements	8,815,557	572,571	0	9,388,128
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	434,664	0		434,664
Total Capital Assets, being depreciated	<u>9,605,721</u>	<u>572,571</u>	<u>0</u>	<u>9,822,792</u>
Total Capital Assets	<u>10,118,814</u>	<u>572,571</u>	<u>0</u>	<u>10,335,885</u>
Less Accumulated Depreciation				
Buildings & Improvement	923,195	214,963		1,138,158
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	260,767	17,462		278,229
Total Accumulated Depreciation	<u>3,606,783</u>	<u>232,425</u>	<u>0</u>	<u>1,416,387</u>
Capital Assets, net	<u>\$ 6,512,031</u>	<u>\$ 340,146</u>	<u>\$ 0</u>	<u>\$ 8,919,498</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 232,425
Total depreciation expenses	<u>\$ 232,425</u>

E. Long-Term Liabilities and Other Liabilities

A summary of activity in the Long-Term Debt is as follows:

	Beginning Balance 6/30/15	Additions	Reductions	Ending Balance 6/30/16	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 2,940,000	\$ 575,000	\$ 255,000	\$ 3,260,000	\$ 255,000
Long-Term Liabilities	<u>\$ 2,940,000</u>	<u>\$ 575,000</u>	<u>\$ 255,000</u>	<u>\$ 3,260,000</u>	<u>\$ 255,000</u>
Other Liabilities					
Compensated					
Absences	\$ 11,589	\$ 13,975	\$ 9,055	\$ 16,509	\$ 16,509
Total Other Liabilities	<u>\$ 11,589</u>	<u>\$ 13,975</u>	<u>\$ 9,055</u>	<u>\$ 16,509</u>	<u>\$ 16,509</u>

State of New Mexico
Carrizozo Municipal Schools
Notes to the Financial Statements
June 30, 2016

Payments on the general obligation bonds are made by the Debt Service Funds.

General Obligation Bonds.

The following bonds were issued for the purpose of erecting, furnishing, remodeling and making additions to District buildings and improving District grounds. A tax is annually assessed, levied and collected upon all taxable property within the District for the purpose of providing the necessary funds to meet the interest and principal payments as they become due.

Series	Maturity Year Ending	Original Amount	Interest Rate	Balance
2002	2016	550,000	3.0-5.25%	\$ 0
2008	2021	800,000	2.00%	680,000
2009	2022	515,000	2.27%	370,000
2010	2021	345,000	1.10%	225,000
2010A	2004	420,000	1.08%	400,000
2012	2024	230,000	0.00%	210,000
2014	2029	800,000	0.1%-2.92%	800,000
2015	2029	575,000	1.70%	575,000
				<u>\$ 3,260,000</u>

The annual requirements to amortize all of the above bonds including interest is as follows:

	Principal	Interest	Total
2017	\$ 255,000	\$ 61,234	\$ 316,234
2018	270,000	55,827	325,827
2019	285,000	49,657	334,657
2020	305,000	42,479	347,479
2021	290,000	35,475	325,475
2022-2026	1,030,000	115,972	1,145,972
2027-2029	825,000	15,190	840,190
	<u>\$ 3,260,000</u>	<u>\$ 375,834</u>	<u>\$ 3,635,834</u>

Reconciliation of Long-Term Debt disclosed in Note F to the Long-Term Debt reported in the Statement of Net Position.

Above	\$ 3,260,000
Statement of Net Position	<u>\$ 3,260,000</u>
Long-Term Per Government Wide Financial Statements	\$ 3,005,000
Current Portion	255,000
Statement of Net Position	<u>\$ 3,260,000</u>

F. Commitments

The District has no construction commitments.

G. Retirement Plan

Summary of Significant Accounting Policies

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 Educational 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, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

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

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

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

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member's age and earned service credit add up to the sum or 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.

Contributions. The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For fiscal year ended June 30, 2016 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$178,472 for the year ended June 30, 2016.

Pension Liabilities. Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015. At June 30, 2016, the District reported a liability of \$2,854,531 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2015. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2015, the District's proportion was 0.04407 percent, which was an increase of 0.00092 percent from its proportion measured as of June 30, 2014.

State of New Mexico
Carrizozo Municipal Schools
Notes to the Financial Statements
June 30, 2016

For the year ended June 30, 2016, the District recognized pension expense of \$258,013. At the June 30, 2016, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ (52,920)
Changes of assumptions	98,183	0
Net difference between projected and actual earnings on pension plan investments	0	(12,849)
Changes in proportion and differences between the District's contributions and proportionate share of contributions	92,102	0
District's contributions subsequent to the measurement date	178,462	0
Total	<u>\$ 368,747</u>	<u>\$ (65,769)</u>

\$178,462 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 34,370
2017	32,748
2018	17,780
2019	39,618
Total	<u>\$ 124,516</u>

Actuarial assumptions. As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2015. The total ERB 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:

All members with annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2015 and thereafter,

Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67,

COLAs for most retirees are reduced until NMERB attains a 100% funded status,

These assumptions were adopted by the Board on June 12, 2015 in conjunction with the six-year experience study period ending June 30, 2014, and

For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

The actuarial methods and assumptions used to determine contribution rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age
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 2014 using Scale AA (one year setback for females)

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 objections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.).

Discount Rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2015 and June 30, 2014. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB's defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate Assumption: Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2015. In particular, the table presents the District's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The District's proportionate share of the net pension liability	\$ 3,840,963	\$ 2,854,531	\$ 2,025,826

Pension plan fiduciary net position. Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2015 and 2014 which are publicly available at www.nmerb.org.

Payables to the pension plan. Employers should disclose the amount of payables to the Plan with a description of what gave rise to the payable per GASB Statement 68, paragraphs 122 and 124.

**H. Retiree Health Care
Plan Description**

The District 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 the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's 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.

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, 2015, 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, 2015, 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, 2014, 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 is not a member of the enhanced retirement plan.

The District's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$25,735, \$25,054, and \$23,790, respectively, which equal the required contributions for each year.

I. Reconciliation of Budgetary Basis to GAAP Basis Statements

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds included on each Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

J. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; and injuries to employees; and natural disasters. The District, as a New Mexico Public School, is insured through the New Mexico Public Schools Insurance Authority (NMPSIA). Annual premiums are paid by the District to NMPSIA for coverage provided in the following areas:

- Workers Compensation
- Property and Automobile Liability and Physical Damage
- Liability and Civil Rights and Personal Injury
- Contract School Bus Coverage; and
- Crime

The officials and certain employees of the District are covered by a surety bond as required by Section 12-6-7, NMSA, 1978 Compilation.

K. Joint Powers Agreements

Carrizozo Municipal Schools entered into a joint powers agreement with the Region 9 Education Cooperative (REC). The purpose of the agreement is to allow the submission of a consolidated application to the State Department of Education for certain funds granted to the State of New Mexico by the United States Department of Education under the Education of the Handicapped Act, Part B, PL 94142 among others.

There are seven schools that participate in the REC, they are Ruidoso, Capitan, Carrizozo, Cloudcroft, Corona, Hondo and Tularosa. The agreement became effective on July 1, 1995 and is to remain in effect until the end of any fiscal year during which the school gives notice of intent to terminate.

The REC is it's own fiscal agent and is responsible for its audit. The financial statements are available for inspection at the REC office located at 1400 Sudderth Dr. Ruidoso, New Mexico 88345.

L. Subsequent Events

Subsequent events were evaluated through September 23, 2016 which is the date the financial statements were available to be issued.

N. Restatement

Net Position and Fund Balance were restated \$(15,030.34) for an overstatement in cash balance in the operational fund in the prior year.

**Supplemental Information Related to
Major Funds**

State of New Mexico

Carrizozo Municipal Schools

Capital Projects Fund-Bond Building-31100

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Bond Issue	\$ 575,000	\$ 575,000	\$ 575,000	\$ 0
Interest Income	0	0	131	131
Total Revenues	<u>575,000</u>	<u>575,000</u>	<u>575,131</u>	<u>131</u>
Expenditures				
Capital Outlay				
Professional & Tech Services	55,000	55,000	34,229	20,771
Building Improvement	520,000	581,096	575,541	5,555
Supply Assets	0	0	5,392	(5,392)
Total Capital Outlay	<u>575,000</u>	<u>636,096</u>	<u>615,162</u>	<u>20,934</u>
Total Expenditures	<u>575,000</u>	<u>636,096</u>	<u>615,162</u>	<u>20,934</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(61,096)	(40,031)	21,065
Cash Balance Beginning of Year	<u>61,900</u>	<u>61,900</u>	<u>61,900</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 61,900</u>	<u>\$ 804</u>	<u>\$ 21,869</u>	<u>\$ 21,065</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ (40,031)</u>	
Net Changes in Fund Balance-GAAP Basis			<u>\$ (40,031)</u>	

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

State of New Mexico

Carrizozo Municipal Schools

Capital Projects Fund-Senate Bill Nine-31700

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Property Taxes	\$ 117,097	\$ 117,098	\$ 120,439	\$ 3,341
State Grant	0	5,969	0	(5,969)
Total Revenues	<u>117,097</u>	<u>123,067</u>	<u>120,439</u>	<u>(2,628)</u>
Expenditures				
Support Services				
General Administration				
Professional & Tech Services	1,171	1,271	1,204	67
Total General Administration	<u>1,171</u>	<u>1,271</u>	<u>1,204</u>	<u>67</u>
Total Support Services	<u>1,171</u>	<u>1,271</u>	<u>1,204</u>	<u>67</u>
Capital Outlay				
Purchased Property Services	103,222	129,091	93,725	35,366
Supplies	7,106	18,374	45,569	(27,195)
Total Capital Outlay	<u>110,328</u>	<u>147,465</u>	<u>139,294</u>	<u>8,171</u>
Total Expenditures	<u>111,499</u>	<u>148,736</u>	<u>140,498</u>	<u>8,238</u>
Excess (Deficiency) of Revenues	5,598	(25,669)	(20,059)	5,610
Cash Balance Beginning of Year	<u>85,730</u>	<u>85,730</u>	<u>85,730</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 91,328</u>	<u>\$ 60,061</u>	<u>\$ 65,671</u>	<u>\$ 5,610</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (20,059)	
Net Change in Taxes Receivable			431	
Net Change in Due from Grantor			17,464	
Net Change in Unavailable Revenue			(839)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (3,003)</u>	

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

State of New Mexico
Carrizozo Municipal Schools
Debt Service Fund-41000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Property Taxes	\$ 318,596	\$ 318,596	\$ 323,093	\$ 4,497
Total Revenues	<u>318,596</u>	<u>318,596</u>	<u>323,093</u>	<u>4,497</u>
Expenditures				
Support Services				
General Administration				
Professional & Tech Services	6,400	8,400	3,232	5,168
Total General Administration	<u>6,400</u>	<u>8,400</u>	<u>3,232</u>	<u>5,168</u>
Total Support Services	<u>6,400</u>	<u>8,400</u>	<u>3,232</u>	<u>5,168</u>
Debt Service				
Principal	255,000	255,000	255,000	0
Interest	63,446	63,446	63,446	0
Total Debt Service	<u>318,446</u>	<u>318,446</u>	<u>318,446</u>	<u>0</u>
Total Expenditures	<u>324,846</u>	<u>326,846</u>	<u>321,678</u>	<u>5,168</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,250)	(8,250)	1,415	9,665
Cash Balance Beginning of Year	<u>316,110</u>	<u>316,110</u>	<u>316,110</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 309,860</u>	<u>\$ 307,860</u>	<u>\$ 317,525</u>	<u>\$ 9,665</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,415	
Net Change in Taxes Receivable			703	
Net Change in Current Interest Due			(5,066)	
Net Change in Current Principal Due			(20,000)	
Net Change in Unavailable Revenue			(1,890)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (24,838)</u>	

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

**Supplemental Information Related to
Nonmajor Funds**

Food Services (21000). To account for revenue and expenditures associated with the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements. Authority for creation of this fund is NMSA 22-13-13.

Athletics (22000). To account for revenue and expenditures associated with the District's budgeted athletic activities. (NMAC 6.20.2).

Title I (24101)(24164) To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the Elementary and Secondary Act of 1965, Chapter I of Title I, as amended, Public Laws 100-297, 20 U.S.C. 2701. The fund was created by the authority of federal grant provisions.

IDEA B Entitlement (24106)(24108). To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

IDEA Preschool (24109). To account for a program funded by a Federal grant to assist the District in providing a free appropriate public education to preschool disabled children aged three through five years. Funding authorized by the Individuals with Disabilities Education Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, 101-476, and 102-119. The fund was created by the authority of federal grant provisions.

Improving Teacher Quality (24154). 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 student academic achievement. Elementary and Secondary Education Act of 1965, as amended, Title II, Part A (PL 107-110).

Medicaid (25153). To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. The fund was created by the authority of federal grant provisions. (Title XIX Social Security Act).

Rural Education Achievement Program (REAP) (25233). To account for funds received from the Technology for Education Grant created by the 1994 State Legislation to establish funding of any costs associated with educational technology. Funding provided by the State of New Mexico. (NMSA 22-15A-1-10).

Dual Credit Instructional Materials (27103). To provide financial assistance to purchased instructional materials for the college classes offered to students who are taking them for dual credits. The fund was created by the authority of state grant provisions.

NM Reads to Lead (27114). To account for revenue and expenditures received from a state grant for the purpose of improving skills of young students in the area of reading. The fund was created by the authority of state grant provisions.

K3 Plus (27166). 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.

STEM Teacher Initiative (27181). To account for a state grant used to equipment a science classroom. The fund was created by the authority of state grant provisions.

State of New Mexico
Carrizozo Municipal Schools
 Nonmajor Funds
 Combining Balance Sheet
 June 30, 2016

	Special Revenue Funds		
	Food Service 21000	Athletics 22000	Title I 24101
Assets			
Cash and Cash Equivalents	\$ 7,902	\$ 3,374	\$ 0
Receivables			
Due From Grantor	0	0	2,389
Total Assets	<u>\$ 7,902</u>	<u>\$ 3,374</u>	<u>\$ 2,389</u>
Liabilities			
Accounts Payables	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	2,389
Total Liabilities	<u>0</u>	<u>0</u>	<u>2,389</u>
Fund Balance			
Restricted for Special Revenue	7,902	3,374	0
Assigned for Capital Projects	0	0	0
Total Fund Balance	<u>7,902</u>	<u>3,374</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 7,902</u>	<u>\$ 3,374</u>	<u>\$ 2,389</u>

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

State of New Mexico
Carrizozo Municipal Schools
 Nonmajor Funds
 Combining Balance Sheet
 June 30, 2016

	Special Revenue Funds		
	IDEA B Entitlement 24106	NM Autism Project 24108	Preschool 24109
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	14,443	1,308	2,498
Total Assets	<u>\$ 14,443</u>	<u>\$ 1,308</u>	<u>\$ 2,498</u>
Liabilities			
Accounts Payables	\$ 0	\$ 0	\$ 0
Interfund Balance	14,443	1,308	2,498
Total Liabilities	<u>14,443</u>	<u>1,308</u>	<u>2,498</u>
Fund Balance			
Restricted for Special Revenue	0	0	0
Assigned for Capital Projects	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 14,443</u>	<u>\$ 1,308</u>	<u>\$ 2,498</u>

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

State of New Mexico
Carrizozo Municipal Schools
 Nonmajor Funds
 Combining Balance Sheet
 June 30, 2016

	Special Revenue Funds		
	Improving Teacher Quality 24154	Title I School Improvement 24162	Medicaid 25153
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 3,237
Receivables			
Due From Grantor	12,578	0	0
Total Assets	\$ 12,578	\$ 0	\$ 3,237
Liabilities			
Accounts Payables	\$ 0	\$ 0	\$ 0
Interfund Balance	12,578	0	0
Total Liabilities	12,578	0	0
Fund Balance			
Restricted for Special Revenue	0	0	3,237
Assigned for Capital Projects	0	0	0
Total Fund Balance	0	0	3,237
Total Liabilities and Fund Balance	\$ 12,578	\$ 0	\$ 3,237

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

State of New Mexico
Carrizozo Municipal Schools
 Nonmajor Funds
 Combining Balance Sheet
 June 30, 2016

	Special Revenue Funds		
	REAP 25233	Dual Credit Instructional Materials 27103	NM Reads to Lead 27114
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	0	85	0
Total Assets	<u>\$ 0</u>	<u>\$ 85</u>	<u>\$ 0</u>
Liabilities			
Accounts Payables	\$ 0	\$ 0	\$ 0
Interfund Balance	0	85	0
Total Liabilities	<u>0</u>	<u>85</u>	<u>0</u>
Fund Balance			
Restricted for Special Revenue	0	0	0
Assigned for Capital Projects	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 85</u>	<u>\$ 0</u>

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

State of New Mexico
Carrizozo Municipal Schools
 Nonmajor Funds
 Combining Balance Sheet
 June 30, 2016

	<u>Special Revenue Funds</u>		
	<u>K 3 Plus 27166</u>	<u>STEM Teacher 27195</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 14,513
Receivables			
Due From Grantor	0	0	33,301
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 47,814</u>
Liabilities			
Accounts Payables	\$ 0	\$ 0	0
Interfund Balance	0	0	33,301
Total Liabilities	<u>0</u>	<u>0</u>	<u>33,301</u>
Fund Balance			
Restricted for Special Revenue	0	0	14,513
Assigned for Capital Projects	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>14,513</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 47,814</u>

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

State of New Mexico
Carrizozo Municipal Schools
 Nonmajor Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 For the Year Ended June 30, 2016

	Special Revenue Funds		
	Food Service 21000	Athletics 22000	Title I 24101
Revenues			
Fees	\$ 2,379	\$ 8,349	\$ 0
State & Local Grants	0	0	0
Federal Grants	78,690	0	65,702
Total Revenues	<u>81,069</u>	<u>8,349</u>	<u>65,702</u>
Expenditures			
Current			
Instruction	0	7,537	43,233
Support Services			
Student	0	0	0
Instruction	0	0	22,469
School Administration	0	0	0
Student Transportation	0	0	0
Food Services Operation	80,267	0	0
Total Expenditures	<u>80,267</u>	<u>7,537</u>	<u>65,702</u>
Excess (Deficiency) of Revenues Over Expenditures	802	812	0
Fund Balances at Beginning of Year	<u>7,100</u>	<u>2,562</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 7,902</u>	<u>\$ 3,374</u>	<u>\$ 0</u>

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

State of New Mexico
Carrizozo Municipal Schools
 Nonmajor Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 For the Year Ended June 30, 2016

	Special Revenue Funds		
	IDEA B Entitlement 24106	NM Autism Project 24108	Preschool 24109
	<u>24106</u>	<u>24108</u>	<u>24109</u>
Revenues			
Fees	\$ 0	\$ 0	\$ 0
State & Local Grants	0	0	0
Federal Grants	39,186	1,308	3,098
Total Revenues	<u>39,186</u>	<u>1,308</u>	<u>3,098</u>
Expenditures			
Current			
Instruction	26,388	1,308	0
Support Services			
Student	12,798	0	3,098
Instruction	0	0	0
School Administration	0	0	0
Student Transportation	0	0	0
Food Services Operation	0	0	0
Total Expenditures	<u>39,186</u>	<u>1,308</u>	<u>3,098</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

State of New Mexico
Carrizozo Municipal Schools
 Nonmajor Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 For the Year Ended June 30, 2016

	Special Revenue Funds		
	Improving Teacher Quality 24154	Title I School Improvement 24162	Medicaid 25153
Revenues			
Fees	\$ 0	\$ 0	\$ 2,976
State & Local Grants	0	0	0
Federal Grants	17,949	11,818	0
Total Revenues	<u>17,949</u>	<u>11,818</u>	<u>2,976</u>
Expenditures			
Current			
Instruction	13,707	11,818	0
Support Services			
Student	3,763	0	175
Instruction	0	0	0
School Administration	479	0	0
Student Transportation	0	0	0
Food Services Operation	0	0	0
Total Expenditures	<u>17,949</u>	<u>11,818</u>	<u>175</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	2,801
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>436</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,237</u>

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

State of New Mexico
Carrizozo Municipal Schools
 Nonmajor Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 For the Year Ended June 30, 2016

	Special Revenue Funds		
	REAP 25233	Dual Credit Instructional Materials 27103	NM Reads to Lead 27114
Revenues			
Fees	\$ 0	\$ 0	\$ 0
State & Local Grants	0	967	50,000
Federal Grants	8,799	0	0
Total Revenues	<u>8,799</u>	<u>967</u>	<u>50,000</u>
Expenditures			
Current			
Instruction	8,799	967	50,000
Support Services			
Student	0	0	0
Instruction	0	0	0
School Administration	0	0	0
Student Transportation	0	0	0
Food Services Operation	0	0	0
Total Expenditures	<u>8,799</u>	<u>967</u>	<u>50,000</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

State of New Mexico
Carrizozo Municipal Schools
 Nonmajor Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 For the Year Ended June 30, 2016

	<u>Special Revenue Funds</u>		
	<u>K 3 Plus 27166</u>	<u>STEM Teacher 27195</u>	<u>Total</u>
Revenues			
Fees	\$ 0	\$ 0	\$ 13,704
State & Local Grants	33,958	24,300	109,225
Federal Grants	0	0	226,550
Total Revenues	<u>33,958</u>	<u>24,300</u>	<u>349,479</u>
Expenditures			
Current			
Instruction	30,727	18,123	212,607
Support Services			
Student	0	6,177	26,011
Instruction	0	0	22,469
School Administration	0	0	479
Student Transportation	3,231	0	3,231
Food Services Operation	0	0	80,267
Total Expenditures	<u>33,958</u>	<u>24,300</u>	<u>345,064</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	4,415
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>10,098</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,513</u>

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

State of New Mexico
Carrizozo Municipal Schools
Special Revenue Fund-Food Service-21000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Fees	\$ 0	\$ 0	\$ 2,379	\$ 2,379
Federal Grants	82,990	82,990	73,996	(8,994)
Total Revenues	<u>82,990</u>	<u>82,990</u>	<u>76,375</u>	<u>(6,615)</u>
Expenditures				
Food Services Operations				
Professional & Tech Services	93,158	89,890	75,573	14,317
Supplies	200	200	0	200
Total Food Services Operations	<u>93,358</u>	<u>90,090</u>	<u>75,573</u>	<u>14,517</u>
Total Expenditures	<u>93,358</u>	<u>90,090</u>	<u>75,573</u>	<u>14,517</u>
Excess (Deficiency) of Revenues Over Expenditures	(10,368)	(7,100)	802	7,902
Cash Balance Beginning of Year	<u>7,100</u>	<u>7,100</u>	<u>7,100</u>	<u>0</u>
Cash Balance End of Year	<u>\$ (3,268)</u>	<u>\$ 0</u>	<u>\$ 7,902</u>	<u>\$ 7,902</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 802</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 802</u>	

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

State of New Mexico
Carrizozo Municipal Schools
Special Revenue Fund-Athletics-22000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Fees	\$ 6,899	\$ 6,899	\$ 8,349	\$ 1,450
Total Revenues	<u>6,899</u>	<u>6,899</u>	<u>8,349</u>	<u>1,450</u>
Expenditures				
Instruction				
Other Purchased Services	7,353	7,461	6,041	1,420
Supplies	<u>2,000</u>	<u>2,000</u>	<u>1,496</u>	<u>504</u>
Total Instruction	<u>9,353</u>	<u>9,461</u>	<u>7,537</u>	<u>1,924</u>
Total Expenditures	<u>9,353</u>	<u>9,461</u>	<u>7,537</u>	<u>1,924</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,454)	(2,562)	812	3,374
Cash Balance Beginning of Year	<u>2,562</u>	<u>2,562</u>	<u>2,562</u>	<u>0</u>
Cash Balance End of Year	\$ <u>108</u>	\$ <u>0</u>	\$ <u>3,374</u>	\$ <u>3,374</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>812</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>812</u>	

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

State of New Mexico
Carrizozo Municipal Schools
Special Revenue Fund-Title I-24101
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 128,344	\$ 152,273	\$ 102,254	\$ (50,019)
Total Revenues	<u>128,344</u>	<u>152,273</u>	<u>102,254</u>	<u>(50,019)</u>
Expenditures				
Instruction				
Personnel Services	39,054	44,019.00	23,424	20,595
Employee Benefits	16,841	23,295.00	13,093	10,202
Professional & Tech Services	11,495	11,495.00	0	11,495
Other Purchased Services	0	0	17	(17)
Supplies	0	7,165.00	392	6,773
Supply Assets	0	4,500.00	6,307	(1,807)
Total Instruction	<u>67,390</u>	<u>90,474</u>	<u>43,233</u>	<u>47,241</u>
Support Services				
Instruction				
Personnel Services	17,979	17,979	17,978	1
Employee Benefits	4,034	4,379	4,356	23
Other Purchased Services	0	500	135	365
Total Instruction	<u>22,013</u>	<u>22,858</u>	<u>22,469</u>	<u>389</u>
Total Support Services	<u>22,013</u>	<u>22,858</u>	<u>22,469</u>	<u>389</u>
Total Expenditures	<u>89,403</u>	<u>113,332</u>	<u>65,702</u>	<u>47,630</u>
Excess (Deficiency) of Revenues Over Expenditures	38,941	38,941	36,552	(2,389)
Cash Balance Beginning of Year	<u>(38,941)</u>	<u>(38,941)</u>	<u>(38,941)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,389)</u>	<u>\$ (2,389)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 36,552	
Net Change in Due from Grantor			<u>(36,552)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

State of New Mexico
Carrizozo Municipal Schools
Special Revenue Fund-IDEA B Entitlement-24106
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 41,424	\$ 73,539	\$ 26,376	\$ (47,163)
Total Revenues	<u>41,424</u>	<u>73,539</u>	<u>26,376</u>	<u>(47,163)</u>
Expenditures				
Instruction				
Personnel Services	22,490	40,720	21,324	19,396
Employee Benefits	5,328	11,353	4,474	6,879
Professional & Tech Services	1,425	4,195	115	4,080
Other Purchased Services	0	1,000	36	964
Supplies	75	1,075	438	637
Total Instruction	<u>29,318</u>	<u>58,343</u>	<u>26,387</u>	<u>31,956</u>
Support Services				
Students				
Personnel Services	7,000	9,500	8,775	725
Employee Benefits	1,649	2,239	2,131	108
Professional & Tech Services	0	0	26	(26)
Other Purchased Services	1,823	1,823	1,866	(43)
Total Students	<u>10,472</u>	<u>13,562</u>	<u>12,798</u>	<u>764</u>
Total Support Services	<u>10,472</u>	<u>13,562</u>	<u>12,798</u>	<u>764</u>
Total Expenditures	<u>39,790</u>	<u>71,905</u>	<u>39,185</u>	<u>32,720</u>
Excess (Deficiency) of Revenues Over Expenditures	1,634	1,634	(12,809)	(14,443)
Cash Balance Beginning of Year	<u>(1,634)</u>	<u>(1,634)</u>	<u>(1,634)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (14,443)</u>	<u>\$ (14,443)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (12,809)	
Net Change in Due from Grantor			12,809	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

State of New Mexico

Carrizozo Municipal Schools

Special Revenue Fund-NM Autism Project-24108

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 5,098	\$ 5,098	\$ 98	\$ (5,000)
Total Revenues	<u>5,098</u>	<u>5,098</u>	<u>98</u>	<u>(5,000)</u>
Expenditures				
Instruction				
Professional & Tech Services	1,000	1,000	0	1,000
Other Purchased Services	500	500	0	500
Supplies	2,000	2,000	0	2,000
Supply Assets	1,500	1,500	1,308	192
Total Instruction	<u>5,000</u>	<u>5,000</u>	<u>1,308</u>	<u>3,692</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>1,308</u>	<u>3,692</u>
Excess (Deficiency) of Revenues Over Expenditures	98	98	(1,210)	(1,308)
Cash Balance Beginning of Year	<u>(98)</u>	<u>(98)</u>	<u>(98)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,308)</u>	<u>\$ (1,308)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,210)	
Net Change in Due from Grantor			<u>1,210</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

State of New Mexico
Carrizozo Municipal Schools
Special Revenue Fund-IDEA Preschool-24109
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 4,196	\$ 5,522	\$ 2,931	\$ (2,591)
Total Revenues	<u>4,196</u>	<u>5,522</u>	<u>2,931</u>	<u>(2,591)</u>
Expenditures				
Support Services				
Students				
Professional & Tech Services	1,365	2,365	2,401	(36)
Supplies	<u>500</u>	<u>826</u>	<u>697</u>	<u>129</u>
Total Students	<u>1,865</u>	<u>3,191</u>	<u>3,098</u>	<u>93</u>
Total Support Services	<u>1,865</u>	<u>3,191</u>	<u>3,098</u>	<u>93</u>
Total Expenditures	<u>1,865</u>	<u>3,191</u>	<u>3,098</u>	<u>93</u>
Excess (Deficiency) of Revenues Over Expenditures	2,331	2,331	(167)	(2,498)
Cash Balance Beginning of Year	<u>(2,331)</u>	<u>(2,331)</u>	<u>(2,331)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,498)</u>	<u>\$ (2,498)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (167)	
Net Change in Due from Grantor			<u>167</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

State of New Mexico

Carrizozo Municipal Schools

Special Revenue Fund-Improving Teacher Quality-24154

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 11,786	\$ 26,056	\$ 5,541	\$ (20,515)
Total Revenues	<u>11,786</u>	<u>26,056</u>	<u>5,541</u>	<u>(20,515)</u>
Expenditures				
Instruction				
Personnel Services	0	8,500	10,800	(2,300)
Employee Benefits	0	2,560	2,540	20
Professional & Tech Services	5,315	5,315	0	5,315
Other Purchased Services	500	2,610	368	2,242
Total Instruction	<u>5,815</u>	<u>18,985</u>	<u>13,708</u>	<u>5,277</u>
Support Services				
Students				
Professional & Tech Services	2,500	2,500	2,343	157
Other Purchased Services	1,800	3,800	1,420	2,380
Total Students	<u>4,300</u>	<u>6,300</u>	<u>3,763</u>	<u>2,537</u>
School Administration				
Professional & Tech Services	1,000	100	355	(255)
Other Purchased Services	500	500	122	378
Total School Administration	<u>1,500</u>	<u>600</u>	<u>477</u>	<u>123</u>
Total Support Services	<u>5,800</u>	<u>6,900</u>	<u>4,240</u>	<u>2,660</u>
Total Expenditures	<u>11,615</u>	<u>25,885</u>	<u>17,948</u>	<u>7,937</u>
Excess (Deficiency) of Revenues Over Expenditures	171	171	(12,407)	(12,578)
Cash Balance Beginning of Year	<u>(171)</u>	<u>(171)</u>	<u>(171)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(12,578)</u>	\$ <u>(12,578)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (12,407)	
Net Change in Due From Grantor			<u>12,407</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

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

State of New Mexico
Carrizozo Municipal Schools
Special Revenue Fund-Title I School Improvement-24162
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 11,818	\$ 11,818	\$ 11,818	\$ 0
Total Revenues	<u>11,818</u>	<u>11,818</u>	<u>11,818</u>	<u>0</u>
Expenditures				
Instruction				
Supply Assets	11,818	11,818	11,818	0
Total Instruction	<u>11,818</u>	<u>11,818</u>	<u>11,818</u>	<u>0</u>
Total Expenditures	<u>11,818</u>	<u>11,818</u>	<u>11,818</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

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

State of New Mexico
Carrizozo Municipal Schools
Special Revenue Fund-Medicaid-25153
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Fees	\$ 8,000	\$ 8,000	\$ 2,976	\$ (5,024)
Total Revenues	<u>8,000</u>	<u>8,000</u>	<u>2,976</u>	<u>(5,024)</u>
Expenditures				
Support Services				
Students				
Professional & Tech Services	1,347	1,347	0	1,347
Supplies	<u>0</u>	<u>0</u>	<u>175</u>	<u>(175)</u>
Total Students	<u>1,347</u>	<u>1,347</u>	<u>175</u>	<u>1,172</u>
Total Support Services	<u>1,347</u>	<u>1,347</u>	<u>175</u>	<u>1,172</u>
Total Expenditures	<u>1,347</u>	<u>1,347</u>	<u>175</u>	<u>1,172</u>
Excess (Deficiency) of Revenues Over Expenditures	6,653	6,653	2,801	(3,852)
Cash Balance Beginning of Year	<u>436</u>	<u>436</u>	<u>436</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 7,089</u>	<u>\$ 7,089</u>	<u>\$ 3,237</u>	<u>\$ (3,852)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>2,801</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u><u>2,801</u></u>	

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

State of New Mexico

Carrizozo Municipal Schools

Special Revenue Fund-Rural Education Achievement Program-25233

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 4,976	\$ 14,917	\$ 12,888	\$ (2,029)
Total Revenues	<u>4,976</u>	<u>14,917</u>	<u>12,888</u>	<u>(2,029)</u>
Expenditures				
Instruction				
Supplies	887	2,887	2,630	257
Supply Assets	0	7,941	6,169	1,772
Total Instruction	<u>887</u>	<u>10,828</u>	<u>8,799</u>	<u>2,029</u>
Total Expenditures	<u>887</u>	<u>10,828</u>	<u>8,799</u>	<u>2,029</u>
Excess (Deficiency) of Revenues Over Expenditures	4,089	4,089	4,089	0
Cash Balance Beginning of Year	<u>(4,089)</u>	<u>(4,089)</u>	<u>(4,089)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 4,089	
Net Change in Due from Grantor			<u>(4,089)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

State of New Mexico

Carrizozo Municipal Schools

Special Revenue Fund-Dual Credit Instructional Materials-27103

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 882	\$ 1,038	\$ 882	\$ (156)
Total Revenues	<u>882</u>	<u>1,038</u>	<u>882</u>	<u>(156)</u>
Expenditures				
Instruction				
Supplies	882	1,038	967	71
Total Instruction	<u>882</u>	<u>1,038</u>	<u>967</u>	<u>71</u>
Total Expenditures	<u>882</u>	<u>1,038</u>	<u>967</u>	<u>71</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(85)	(85)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (85)</u>	<u>\$ (85)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (85)	
Net Change in Due from Grantor			<u>85</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

State of New Mexico
Carrizozo Municipal Schools
Special Revenue Fund-NM Reads to Lead-27114
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 50,000	\$ 50,000	\$ 50,000	\$ 0
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Expenditures				
Instruction				
Personnel Services	40,001	40,001	40,445	(444)
Employee Benefits	9,446	9,446	9,555	(109)
Supplies	<u>553</u>	<u>553</u>	<u>0</u>	<u>553</u>
Total Instruction	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

State of New Mexico
Carrizozo Municipal Schools
Special Revenue Fund-K-3 Plus-27166
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 43,576	\$ 33,958	\$ 33,958	\$ 0
Total Revenues	<u>43,576</u>	<u>33,958</u>	<u>33,958</u>	<u>0</u>
Expenditures				
Instruction				
Personnel Services	29,145	24,967	23,717	1,250
Employee Benefits	6,864	5,581	5,581	0
Other Purchased Services	300	179	1,429	(1,250)
Supplies	50	0	0	0
Total Instruction	<u>36,359</u>	<u>30,727</u>	<u>30,727</u>	<u>0</u>
Support Services				
Student Transportation				
Personnel Services	5,842	2,207	2,200	7
Employee Benefits	1,375	1,024	523	501
Other Purchased Services	0	0	508	(508)
Total Student Transportation	<u>7,217</u>	<u>3,231</u>	<u>3,231</u>	<u>0</u>
Total Support Services	<u>7,217</u>	<u>3,231</u>	<u>3,231</u>	<u>0</u>
Total Expenditures	<u>43,576</u>	<u>33,958</u>	<u>33,958</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 0	

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

State of New Mexico
Carrizozo Municipal Schools
Special Revenue Fund-STEM Teacher-27195
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 24,300	\$ 24,300	\$ 24,300	\$ 0
Total Revenues	<u>24,300</u>	<u>24,300</u>	<u>24,300</u>	<u>0</u>
Expenditures				
Instruction				
Personnel Services	15,000	15,000	15,000	0
Employee Benefits	<u>3,122</u>	<u>3,122</u>	<u>3,122</u>	<u>0</u>
Total Instruction	<u>18,122</u>	<u>18,122</u>	<u>18,122</u>	<u>0</u>
Support Services				
Student Transportation				
Personnel Services	5,000	5,000	5,000	0
Employee Benefits	<u>1,178</u>	<u>1,178</u>	<u>1,178</u>	<u>0</u>
Total Student Transportation	<u>6,178</u>	<u>6,178</u>	<u>6,178</u>	<u>0</u>
Total Support Services	<u>6,178</u>	<u>6,178</u>	<u>6,178</u>	<u>0</u>
Total Expenditures	<u>24,300</u>	<u>24,300</u>	<u>24,300</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

Required Supplemental Information

State of New Mexico
Carrizozo Municipal Schools
Schedules of Required Supplementary Information for Pension Plan
For the Year Ended June 30, 2016

Schedule of the District's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.04315%	0.04407%
District's proportionate share of the net pension liability	\$ 2,462,013	\$ 2,854,531
District's covered-employee payroll	\$ 1,278,570	\$ 1,283,901
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	192.56%	222.33%
Plan fiduciary net position as a percentage of the total pension	66.54%	63.97%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Schedule of District's Contributions

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 174,124	\$ 198,734
Contributions in relation to the contractually required contribution	<u>174,124</u>	<u>174,124</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 24,610</u>
Districts covered-employee payroll	\$ 1,278,570	\$ 1,283,901
Contributions as a percentage of covered-employee payroll	13.62%	13.56%

* These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Carrizozo Municipal Schools

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, the Board of Trustees of 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 4.25% to 3.75%
 - b. Minor changes to demographic assumptions
 - c. Lower population growth from .50% to zero by removing population growth assumption for
 - d. Updated the mortality tables to incorporate generational improvements

2. Assumptions that were not changed:
 - a. Investment return will remain at 7.75%
 - b. Inflation will remain at 3.00%
 - c. COLA assumption of 2.00% per year
 - d. Retain net 4.75% real return assumption
 - e. Maintain current payroll growth assumption of 3.50%
 - f. Maintained experience-based rates for members who joined NMERB by June 30, 2010

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

Other Supplemental Information

Fiduciary Fund

Activity Trust Fund

To account for funds of various student groups that are custodial in nature.

State of New Mexico
Carrizozo Municipal Schools
 Agency Funds
 Statement of Fiduciary Net Assets and Liabilities-Agency Funds
 For the Year Ended June 30, 2016

	Beginning Balance <u>6/30/15</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>6/30/16</u>
Assets				
Cash in Bank	\$ 38,443	\$ 82,998	\$ 76,393	\$ 45,048
Total Assets	<u>\$ 38,443</u>	<u>\$ 82,998</u>	<u>\$ 76,393</u>	<u>\$ 45,048</u>
Liabilities				
Deposits Held for Others	\$ 38,443	\$ 82,998	\$ 76,393	\$ 45,048
Total Liabilities	<u>\$ 38,443</u>	<u>\$ 82,998</u>	<u>\$ 76,393</u>	<u>\$ 45,048</u>

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

State of New Mexico
Carrizozo Municipal Schools
Agency Funds - Activity
Schedule of Fiduciary Net Assets and Liabilities-Agency Funds
For the Year Ended June 30, 2016

	Beginning Balance 6/30/15	Additions	Deductions	Ending Balance 6/30/16
Assets				
23100 Administration General	\$ 517	\$ 2,488	\$ 459	\$ 2,546
23501 Grizzly Alumni	223	5,370	5,440	153
23502 Cafeteria Activity	24	0	15	9
23503 PFK	906	8,067	7,842	1,131
23505 "C" Club	19	0	0	19
23506 Carrizozo Opportunity	146	2,696	1,820	1,022
23507 Class of 2014	12	0	0	12
23508 FFA	19,362	19,499	18,814	20,047
23509 Booster Club	628	7,396	7,795	229
23510 Metal Shop Projects	0	1,551	283	1,268
23511 Music/Drama	305	806	593	518
23512 Library Activity	1,577	1,737	1,697	1,617
23513 Student Council	259	45	102	202
23514 National Honor Society	0	30	0	30
23518 Culinary Arts	2,353	10,434	10,671	2,116
23519 Track	98	0	0	98
23520 Girls Volleyball	14	430	0	444
23521 Yearbook Activity	2,454	2,931	2,004	3,381
23523 Sunshine Account	473	0	0	473
23524 Athletic Concession	1,529	13,751	11,447	3,833
23525 Elementary Activity	323	609	321	611
23526 Knowledge Bowl	454	99	315	238
23527 Boys Basketball	125	59	0	184
23528 Online Learning	142	0	0	142
23536 Student Activity	487	307	59	735
23544 Class of 2018	331	477	230	578
23545 Class of 2017	1,898	1,401	1,795	1,504
23547 Class of 2016	451	168	584	35
23548 Grizzlies Garden	2,511	2,545	4,076	980
23552 The Garden	119	0	31	88
23553 NMABA	702	102	0	804
Total Assets	<u>\$ 38,443</u>	<u>\$ 82,998</u>	<u>\$ 76,393</u>	<u>\$ 45,048</u>
Liabilities				
Deposits Held for Others	\$ 38,443	\$ 82,998	\$ 76,393	\$ 45,048
Total Liabilities	<u>\$ 38,443</u>	<u>\$ 82,998</u>	<u>\$ 76,393</u>	<u>\$ 45,048</u>

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

State of New Mexico
Carrizozo Municipal Schools
Cash Reconciliations - All Funds
For the Year Ended June 30, 2016

		Beginning Cash Balance 6/30/15	Restatement	Restated Beginning Cash Balance	Revenue	Expenditures	Ending Cash Balance 6/30/16
Operational	11000	\$ 162,296	\$ (15,030)	\$ 147,266	1,900,960	\$ 1,917,250	\$ 130,976
Transportation	13000	19,342	0	19,342	155,029	174,079	292
Instructional Materials	14000	7,474	0	7,474	10,294	7,167	10,601
Food Service	21000	7,100	0	7,100	76,375	75,573	7,902
Athletics	22000	2,562	0	2,562	8,349	7,537	3,374
Activities	23000	38,445	0	38,445	82,998	76,393	45,050
Federal Flowthrough	24000	(43,175)	0	(43,175)	149,019	139,060	(33,216)
Federal Direct	25000	(3,654)	0	(3,654)	15,864	8,974	3,236
State Grants	27000	(0)	0	(0)	109,140	109,225	(85)
Bond Building	31100	61,900	0	61,900	575,131	615,163	21,868
Senate Bill Nine	31700	85,730	0	85,730	120,439	140,498	65,671
Debt Service	41000	316,109	0	316,109	323,093	321,677	317,525
Totals		\$ 654,129	\$ (15,030)	\$ 639,099	3,526,691	\$ 3,592,596	\$ 573,194

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

State of New Mexico
Carrizozo Municipal Schools
 Vendor Schedule
 For the Year Ended June 30, 2016

RFB#/RFP#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the procurement documentation, of <u>ALL</u> Vendor(s) that responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A	Brief Description of the Scope of Work
The District did not have any vendors that met this criteria.								

De'Aun Willoughby CPA, PC

Certified Public Accountant

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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 Auditor's Report

Mr. Tim Keller
State Auditor of the State of New Mexico
Board Members of the Carrizozo Municipal Schools

Mr. Keller and Members of the Board

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 Carrizozo Municipal School (District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplemental information, and have issued our report thereon dated September 23, 2016.

Internal Control Over Financial Reporting

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

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 District's 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 are 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses, that we consider to be significant deficiencies. 2012-001, 2015-003, 2015-004, 2015-005, 2015-006, 2016-001, 2016-002, 2016-003, 2016-004, and 2016-005.

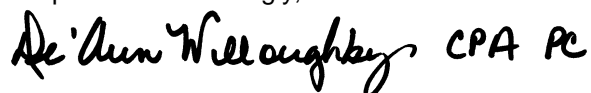
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses; 2012-001, 2015-003, 2015-004, 2015-005, 2015-006, 2016-001, 2016-002, 2016-003, 2016-004, and 2016-005.

The District's Responses to Findings

The District's responses to the findings identified in our audit as described in the accompanying Schedule of Findings and Responses. The District's response was not subject to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

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

 De'Aun Willoughby, CPA PC

Clovis, New Mexico
September 23, 2016

Prior Year Audit Findings

	<u>Status</u>
2012-001 Expenditure Issues	Repeated & Modified
2015-001 Stale Dated Checks	Resolved
2015-002 Clearing Account not Reconciling to Zero	Resolved
2015-003 Timely Deposits of Activity Receipts	Repeated & Modified
2015-004 Payroll	Repeated & Modified
2015-005 Background Checks	Repeated & Modified
2015-006 PED Cash	Repeated & Modified
2015-007 Budget Violations	Resolved

Current Year Audit Findings

2012-001 Expenditure Issues - Compliance and Internal Control-Significant Deficiency Condition

Of a sample size of 123 totaling \$923,893.20 revealed the following:
 Fund 13000-Of the 14 expenditures sampled totaling \$36,597.66, 1 totaling \$1,249.53 had a after fact PO, the purchase was made without first receiving a purchase order.
 Fund 24154-Of the 11 expenditures sampled totaling \$4,403.06, 1 totaling \$23.05 was for meal reimbursement. The ticket indicated there were three people however only 1 employee of the school district went to the conference.

Management is making progress solving this

Criteria

In accordance with 6.20.2.17 Purchasing, each school district shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq, NMSA 1978.

Cause

Personnel in the business office have really cracked down on after fact purchase orders and we see a big improvements.

Effect

The results of these expenditure issues is over spending of public funds.

Recommendation

The Superintendent needs to enforce the procurement process and there should be consequences for failing to follow the process.

Response

We will be checking reimbursement tickets more closely.

The Superintendent is responsible for enforcing the procurement process. It is expected this finding will be resolved in the current fiscal year.

2015-003 Activity Receipts-Compliance and Internal Control-Significant

Deficiency

Condition

The District stopped issuing receipts. We were unable to determine if money was deposited within 24 hours.

Management is making progress solving this finding.

Criteria

NMAC 6.20.2.14 (B) The school district shall issue a factory pre-numbered receipt for all money received. NMAC 6.20.2.14 (C) Money received and receipted shall be deposited in the bank within 24 hours or one banking day.

Cause

The employee responsible for the prior year finding decided to stop issuing receipts so we could not determine if the funds were deposited within 24 hours.

Effect

Activity funds pose a high risk of fraud making the implementation of a strong internal control system very important. Without a strong working control system, activity funds could easily be misappropriated.

Recommendation

Receipts have to be issued. The District must reinstate good internal controls for cash receipts and follow them.

Response

Receipts books have been ordered and will be distributed to pertaining staff, who will be trained on the procedure.

The Superintendent is responsible for employees who handle cash receipts. It is expected this finding will be resolved in the current fiscal year.

2015-004 Payroll-Compliance and Internal Control-Significant Deficiency

Condition

During our review of 16 personnel files and contracts we noted the following:
6 were non-exempt employees, we were unable to determine if OT was worked and paid.
10 I-9's were incomplete, 1 was incorrect, and 1 could not be located.

Management is making progress solving this finding.

Criteria

Recordkeeping Requirements under the Fair Labor Standards Act (FLSA). Every covered employer must keep certain records for each non-exempt worker. The Act requires no particular form for the records, but does require that the records include certain identifying information about the employee and data about the hours worked and the wages earned. The law requires this information to be accurate. Each employer shall preserve for at least three years payroll records. Records on which wage computations are based should be retained for two years 29 CFR §516.6, i.e., time cards and piece work tickets, wage rate tables, work and time schedules, and records of additions to or deductions from wages. NMAC 6.20.2.18 states the local board shall establish written policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. School district shall maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations, direct deposit authorizations, pay or position change notices and ERA plan application.

Cause

The district did not implament a new computerized timeclock system untill the end of November 2015.

Effect

Without adequate time worked documentation, Workforce Solutions could require the District to pay at time and a half the hours verbally told to them by the nonexempt employees. The cost to the District could be substantial.

Recommendation

We recommend a formal time tracking system, more review and supervision. The individual who is in charge of completing the employer portion of the I-9 should read the I-9 instructions and use the M-274 Handbook for employers located at the U.S. Citizenship and Immigration website.

Response

We have requested new I-9's from current staff and will attached to the old ones, just to make sure we are compliant. We are checking timesheets more thoroughly, to make sure we are in compliance with FLSA.

The Superintendent is responsible for the implementation of a time keeping system. The Assistant Business Manager is responsible for the completion of the I-9s. This finding is expected to be resolved by the end of the current fiscal year.

2015-005 Background Checks-Compliance and Internal Control-Significant Condition

During our review of 16 background checks we noted the following:

One background check could not be located.

Management is making progress solving this finding.

Criteria

NM Statute 22-10(A)-5 states that if an employee terminates and returns, a new background check is required.

Cause

Management was not aware a new background check was required if an employee returns to work.

Effect

As a safety measure, people with serious criminal records may not be fit to have responsibility for the safety and well being of children.

Recommendation

Training and supervision is necessary to avoid all of the above issues.

Response

We will require new background checks for returning employees.

The Business Manager is responsible for this issue and expects the finding to be resolved by the end of the fiscal year.

2015-006 PED Cash-Compliance and Internal Control-Significant Deficiency

Condition

The District's PED Cash Report at year end did not properly reflect the June 30, 2016 reconciled cash balances. There was a difference in the cash balance for Operational \$15,076.34, and the Activities Fund of \$13,364.43 over reported on the June 30, 2016 PED cash report by \$28,710.77.

Management is making progress solving this finding.

Criteria

6.20.2.11 (B) (6) NMAC and Regulation SBE-6 the reports sent to the New Mexico Public Education Department (PED) must agree to the District's general ledger and must be submitted quarterly and annually by July 31.

Cause

There was a deposit for a lunch claim that was deposited into the wrong bank account in the fiscal year ended June 30, 2015. The auditor required the business manager to make a journal entry to adjust the cash balance for June 30, 2015 incorrectly because of that deposit. The error caused cash to be incorrect for the entire year ended June 30, 2016.

Effect

The District is not in compliance with NMAC 6.20.2.11 (b) (6) and Regulation SBE-6. Noncompliance may result in poor decision making by the District's governing board.

Recommendation

Do not be afraid to challenge the auditor when you disagree with an adjustment.

Response

Journal entries will be reviewed and approved by someone other than the business manager, who is responsible for making the entries. The business manager will provide the reviewer with a report of all journal entries made during the prior week or month. When the reviewer understands the journal entries and their purpose, consulting the supporting documentation where necessary, the reviewer will sign the report to show approval of the entries. The District will ensure that all journal entries are done correctly assuring the PED cash reports agree with reconciled balances.

The Business Manager is responsible and feels as though the problem is currently resolved.

2016-001 New Hire Reporting-Compliance and Internal Control-Significant Deficiency

Condition

Two out of five new hires were not reported to the NM New Hire Reporting System timely.

Criteria

New Mexico law (§50-13-1 to 50-13-4) and Federal law (42 USC §653.a.(b)(1)(A)), all public, private, non-profit, and government employers are required to report all newly hired employees within 20 days of hire.

Cause

A lack of training and supervision allowed the process to fail.

Effect

Pursuant to federal law, states have the option of imposing civil monetary penalties on employers who fail to report new hires. The fine can be up to \$20 per newly hired employee, and if there is a conspiracy between the employer and employee not to report, the penalty can be up to \$500 per newly hired employee.

Recommendation

Additional training and supervision is necessary to avoid this oversight in the future.

Response

We will provide additional training and supervision for personnel who is involved with the new hire reporting. The business manager is confident this finding will be resolved by the end of the fiscal year.

The Assistant Business Manager is responsible for reporting the new hires. The issue will be resolved immediately by implementing a system to avoid late reporting.

2016-002 Cash Appropriations in Excess of Available Cash Balances-Compliance and Internal Control-Significant Deficiency

Condition

The District maintained a deficit budget in excess of available cash balance in the following funds:

	Budgeted Cash	Cash Balance as of July 1, 2016	Budgeted Expenditures	Cash Appropriations In Excess of Available Cash
Operational (11000)	1,895,484	147,266	2,061,227	(18,477)

Criteria

Section 2.2.210. (P) (1), NMAC, requires all school district funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the PED for approval. Cash balances budgeted to make up the deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

Cause

The District does not have a procedure in place to ensure sufficient beginning cash balances exist to absorb budget deficits.

Effect

The District will have to supplement the budget deficit with other funds, which may lead to financial difficulties and deplete the budget in other funds.

Recommendation

BARS should be issued shortly after audited cash balances are confirmed if estimated cash balances are more and cash was used to balance the budget.

Response

The District will ensure that all BARS will be issued to adjust beginning cash to actual and reduce expenditures as necessary shortly after the audit report has been approved assuring the cash balances are correct. The Superintendent will approve the spreadsheet indicating the adjustments required to the budget for this issue.

The Business Manager is responsible for the finding and has amended the budget to avoid this finding in the future.

2016-003 Bank Reconciliations not being performed in a timely manner-Compliance & Internal Control-Significant Deficiency

Condition

During our audit fieldwork we noted the following:

Activity Account bank reconciliations for February through June 2016 were not completed correctly until 9/6/16.

Criteria

NMAC 2.2.5.8 (4) Bank reconciliations are to be performed timely and agreed to the general ledger.

Cause

The business manager is spending a lot of time training a new payroll clerk and her duties are falling behind.

Effect

When bank statements are not reconciled to the general ledger there is an opportunity for misappropriation of cash assets and incorrect financial reporting. Management decisions may be skewed by the incorrect financials.

Recommendation

Bank statements must be reconciled within 30 days to dispute an item with the bank.

Response

We will reconcile the bank statements within 30 days. The Board will approve the bank reconciliations monthly in the board financial package.

The Business Manager is responsible for this finding and has resolved it.

2016-004 ERB and RHCA - Compliance and Internal Control-Significant Deficiency

Condition

During our testing of payroll we noted the following:

1 of the 16 employees sampled 1 was not paying into ERB & RHCA. The fiscal year calculated totals show that the employee under paid ERB by \$444.59 and under paid RHCA by \$56.28. The fiscal year calculated totals for the employer shows a under payment to ERB by \$782.26 and under payment to RHCA of \$112.55. Combined under payment totals for the fiscal year to ERB \$1,226.85 and RHCA \$168.83.

Criteria

As per ERB handbook any employee working .25 FTE or more is covered by ERB's retirement program. Also, the Office of the State Auditor has added NMRHCA to their 2010 State Auditor Rule under State Compliance, Section 2.2.2.10 (G) (19). The rule states: "Retiree Health Care Authority Act (Section 10-7C-1 to 10-7C-19 NMSA 1978). Auditors should test to ensure 100% of payroll is reported to NMRHCA. RHCA employer and employee contributions are set forth in Section 10-7C-15 NMSA 1978.

Cause

The District was classifying these individuals as cafeteria subs/part-time rather than non-exempt workers.

Effect

Benefits were underpaid and the employee did not received credit for the earnings at ERB.

Recommendation

We recommend deducting ERB and RHCA as required.

Response

The District now has a system in place to ensure the classification of the all employees are correct that will help prevent any further instances of submitting the wrong employees or amounts to ERB and RHCA.

The Business Manager is responsible for this finding and has resolved it.

2016-005 Violation of the Nepotism Law-Compliance-Significant Deficiency

Condition

The Superintendent signed his wife's, who is a teacher for the school district, 2015-2016 contract.

Criteria

NMSA 1978 22-5-6. A local superintendent shall not initially employ or approve the initial employment in any capacity of a person who is the spouse, father, father-in-law, mother, mother-in-law, son, son-in-law, daughter, daughter-in-law, brother, brother-in-law, sister or sister-in-law of a member of the local school board or the local superintendent. The local school board may waive the nepotism rule for family members of a local superintendent. B. Nothing in this section shall prohibit the continued employment of a person employed on or before July 1, 2008. History: 1953 Comp., § 77-4-3.1, enacted by Laws 1971, ch. 199, § 1; 1981, ch. 86, § 1; 2003, ch. 153, § 22; 2009, ch. 195, § 1.

Cause

He was not aware that he should not sign his wife's contract.

Effect

A superintendent could hire or pay a relative that may not be in the best interest of a school district.

Recommendation

The Board should sign the Superintendent's wife's contract.

Response

When the Superintendent hires any family member of a individual whom they will have direct control over, the board will be the one to sign that employees contract, amendments to the contract, or stipends for additional duties.

The Superintendent is responsible for this finding and has resolved it.

Financial Statement Preparation-The financial statements were prepared by De'Aun Willoughby CPA. However, they are the responsibility of management.

Exit Conference-An exit conference was held on September 23, 2016. Those present were Matt Ferguson-Board Members, Trampus Pierson-Audit Committee Member, Richard Hyatt-Audit Committee Member, Cathy Barela-Dean of Students, Ricky Espinoza-Superintendent, Elizabeth Montoya-Business Manager, Crystal Lucero-Business Support Specialist, and De'Aun Willoughby-CPA.