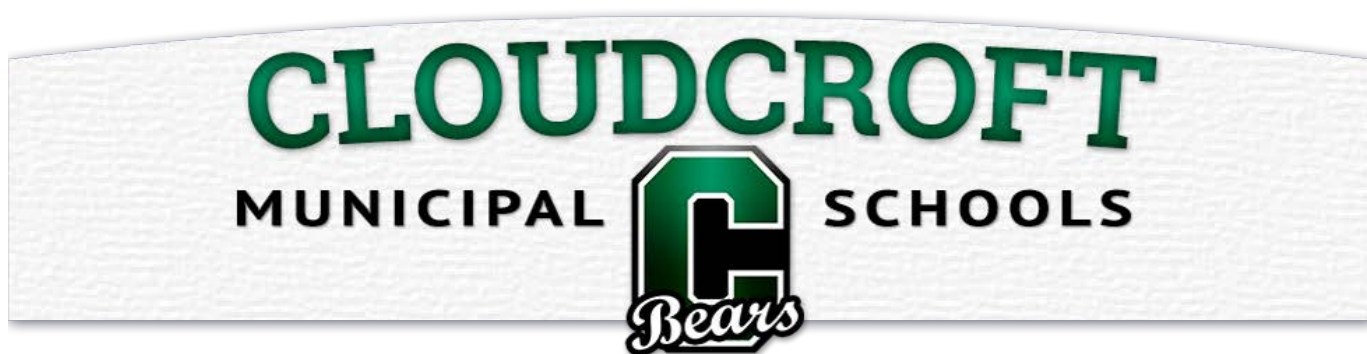


STATE OF NEW MEXICO



ANNUAL FINANCIAL REPORT

JUNE 30, 2016

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INTRODUCTORY SECTION

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ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2016

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 Cloudcroft Municipal Schools
 For the Fiscal Year Ended June 30, 2015
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OFFICIAL ROSTER
June 30, 2016

Name

Board of Education

Title

Bill Denney

President

Gerald Green

Vice President

Lance Wright

Secretary

Ace Wimsatt

Member

Arlan Ponder

Member

School Officials

Travis Dempsey

Superintendent

Sharlotte Dees

Business Manager

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Timothy M. Keller
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Cloudcroft Municipal Schools
Cloudcroft, New Mexico

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 of the general fund and the major special revenue funds of the Cloudcroft Municipal Schools (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the Cloudcroft Municipal Schools' basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Cloudcroft Municipal Schools' nonmajor governmental funds and the budgetary comparisons for the major capital project funds, debt service funds, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, as listed in the table of contents. We did not audit the 2015 Schedule of Employer Allocations and Pension Amounts of the State of New Mexico Educational Retirement Board (ERB), the administrator of the cost sharing pension plan for the District. The schedules and statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the District, is based solely on the report of the other auditors.

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 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 Cloudcroft Municipal Schools' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cloudcroft Municipal Schools' 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.

Basis for Qualified Opinions

The District was unable to provide a capital asset list that agreed to the prior year audit report. The District was able to provide a capital asset list with depreciation expense for the year ended June 30, 2016 but it was not complete. We were not able to apply other auditing procedures to provide evidence to verify the fairness of presentation of the capital assets and depreciation expense.

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Opinions

In our opinion, based on our report and the report of the other auditors, and except for the effects of the matter described in the Basis for Qualified Opinion paragraph, 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 Cloudcroft Municipal Schools, as of June 30, 2016, and the respective changes in financial position where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Cloudcroft Municipal Schools as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project funds, debt service funds 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

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 13-18, the *Schedule of Proportionate Share of the Net Pension Liability* on page 111, the *Schedule of Contributions* on page 113, and the notes to the required supplementary information on page 115 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with the 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 Cloudcroft Municipal Schools' financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules as required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The other schedules required by 2.2.2 NMAC are the responsibility of management and was derived from and relates 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 statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules as required by 2.2.2 NMAC are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2016 on our consideration of the Cloudcroft Municipal Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Cloudcroft Municipal Schools' internal control over financial reporting and compliance.


Precision Accounting, LLC
Albuquerque, New Mexico
September 15, 2016

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**State of New Mexico Cloudcroft Municipal Schools
Management's Discussion and Analysis**

June 30, 2016

As management of the Cloudcroft Municipal Schools District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

In June 1999, GASB approved Statement #34 "Basic Financial Statements and Management Discussion and Analysis for State and Local Government". In June 2001, the GASB approved Statement #37 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus" and Statement #38 "Certain Financial Statement Note Disclosures". Statement #37 clarifies and modifies Statement #34 and should be implemented simultaneously with Statement #34. Statement #38 modifies, establishes and rescinds certain financial statement disclosure requirements. The District implemented the provisions of the above statements effective July 1, 2003.

Financial Highlights

Key financial highlights for fiscal year ended June 30, 2016 are as follows:

- The assets of the District exceeded its liabilities at the end of the fiscal year by \$5,331,571 (net position and deferred inflows of resources). Of this amount, \$7,572,697 is invested in capital assets, \$332,761 is restricted for Capital Projects, \$1,690,982 is restricted for Debt Service, \$10,095 for Special Revenue Funds, \$(10,800) is restricted for General Fund, and \$(4,865,449) is unrestricted and may be used to meet the District's ongoing obligations. The deferred inflows of resources related to property taxes and the net pension liability is \$601,285.
- The District's total net position decreased by \$550,915 which is reflected in the District's Statement of Activities.
- The District's liabilities increased by \$1,603,254 in fiscal year 2016 which was due to actuarial changes in net pension.
- At June 30, 2016, the unreserved and undesignated fund balance for the general fund was \$782,822 which reflects a decrease of \$172,740 from the previous fiscal year.
- As part of the implementation of GASB 34, total accumulated depreciation on capital assets as of June 30, 2016 is \$6,652,768. This includes current year depreciation in the amount of \$640,496.
- Capital Outlay expenditures were \$457,940 in the year ending June 30, 2016. The increase in capital outlay expenditures was associated with the district having ongoing construction projects within the district for this school year.
- The District's general obligation bond debt balance is \$6,635,000. One new bond was issued in the fiscal year 2016.

**State of New Mexico Cloudcroft Municipal Schools
Management's Discussion and Analysis**

June 30, 2016

Basic Financial Statements

In general, the purpose of financial reports is to provide external parties reading the financial statements with information that will help them to make decisions or draw conclusions about the reporting entity. There are many external parties that read and use the District's financial statements; however, these parties do not always have the same objectives. This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader may understand the District's overall financial position. In accordance with required reporting requirements, the District presents (1) government-wide financial statements and (2) fund financial statements.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to that of a private sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (e.g. uncollected taxes).

Both the *statement of net position* and the *statement of activities* distinguish functions of the District that are primarily supported by property taxes and state revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through fees and charges. The governmental activities of the District include education, pupil transportation, food service and community service. The District does not have any business-type activities.

The *government-wide financial statements* can be found on Exhibits A-1 and A-2 on pages 20 through 23 of the financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other school districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Government Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available as the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. A reconciliation to facilitate the comparison of the governmental funds and governmental activities has been provided.

**State of New Mexico Cloudcroft Municipal Schools
Management's Discussion and Analysis**

June 30, 2016

The District has four individual governmental fund groups. Information is presented separately in the governmental fund balance sheets and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the following funds: General Fund, Special Revenue Funds, Capital Projects Fund, and Debt Service Fund

The basic governmental fund financial statements can be found on Exhibits B-1 and B-2 on pages 24 through 31 of the financial statements.

Fiduciary Funds

Fiduciary Funds are used to account for resources held in trust for the benefit of parties outside the District. Fiduciary fund financial statements consist of a statement of fiduciary net assets and a statement of changes in fiduciary net assets. These funds are not reported in the government-wide financial statements.

The fiduciary fund financial statements can be found in Exhibit D on page 39 of the financial statements.

Overview of the District's Financial Position and Operations the District's overall financial position and operations for the current year as compared to the previous fiscal year are as follows:

**CLOUDCROFT MUNICIPAL SCHOOLS DISTRICT'S NET POSITION
COMPARATIVE DATA**

	Current Year 2016	Prior Year 2015
Assets		
Cash and Other Equivalents	\$ 2,249,840	\$ 2,835,001
Current and Other Assets	277,161	218,873
Capital Assets, Net	14,207,697	13,129,822
Deferred Outflows of Resources	<u>655,345</u>	<u>315,417</u>
TOTAL ASSETS	23,287,843	16,499,113
Liabilities		
Current Liabilities	1,097,852	851,062
Noncurrent Liabilities	<u>10,960,620</u>	<u>9,604,156</u>
TOTAL LIABILITIES	12,058,472	10,455,218
Deferred Inflows of Resources	601,285	762,694
Net Position		
Net Investment in Capital Assets	7,572,697	7,599,822
Restricted:		
Debt Services	1,690,982	909,091
Capital Projects	332,761	693,923
Special Revenue Funds	10,095	
General Funds	(10,800)	
Unrestricted	<u>(4,865,449)</u>	<u>(3,921,635)</u>
TOTAL NET POSITION	\$ <u>4,730,286</u>	\$ <u>10,214,765</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ <u>17,390,043</u>	\$ <u>21,432,677</u>

**State of New Mexico Cloudcroft Municipal Schools
Management's Discussion and Analysis**

June 30, 2016

Unrestricted funds can be used at the *discretion* of the District and to meet ongoing obligations to creditors and stakeholders. .43% is restricted for the stated purposes. The remaining 1.6% of the District's net position is net investment in capital assets. This indicates that the accumulated depreciation along with the asset values exceed existing debt. The pension liability as required by GASB 68 has significantly impacted the net position on the financials.

Governmental activities decreased the District's overall net position by \$550,915.

The major elements of the District's governmental activities contributing to the increase in the change in net position are listed on the next page.

**CLOUDCROFT MUNICIPAL SCHOOLS DISTRICT'S CHANGES IN NET POSITION
COMPARATIVE DATA**

Revenues:	2016	2015
Program Revenues		
Charges for Services	\$ 60,997	\$ 68,333
Operating Grants & Contributions	621,959	636,553
Capital Grants & Contributions	<u>128,810</u>	<u>135,536</u>
Total Program Revenues	811,766	840,422
General Revenues:		
Property Taxes		
General Purpose	52,357	55,133
Debt Service	956,105	1,053,719
Capital Projects	326,873	385,159
Grants & Contributions, not restricted	3,628,055	3,621,492
Unrestricted Investment Earnings	914	956
Loss on disposal of assets	<u>(616,352)</u>	<u>0</u>
Total General Revenues	<u>4,347,952</u>	<u>5,676,297</u>
TOTAL REVENUES		
Expenditures:		
Direct Instruction	2,128,214	3,021,579
Students	443,521	379,437
Instruction	70,409	102,129
General Administration	448,388	292,597
School Administration	269,847	263,728
Central Services	140,948	137,775
Operation & Maintenance of Plant	1,202,923	687,358
Student Transportation	226,604	240,352
Other Support Services	3,511	-
Food Services	154,260	150,923
Capital Outlay	457,940	-
Interest on Long term debt	<u>164,068</u>	<u>136,345</u>
TOTAL EXPENDITURES		
Change in Net Position	(550,915)	1,104,497
Net Position, Beginning of Year	<u>5,281,201</u>	<u>9,535,103</u>
Restatement	-	(5,358,399)
Net Position, End of Year	\$ <u>4,730,286</u>	\$ <u>5,281,201</u>

State of New Mexico Cloudcroft Municipal Schools District

**State of New Mexico Cloudcroft Municipal Schools
Management's Discussion and Analysis**

June 30, 2016

As noted above, the District is heavily dependent on federal and state aid, which comprises 83% of its total revenues. Correspondingly, the District spends 48% of total revenues on direct instruction and instructional support the two primary functions that indicate direct school spending.

General Fund Budgetary Highlights

Budget to actual comparison schedules are presented for all major funds and non major funds individually in Exhibit C-1 through C-3 and Schedules A-3 to A-23. In addition, budget to actual comparison schedules were presented for each individual fund in the supplementary information section of this report. These schedules are prepared on a cash basis which is the format allowed by the District's oversight agency, the New Mexico Public Education Department.

The original expenditure budget for the District's general fund was \$4,592,340. The final general fund expenditure budget was \$4,594,877 of which \$3,872,661 was expended in the current year. Budgets were not exceeded in any of the functions in the general fund.

Of the \$3,636,931 total District revenue budget, the District received 1.0% more in actual revenue for an increase of \$4,542 in actual revenue received over budgeted revenue. Conversely, the District expended only \$3,872,661 of its total expenditure budgets of \$4,594,877.

Capital Assets and Debt Administration

Capital Assets

The District's current year investment in capital assets as of June 30, 2016 is \$7,572,697. The District's assets include land and land improvements, building and building improvements, equipment and furniture, and vehicles.

Depreciation calculated as a result of GASB 34 implementation resulted in an accumulated depreciation balance of \$6,652,768, of which \$640,496 is for depreciation in the current year. Additional information of the District's capital assets is presented in Note 7 on page 52 of the financial statements.

Long-term obligations

At the end of the current year, the district had \$6,635,000 in long-term debt related to governmental activities. Of this debt, 100% was related to general obligation bonds still outstanding at the end of the year. The debt position of the District is summarized below and is more fully analyzed in Note 8 on page 53 of the financial statements.

**State of New Mexico Cloudcroft Municipal Schools
Management's Discussion and Analysis
June 30, 2016**

CLOUDCROFT MUNICIPAL SCHOOL DISTRICT'S LONG-TERM OBLIGATION

Governmental Activities:

General Obligation Debt

	<u>Balance at 6/30/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/16</u>	<u>Due within One Year</u>
<i>TOTAL</i>	\$ 5,530,000	\$ 1,875,000	\$ 770,000	\$ 6,635,000	\$ 840,000

During the fiscal year, the District reduced total bond debt principle by \$770,000 in accordance with schedule bond payments.

Relevant Current Economic Factors, Decisions and Conditions

With the passage of the a bond in 2013 we have the community support needed to keep our buildings, equipment, and technology infrastructure maintained and even surpass the typical adequacy standards. Projects that were planned for in the 5-year facility master plan have now been completed such as technology upgrades, synthetic turf field, new route/ activity buses, new field house, expanded cross country track, upgraded HVAC systems, and upgraded wireless internet all contribute to the overall success of our students.

Currently, our board has been working to establish a two year pattern of bond elections which will stabilize tax rates while also provide the district with the funding source to maintain our current structures and eventually expand them. We are seeing limited turn over in staff with all three of our schools receiving "A" ratings from the most recent school grading report as well as our middle school being recognized as a national "Blue Ribbon" school.

Request for Information

This financial report is designed to provide various interested parties with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or require additional information, contact the District's Finance Department as follows:

Sharlotte Dees, Business Manager
(575) 601-4416
Physical and Mailing Address:
10 Swallow Place
P.O. Box 198
Cloudcroft, NM 88317
e-mail: sharlotte.dees.@cmsbears.org

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2016

Exhibit A-1
(Page 1 of 2)

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,249,840
Taxes Receivable	51,992
Due from other Governments	222,226
Inventory	2,943
Total current assets	<u>2,527,001</u>
Noncurrent assets:	
Capital assets:	
Other capital assets	20,860,465
Less accumulated depreciation	<u>(6,652,768)</u>
Total Capital assets	<u>14,207,697</u>
Total noncurrent assets	<u>14,207,697</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Post Measurement Date Contributions-Employer	309,991
Change in Assumptions in Net Pension Liability	<u>177,673</u>
Total deferred outflows of resources	487,664
Total assets and deferred outflows of resources	<u><u>\$ 17,222,362</u></u>

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2016

Exhibit A-1
(Page 2 of 2)

	<u>Governmental Activities</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 200,811
Accrued salaries and benefits	-
Accrued interest	57,041
Current portion of long-term debt	840,000
Total current liabilities	<u>1,097,852</u>
Noncurrent liabilities:	
Accrued compensated absences	-
Net Pension Liability	5,165,620
Bonds, loans and other payables:	
Due in more than one year	5,795,000
Total noncurrent liabilities	<u>10,960,620</u>
Total liabilities	12,058,472
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue-Property Taxes	-
Reallocation of Net Pension Liability	243,799
Actuarial Experience for Net Pension Liability	95,766
Investment Experience for Net Pension Liability	23,232
Change in Proportion for Net Pension Liability	163,326
Total deferred inflows of resources	<u>526,123</u>
NET POSITION	
Net Investment in Capital Assets	7,572,697
Unrestricted	(4,957,968)
Restricted for General Funds	(10,800)
Restricted for Special Revenue Funds	10,095
Restricted for Capital Projects Funds	332,761
Restricted for Debt Service Funds	1,690,982
Total net position	<u>4,637,767</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 17,222,362</u></u>

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Service</u>
Governmental activities:		
Instruction:		
Direct instruction	\$ 2,220,733	\$ -
Support services:		
Students	443,521	-
Instruction	70,409	-
General Administration	448,388	-
School Administration	269,847	-
Central Services	140,948	17,621
Operation & Maintenance of Plant	1,202,923	-
Student Transportation	226,604	-
Other Support Services	3,511	-
Food Services	154,260	43,376
Capital Outlay	457,940	-
Interest on long-term debt	164,068	-
Total governmental activities	<u>\$ 5,803,152</u>	<u>\$ 60,997</u>

Program Revenues		Net (Expenses) Revenues and Changes in Net Position
Operating Grants and Contributions	Capital Grants and Contributions	
\$ 325,600	\$ -	\$ (1,895,133)
-	128,810	(314,711)
-	-	(70,409)
-	-	(448,388)
-	-	(269,847)
-	-	(123,327)
-	-	(1,202,923)
225,663	-	(941)
-	-	(3,511)
70,696	-	(40,188)
-	-	(457,940)
-	-	(164,068)
<u>\$ 621,959</u>	<u>\$ 128,810</u>	<u>(4,991,386)</u>

General Revenues:

Property taxes:	
Levied for general purposes	52,357
Levied for debt service	956,105
Levied for capital projects	326,873
State aid not restricted	3,628,055
Loss on disposal of assets	(616,352)
Unrestricted investment earnings	914
	<u>4,347,952</u>
Total general revenues	<u>4,347,952</u>
Change in net position	(643,434)
Net position - beginning	5,281,201
Net position - ending	<u>\$ 4,637,767</u>

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General Fund		
	Operational	Transportation	Instructional Materials
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 572,878	\$ -	\$ 15,202
Investments	-	-	-
Accounts receivable			
Taxes	2,063	-	-
Due from other governments	-	-	-
Other accounts receivable	-	-	-
Interfund receivable	226,938	-	-
Inventory	-	-	-
<i>Total assets</i>	<u>\$ 801,879</u>	<u>\$ -</u>	<u>\$ 15,202</u>
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	\$ 19,057	\$ -	\$ 26,002
Accrued salaries and benefits	-	-	-
Interfund payable	-	-	-
Unearned revenue	-	-	-
<i>Total liabilities</i>	<u>19,057</u>	<u>-</u>	<u>26,002</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	-	-
<i>Total deferred inflow of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>			
Fund Balance			
Non-spendable	-	-	-
Restricted for:			
General Fund	-	-	(10,800)
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	782,822	-	-
<i>Total fund balances</i>	<u>782,822</u>	<u>-</u>	<u>(10,800)</u>
<i>Total liabilities deferred inflows of resources and fund balances</i>	<u>\$ 801,879</u>	<u>\$ -</u>	<u>\$ 15,202</u>

Bond Building	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 419,789	\$ 969,872	\$ 272,099	\$ 2,249,840
-	-	-	-
-	36,571	13,358	51,992
-	-	222,226	222,226
-	-	-	-
-	-	-	226,938
-	-	2,943	2,943
<u>\$ 419,789</u>	<u>\$ 1,006,443</u>	<u>\$ 510,626</u>	<u>\$ 2,753,939</u>
\$ 143,777	\$ -	\$ 11,975	\$ 200,811
-	-	-	-
-	-	226,938	226,938
-	-	-	-
<u>143,777</u>	<u>-</u>	<u>238,913</u>	<u>427,749</u>
-	-	-	-
-	-	-	-
-	-	2,943	2,943
-	-	-	(10,800)
-	-	267,648	267,648
276,012	-	-	276,012
-	1,006,443	-	1,006,443
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	1,122	783,944
<u>276,012</u>	<u>1,006,443</u>	<u>271,713</u>	<u>2,326,190</u>
<u>\$ 419,789</u>	<u>\$ 1,006,443</u>	<u>\$ 510,626</u>	<u>\$ 2,753,939</u>

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STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2016

Exhibit B-1
(Page 2 of 2)

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

Fund balances - total governmental funds	\$ 2,326,190
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position	14,207,697
Other liabilities are not due and payable in the current period and therefore are not reported in the funds - accrued interest payable	 (57,041)
Long-term liabilities, including bonds payable, compensated absences, and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds	<u>(11,839,079)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 4,637,767</u></u>

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	General Fund		
	Operational	Transportation	Instructional Materials
<i>Revenues:</i>			
Taxes			
Taxes levied/assessed	\$ 57,874	\$ -	\$ -
Local sources			
Tuition	-	-	-
Investment income	914	-	-
Food services	-	-	-
District activities	-	-	-
Other revenue	10,786	-	-
State sources			
Unrestricted Grants	3,628,055	-	-
Restricted Grants	-	225,663	23,804
Federal sources			
Unrestricted Grants	-	-	-
Unrestricted -state passthrough	11,667	-	-
Restricted Grants	-	-	-
Restricted -state passthrough	-	-	-
Department of Interior	-	-	-
Other items			
<i>Total revenues</i>	<u>3,709,296</u>	<u>225,663</u>	<u>23,804</u>
<i>Expenditures:</i>			
Current:			
Instruction	2,051,220	-	44,366
Support Services			
Students	379,380	-	-
Instruction	52,173	-	-
General Administration	374,359	-	-
School Administration	269,847	-	-
Central Services	140,948	-	-
Operation & maintenance of plant	576,858	-	-
Student transportation	941	225,663	-
Other Support Services	-	-	-
Operation of Non-instructional Services			
Food services operations	26,548	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>3,872,274</u>	<u>225,663</u>	<u>44,366</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(162,978)</u>	<u>-</u>	<u>(20,562)</u>
<i>Other financing sources (uses)</i>			
Transfers (In) Out	-	-	-
Proceeds from the Sale of Assets	-	-	-
Bond Proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>(162,978)</u>	<u>-</u>	<u>(20,562)</u>
<i>Fund balances - beginning of year</i>	945,800	-	9,762
<i>Fund balances - end of year</i>	<u>\$ 782,822</u>	<u>\$ -</u>	<u>\$ (10,800)</u>

Bond Building	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,030,279	\$ 360,682	\$ 1,448,835
-	-	-	-
-	-	-	914
-	-	43,376	43,376
-	-	17,621	17,621
-	-	6,178	16,964
-	-	-	-
-	-	-	3,628,055
-	-	204,723	454,190
-	-	-	-
-	-	-	11,667
-	-	4,841	4,841
-	-	251,255	251,255
-	-	-	-
-	-	11,852	11,852
<u>-</u>	<u>1,030,279</u>	<u>900,528</u>	<u>5,889,570</u>
-	-	212,501	2,308,087
-	-	64,141	443,521
-	-	18,236	70,409
-	10,146	63,883	448,388
-	-	-	269,847
-	-	-	140,948
-	-	-	576,858
-	-	-	226,604
-	-	3,511	3,511
-	-	-	-
-	-	127,712	154,260
1,676,559	-	485,321	2,161,880
-	770,263	-	770,263
-	152,518	-	152,518
<u>1,676,559</u>	<u>932,927</u>	<u>975,305</u>	<u>7,727,094</u>
<u>(1,676,559)</u>	<u>97,352</u>	<u>(74,777)</u>	<u>(1,837,524)</u>
-	-	-	-
-	-	-	-
<u>1,258,648</u>	<u>-</u>	<u>-</u>	<u>1,258,648</u>
<u>1,258,648</u>	<u>-</u>	<u>-</u>	<u>1,258,648</u>
<u>(417,911)</u>	<u>97,352</u>	<u>(74,777)</u>	<u>(578,876)</u>
693,923	909,091	346,490	2,905,066
<u>\$ 276,012</u>	<u>\$ 1,006,443</u>	<u>\$ 271,713</u>	<u>\$ 2,326,190</u>

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STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year Ended June 30, 2016

Exhibit B-2
(Page 2 of 2)

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

Net change in fund balances - total governmental funds	\$	(578,876)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures:		
Current year capital expenditures		1,718,370
Depreciation expense		(640,496)
Current year capital deletions		-

The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Change in deferred outflows/inflows		(26,146)
Increase in accrued interest		(11,286)
Issuance of Debt		(1,875,000)
Principal payments on bonds		770,000
		770,000

Changes in Net Position of Governmental Activities	\$	(643,434)
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STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
OPERATIONAL FUND

Exhibit C-1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ 57,011	\$ 57,011	56,410	\$ (601)
State sources	3,636,931	3,627,801	3,628,055	254
Federal sources	-	11,667	11,667	-
Interest	-	-	914	914
<i>Total revenues</i>	<u>3,693,942</u>	<u>3,696,479</u>	<u>3,697,046</u>	<u>567</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	2,135,713	2,070,113	2,053,196	16,917
Support Services				
Students	388,371	403,953	379,380	24,573
Instruction	97,134	66,071	52,173	13,898
General Administration	298,516	418,722	375,680	43,042
School Administration	276,562	271,054	269,847	1,207
Central Services	148,935	141,091	140,948	143
Operation & maintenance of plant	669,081	681,476	568,564	112,912
Student transportation	-	1,933	941	992
Other Support Services	8,528	8,528	-	8,528
Operation of Non-instructional Services				
Food services operations	69,500	31,936	31,932	4
Capital outlay	500,000	500,000	-	500,000
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,592,340</u>	<u>4,594,877</u>	<u>3,872,661</u>	<u>722,216</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(898,398)</u>	<u>(898,398)</u>	<u>(175,615)</u>	<u>722,783</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Designated Cash	898,398	898,398	-	(898,398)
<i>Total other financing sources (uses)</i>	<u>898,398</u>	<u>898,398</u>	<u>-</u>	<u>(898,398)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(175,615)</u>	<u>(175,615)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>975,431</u>	<u>975,431</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 799,816</u>	<u>\$ 799,816</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ (175,615)	
<i>Adjustment to revenue for accruals and other deferrals</i>			(4,560)	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			17,197	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ (162,978)</u>	

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STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
TRANSPORTATION FUND

Exhibit C-2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -		\$ -
State sources	209,343	225,663	225,663	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>209,343</u>	<u>225,663</u>	<u>225,663</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	209,343	225,664	225,663	1
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>209,343</u>	<u>225,664</u>	<u>225,663</u>	<u>1</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>1</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Designated Cash	-	1	-	(1)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>1</u>	<u>-</u>	<u>(1)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ -	
<i>Adjustment to revenue for accruals and other deferrals</i>			-	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			-	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ -</u>	

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STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
INSTRUCTIONAL MATERIALS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	23,805	23,804	(1)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>23,805</u>	<u>23,804</u>	<u>(1)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	23,805	18,364	5,441
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>23,805</u>	<u>18,364</u>	<u>5,441</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>5,440</u>	<u>5,440</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>5,440</u>	<u>5,440</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>9,762</u>	<u>9,762</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,202</u>	<u>\$ 15,202</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ 5,440	
<i>Adjustment to revenue for accruals and other deferrals</i>			-	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			(26,002)	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ (20,562)</u>	

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STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
AGENCY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2016

Exhibit D

ASSETS

Current Assets

Cash \$ 141,671

Total assets \$ 141,671

LIABILITIES

Current Liabilities

Deposits held in trust for others \$ 141,671

Total liabilities \$ 141,671

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STATE OF NEW MEXICO
Cloudfcroft Municipal Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies

Cloudfcroft Municipal Schools (the District) provides kindergarten, elementary, middle and secondary educational services to school age residents of the District. The Cloudfcroft Municipal Schools' School Board was created under the provision of Chapter 22, Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District. The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the State Board of Education and the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of the Cloudfcroft Municipal Schools' management who is responsible for their integrity and objectivity. The financial statements of the 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 financial statements have incorporated all applicable GASB statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures. The more significant of the government's accounting policies are described below.

A. *Financial Reporting Entity*

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental agency.

STATE OF NEW MEXICO
Cloudcroft Municipal Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

B. *Government-wide and fund financial statements*

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

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

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

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

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

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

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

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

STATE OF NEW MEXICO
Cloudfcroft Municipal Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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

The government reports the following major governmental funds:

The *Operational Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by district school tax levy, state equalization and earnings from investments. Expenditures include all costs associated with the daily operations of the schools except for those items included in other funds.

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

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

The *Bond Building Fund* is used to account for the accumulation of resources for the funds provided from the District's bond issues. Resources are used for the purpose of erecting, remodeling, making additions to, or furnishing public school buildings and purchasing or improving public school grounds. Financing is provided by ad valorem taxes as specified by Article 15 of the Finance of Counties, Municipalities, and School Districts Act, and the payment of, general long-term debt principal, interest and related costs.

The *Debt Service Fund* is to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Additionally, the government reports the following fund types:

The *Fiduciary Funds* account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. There were no such transactions during the fiscal year ended June 30, 2016.

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

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

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

STATE OF NEW MEXICO
Cloudcroft Municipal Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

The District receives monthly income from a tax levy in Otero County. The funds are collected by the County Treasurers and are remitted to the School District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurers in July and August is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2016.

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

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

Instructional Materials: The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed in the New Mexico Public Education Department "State Adopted Instructional Material" list, while fifty percent of each allocation is available for purchases directly from vendors. The districts are allowed to carry forward unused allocations from year to year.

Inventory: Inventory is valued at cost utilizing the purchase basis of accounting. Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed. The U.S.D.A. commodities are recorded at year-end by audit adjusting entries. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5).

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

STATE OF NEW MEXICO
 Cloudcroft Municipal Schools
 Notes to the Financial Statements
 June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction. Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20-50
Building & building improvements	20-50
Furniture, fixtures and equipment	3-15
Vehicles	3-15

Unearned Revenues: Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be “available” under the current financial resources measurement focus are reported as unearned revenues in the governmental fund financial statements.

Deferred inflows/outflows of resources: GASB 63 amended previous guidance on Unearned Revenues in the Government-Wide Financial Statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period.

Compensated Absences: The District permits eligible employees to accumulate a limited amount of earned but unused personal leave and vacation. Each 12 month or full time employees that have been employed 1-9 years are entitled to 10 working days per year and those who have been employed 10 or more years receive 15 days per year. Vacation time must be taken by December 30th following the school year as it is earned, and it is not cumulative. Prior accrued vacation time not taken by December 30 will be cancelled.

Long-term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond issuance costs are reflected as a current period expense per GASB 65.

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

STATE OF NEW MEXICO
Cloudcroft Municipal Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Fund Equity: In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. These designations are established to earmark resources for specific future use and to indicate that the fund equity does not represent available spendable resources.

Net investment in capital assets consists of net position including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

Restricted fund balance represents amounts that are constrained either by: 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority.

Assigned fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body or a subordinate high-level body or official whom the governing body has delegated.

Unassigned fund balance is the residual classification for the general fund and represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes.

The District's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Reclassifications: Certain amounts presented in prior year data have been reclassified in order to be consistent with the current year's presentation.

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

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.

STATE OF NEW MEXICO
Cloudfcroft Municipal Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

E. *Revenues*

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

A school district’s program costs are determined through the use of various formulas using ‘program units’ which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$3,628,055 in state equalization guarantee distributions during the year ended June 30, 2016.

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for operational, debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered ‘measurable’ and ‘available’ in the governmental fund financial statements. The District recognized \$1,448,835 in tax revenues in the governmental fund financial statements during the year ended June 30, 2016. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$225,663 in transportation distributions during the year ended June 30, 2016.

Instructional Materials: The District had allocations allowed by the State for the current year of \$23,804. Of the allocation, the District used \$23,804 to purchase textbooks during the year. Allocations received and utilized are reflected in revenue and expenditures of the General Fund.

STATE OF NEW MEXICO
Cloudfcroft Municipal Schools
Notes to the Financial Statements
June 30, 2016

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

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

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

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

The School Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico Administrative Code 6.20.2.9 prohibits a school district from exceeding budgetary control at the function level.

The District is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

STATE OF NEW MEXICO
 Cloudfcroft Municipal Schools
 Notes to the Financial Statements
 June 30, 2016

NOTE 3. Cash and Temporary Investments

State statutes authorize the investment of the District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2016.

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

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

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

The collateral pledged is listed on Schedule I of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, District or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. Cloudfcroft Municipal Schools' funds were in an interest bearing account and therefore were not subject to the Dodd Frank Act.

Deposits

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for a least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

Type	\$	First Savings Bank
Total Deposits	\$	2,513,052
Less: FDIC Coverage		<u>(250,000)</u>
Total uninsured public funds		2,263,052
Collateral requirement (50%)		1,131,526
Pledged Securities		<u>1,663,398</u>
(Over) Under collateralized	\$	<u>(531,872)</u>

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2016, \$2,263,052 of the District's bank balance of \$2,513,052 was exposed to custodial credit risk as follows:

STATE OF NEW MEXICO
 Cloudcroft Municipal Schools
 Notes to the Financial Statements
 June 30, 2016

NOTE 3. Cash and Temporary Investments (continued)

Custodial Credit Risk Deposits	
Account Balance	\$ 2,513,052
FDIC Insurance	250,000
Collateral held by pledging bank's trust department not in the District's name	1,131,526
Uninsured and uncollateralized	<u>1,131,526</u>
Total	<u>\$ 2,513,052</u>

Reconciliation of Cash and Temporary Investments

Governmental Funds - Balance Sheet

Cash and cash equivalents per Exhibit A-1	\$	2,249,840
Cash per Exhibit D-1		141,671
Add outstanding checks and other reconciling items		<u>121,541</u>
Bank Balance of Deposits	\$	2,513,052

Custodial Credit Risk- Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk. New Mexico State Statutes require collateral pledged to be delivered for the securities underlying an overnight repurchase agreement, or a joint safekeeping receipt to be issued to the District for at least on hundred two percent of the fair value of the securities underlying overnight repurchase accounts invested with the institution.

As of June 30, 2016, the District had no investment in the State Treasurer Local Government and therefore no balances were exposed to custodial credit risk.

STATE OF NEW MEXICO
 Cloudfcroft Municipal Schools
 Notes to the Financial Statements
 June 30, 2016

NOTE 4. Accounts Receivable

Accounts receivable as of June 30, 2016, are as follows:

	Other Governmental Funds	Total
Property taxes	\$ 51,992	\$ 51,992
Due from other governments:		
Title I	11,199	11,199
IDEA B Entitlement	63,931	63,931
IDEA B Autism	50	50
2012 GO Bonds Library Audio 7 Visual	18,236	18,236
Capital Outlay State	128,810	128,810
	\$ 274,218	\$ 274,218

The above receivables are deemed 100% collectible.

NOTE 5. Accounts Payables

Accounts payable as of June 30, 2016, are as follows:

Payable to suppliers	\$ 200,811
Accrued interest	<u>57,041</u>
Total accounts payable and accrued expenses	<u><u>\$ 257,852</u></u>

NOTE 6. Interfund receivables, Payables, and Transfers

The District records temporary interfund receivables and payables to enable the funds to operate until grant monies are received.

The composition of interfund balances during the year ended June 30, 2016 is as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 226,938	\$ -
Nonmajor Funds:		
School Lunch		4,712
Title I Entitlement	-	11,199
IDEA B Entitlement	-	63,931
IDEA B Autism	-	50
2012 GO Bond Library Audio & Visual	-	18,236
State Capital Outlay	-	128,810
	\$ 226,938	\$ 226,938

STATE OF NEW MEXICO
 Cloudcroft Municipal Schools
 Notes to the Financial Statements
 June 30, 2016

NOTE 7. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2016, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation.

	<u>Balance June 30, 2015</u>	<u>Additions, Adjustments and Transfers In</u>	<u>Deletions, Adjustments and Transfers Out</u>	<u>Balance June 30, 2016</u>
Capital assets not being depreciated:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Capital assets being depreciated:				
Buildings and improvements	18,068,531	1,564,408	-	19,632,939
Furniture, Fixtures, & Equipment	1,068,563	108,177	-	1,176,740
Vehicles	<u>-</u>	<u>45,786</u>	<u>-</u>	<u>45,786</u>
Total capital assets being depreciated	<u>19,137,094</u>	<u>1,718,370</u>	<u>-</u>	<u>20,855,464</u>
Total capital assets	<u>19,142,094</u>	<u>1,718,370</u>	<u>-</u>	<u>20,855,464</u>
Less accumulated depreciation:				
Buildings and improvements	(5,521,809)	(551,975)	-	(6,073,784)
Furniture, Fixtures, & Equipment	(490,463)	(84,160)	-	(574,623)
Vehicles	<u>-</u>	<u>(4,361)</u>	<u>-</u>	<u>(4,361)</u>
Total accumulated depreciation	<u>(6,012,272)</u>	<u>(640,496)</u>	<u>-</u>	<u>(6,652,768)</u>
Total capital assets, net of depreciation	<u>\$ 13,129,822</u>	<u>\$ 1,077,874</u>	<u>\$ -</u>	<u>\$ 14,207,696</u>

Capital assets, net of accumulated depreciation, at June 30, 2016 appear in the Statement of Net Position as follows:

Governmental activities	\$ 14,207,696
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Depreciation expense for the year ended June 30, 2016 was charged to the following functions and funds:

Governmental activities:	
Plant Operations and Maintenance	640,496
	<u>\$ 640,496</u>

STATE OF NEW MEXICO
 Cloudcroft Municipal Schools
 Notes to the Financial Statements
 June 30, 2016

NOTE 8. Long-term Debt

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2016 are for governmental activities. 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.

Bonds outstanding at June 30, 2016, are comprised of the following:

Series	Date of Issue	Original Amount	Interest Rate	Balance
Series 2009	06/16/2009	\$ 1,750,000	4.25%	\$ 830,000
Series 2013	06/05/2013	3,940,000	2.0% -3.0%	2,235,000
Series 2014	05/23/2014	1,875,000	.405% - 3.10%	1,695,000
Series 2015	09/08/2015	1,875,000	.0608% - 3.0%	1,875,000
Total				<u>\$ 6,635,000</u>

The following is a summary of the long-term debt and the activity for the year ended June 30, 2016:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
General obligation bonds					
General Obligation Bonds	\$5,530,000	\$1,875,000	\$770,000	\$6,635,000	\$840,000
	<u>\$5,530,000</u>	<u>\$1,875,000</u>	<u>\$770,000</u>	<u>\$6,635,000</u>	<u>\$840,000</u>

The annual requirements to amortize the General Obligation Bonds as of June 30, 2016, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 840,000	\$ 165,281	\$ 1,005,281
2018	870,000	149,869	1,019,869
2019	910,000	131,211	1,041,211
2020	885,000	109,170	994,170
2021	520,000	91,119	611,119
2022 and thereafter	2,610,000	240,187	2,850,187
Total	<u>\$ 6,635,000</u>	<u>\$ 494,310</u>	<u>\$ 7,129,310</u>

The general fund is typically used to liquidate long-term liabilities other than debt. The debt service fund liquidates general obligation bonds.

STATE OF NEW MEXICO
Cloudfcroft Municipal Schools
Notes to the Financial Statements
June 30, 2016

NOTE 9. Lease Agreements

The District has an operating lease with Spectrum Imaging Systems for seven copiers for 48 months at a \$2,189 monthly rate.

NOTE 10. Risk Management

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

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible to each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2016, there have been no claims that have exceeded insurance coverage.

NOTE 11. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

A. Deficit fund balance of individual funds.	
Instructional Materials	\$ (10,800)
IDEA B Entitlement	\$ (337)

Deficit Fund Balances will be funded by general fund transfers or additional grant funds.

B. Excess of expenditures over appropriations by fund and function.	
None	

NOTE 12. Pension Plan – Educational Retirement Board (ERB)

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 report and a comprehensive annual financial report that can be obtained at www.nmerb.org.

STATE OF NEW MEXICO
Cloudfcroft Municipal Schools
Notes to the Financial Statements
June 30, 2016

NOTE 12. Pension Plan – Educational Retirement Board (ERB) (continued)

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.

STATE OF NEW MEXICO
 Cloudfcroft Municipal Schools
 Notes to the Financial Statements
 June 30, 2016

NOTE 12. Pension Plan- Educational Retirement Board (continued)

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 the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 and 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 \$309,991 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, 2013. 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 \$5,165,620 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 0.07975% percent, which was a decrease of 0.00515% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the District recognized pension expense of \$222,354. At the June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 95,766
		243,799
Changes of assumptions	177,673	-
Net difference between projected and actual earnings on pension plan investments	-	23,252
Changes in proportion and differences between District contributions and proportionate share of contributions	-	163,326
District contributions subsequent to the measurement date	<u>309,991</u>	<u>-</u>
Total	\$ <u><u>487,664</u></u>	\$ <u><u>526,143</u></u>

\$309,991 reported as deferred outflows of resources related to pensions resulting from District 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	\$	(182,375)
2017		(169,126)
2018		(68,739)
2019		71,746
2020	\$	-

STATE OF NEW MEXICO
 Cloudcroft Municipal Schools
 Notes to the Financial Statements
 June 30, 2016

NOTE 12. Pension Plan- Educational Retirement Board (continued)

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, 2016. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2016 and thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on July 12, 2015 in conjunction with the six-year experience study period ending June 30, 2014.

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 20, 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 to 2014 using Scale AA (one year setback for females)

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2015 and 2014 for 30-year return assumptions are summarized in the following table:

STATE OF NEW MEXICO
 Cloudfcroft Municipal Schools
 Notes to the Financial Statements
 June 30, 2016

NOTE 12. Pension Plan- Educational Retirement Board (continued)

Asset Class	2015	2014
	Long-Term Expected Real Rate of Return	Long-Term Expected Real Rate of Return
Cash	1.50%	1.50%
Treasuries	2.00%	2.00%
IG Corp Credit	3.50%	3.50%
MBS	2.25%	2.25%
Core Bonds	2.53%	2.53%
TIPS	2.50%	2.50%
High Yield Bonds	4.5%	4.5%
Bank Loans	5.00%	5.00%
Global Bonds (Unhedged)	1.25%	1.25%
Global Bonds (Hedged)	1.38%	1.38%
EMD External	5.00%	5.00%
EMD Local Currency	5.75%	5.75%
Large Cap Equities	6.25%	6.25%
Small/Mid Cap	6.25%	6.25%
International Equities (Unhedged)	7.25%	7.25%
International Equities (Hedged)	7.50%	7.50%
Emerging International Equities	9.50%	9.50%
Private Equity	8.75%	8.75%
Private Debt	8.00%	8.00%
Private Real Assets	7.75%	7.75%
Real Estate	6.25%	6.25%
Commodities	5.00%	5.00%
Hedge Funds Low Vol	5.50%	5.50%
Hedge Funds Mod Vol	5.50%	5.50%

Discount rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2015, June 30, 2014 and June 30, 2013. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.

The following table presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1- percentage-point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District’s proportionate share of the net pension liability	\$ 6,950,687	\$ 5,165,620	\$ 3,665,978

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, 2016 and 2015 which are publicly available at www.nmerb.org.

Payables to the pension plan. At June 30, 2016, the District had no outstanding amount of contributions to the pension plan and therefore, had no payables reported at fiscal year 2016.

STATE OF NEW MEXICO
Cloudfcroft Municipal Schools
Notes to the Financial Statements
June 30, 2016

NOTE 13. Post-Employment Benefits

Plan description: Cloudfcroft Municipal Schools contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA 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 Retiree Health Care Act on the person's behalf, unless that person retires before the employer's NMRHCA effective date, in which event the time period required for the employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; or (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 RCHA 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 RCHA or viewed on their website at www.nmrhca.stat.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirement for the contributions can be changed by the New Mexico State Legislature. Employers that chose 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 plan 3, 4 or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention office member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; 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, 2016, the statute required each participating employer to contribute 2.0% of each employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15 (G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$47,387, \$49,590 and \$49,590, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
Cloudfcroft Municipal Schools
Notes to the Financial Statements
June 30, 2016

NOTE 14. Contingent Liabilities

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

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

NOTE 15. Surety Bond

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

NOTE 16. Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2016 was \$15,497.

NOTE 17. Memorandum of Understanding/Joint Powers Agreement

REC

Purpose: 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 USDE under the Education of the Handicapped Act, Part B, PL 94-142 among others.

Participants: Regional Education Cooperative (REC) and Cloudfcroft Municipal Schools

Responsible Party for Operation and Audit: Regional Education Cooperative

Beginning and Ending Date of Agreement: July 1, 2015 – June 30, 2016

Total Estimated Amount of Project and Actual Amount Contributed: The District paid the REC for services and costs totaling \$316,145.

NOTE 18. Construction Commitments

At June 30, 2016, the District's Board approved a bid for \$85,000 to ESA Construction for the renovations to the School wall. At June 30, 2016, the District had not made any payments to ESA Construction.

STATE OF NEW MEXICO
Cloudcroft Municipal Schools
Notes to the Financial Statements
June 30, 2016

NOTE 19. Related Party Transactions

The Cloudcroft Municipal Schools paid Preslar Dirt Works \$31,106 for construction dirt work. Preslar Dirt works is owned by the spouse of a teacher at Cloudcroft Municipal Schools. A Board Member is an employee of Scotty's Propane, a vendor to Cloudcroft Municipal Schools.

NOTE 20. Subsequent Events Review

The Cloudcroft Municipal Schools has evaluated subsequent events through September 15, 2016, which is the date the financial statements were available to be issued. Nothing additional is required to be reported.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
Cloudcroft Municipal Schools
NONMAJOR GOVENMENTAL FUNDS
SPECIAL REVENUE FUNDS

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

Food Services – This fund is utilized to account for Federal and Local sources of income relating to the food service programs. The Food Services Fund is segregated into two categories, one being the Federal funds and the other being Non-Federal funds. Federal funds consist of the National School Lunch Program, which is administered by the State of New Mexico for the purpose of making breakfast and lunch available to all school children and to encourage the domestic consumption of agricultural commodities and other food components. The Non-Federal funds consist of income derived from Snack-Bar facilities located in the District. Authority for the creation of this fund is NMSA 22-13-13. No minimum balance required according to legislation.

Athletics - This fund is used to account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC. No minimum balance required according to legislation.

Title I – This fund’s major objectives are to provide supplemental educational opportunities for academically disadvantaged children in the area where they reside. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identify a campus; education need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authority for the creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383. No minimum balance required according to legislation.

IDEA B Entitlement – The purpose of this program is to account for revenue used to help maximize the resources in meeting the objective of handicapped children. The federal revenues in this fund are received from and administered by the New Mexico Department of Education. Authority for the creation of this fund is Part B of the Handicapped Act, Public Law 105-17. No minimum balance required according to legislation.

IDEA-B Autism - The objective of this grant is to support the district’s implementation of NMAP and improve the outcomes for students with Autism Spectrum Disorders through professional development, curriculum materials, trainings and travel expenses and supplies related to NMAP. Federal revenues accounted for in this fund are authorized by NMPED. No minimum balance required according to legislation.

IDEA-B Preschool - The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17. No minimum balance required according to legislation.

Teacher/Principal Training – The purpose of this fund is to improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students. Authority for creation of this fund is Title II of the Elementary and Secondary Education Act (ESEA) of 1965 as amended, Public Law 103-382. No minimum balance required according to legislation.

STATE OF NEW MEXICO
Cloudcroft Municipal Schools
NONMAJOR GOVENMENTAL FUNDS
SPECIAL REVENUE FUNDS

Title XIX Medicaid – The objective of this program is to provide federal funds for the implementation of the Medical Assistance Program Medicaid providing payments for medical assistance to low-income persons who are age 65 or over, blind, disabled, or members of families with dependent children or qualified pregnant women or children. Authority for creation of the Title XIX Medical Assistance Program is the Medicaid Title XIX of the Social Security Act, as amended, (42 USC 1396, et seq.) No minimum balance required according to legislation.

REAP (Rural Educational Achievement Program) – To account for monies received to provide financial assistance to rural district to carry out activities to help improve the quality of teaching and learning. Authority for this program is contained in Title VI, Part B of the Elementary and Secondary Education Act of 1965. (ESEA) , as amended by Public Law 107 – 110. No minimum balance required according to legislation.

Dual Credit (PED) – The purpose of this fund is to provide college credit for courses provided by high schools that meet the requirements. Authority is based on Memorandum of Understanding between the District, the schools within the agreements, and LEA. No minimum balance required according to legislation.

GO Bonds Library Audio & Visual- The objective of this act is to acquire library books, equipment and library resources for public school libraries and juvenile detention libraries. Funds are acquired from General Obligation Bonds through the Public Education Department. Authority for creation of this fund is the Legislation in Chapter 117, Laws of 2004, Section 10C(3). No minimum balance required according to legislation.

NM Reads to Lead- The purpose of this state grant is to provide for the implementation of the K-3 reading initiative activities as specified by the legislation. The fund was created by grant provisions. No minimum balance required according to legislation.

STEM Teacher – The objective of this program is to provide training for teachers in Science, Technology, Engineering and Math. Funding is provided by the New Mexico Public Education Department. No minimum balance required according to legislation.

NM Grown FFV – The objective is to provide funds to purchase locally grown fresh fruits and vegetables to serve to students. Funding is provided by the New Mexico Public Education Department. No minimum balance required according to legislation.

STEM Hard to Staff Teacher Initiative – The objective of this program is to provide training for teachers in Science, Technology, Engineering and Math. Funding is provided by the New Mexico Public Education Department. No minimum balance required according to legislation.

All funds are on a reimbursement basis, therefore there are no reverting fund requirements.

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STATE OF NEW MEXICO
Cloudfcroft Municipal Schools
NONMAJOR GOVENMENTAL FUNDS

CAPITAL PROJECTS FUNDS

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

The District has four separate funds classified as non-major Capital Projects Funds as follows:

Capital Improvements SB-9 – This fund is used to account for expenditures of property taxes levied and stat matching funds restricted to maintenance and capital improvement projects as adopted by school board resolution. Authority for the creation of this fund is NMSA 22-25-1 to 22-25-10.

Capital Outlay State – This fund is used to account for special appropriation expenditures for HVAC upgrades/repairs Authority for the creation of this fund is NMSA 22-25-1 to 22-25-10.

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

ASSETS	Food Service	Athletics	Title I
<i>Current Assets</i>			
Cash and cash equivalents	\$ -	\$ 8,402	\$ -
Investments	-	-	-
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	11,199
Other accounts receivable	-	-	-
Interfund receivable	-	-	-
Inventory	2,943	-	-
<i>Total assets</i>	\$ 2,943	\$ 8,402	\$ 11,199
 LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	\$ 200	\$ -	\$ -
Accrued salaries and benefits	-	-	-
Interfund payable	4,712	-	11,199
Unearned Revenue	-	-	-
<i>Total liabilities</i>	4,912	-	11,199
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	-	-
<i>Total deferred inflow of resources</i>	-	-	-
 <i>Fund Balances</i>			
Fund Balance			
Non-spendable	2,943	-	-
Restricted for:			
General Fund	-	-	-
Special Revenue Funds	(4,912)	8,402	-
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	-	-	-
<i>Total fund balances</i>	(1,969)	8,402	-
<i>Total liabilities deferred inflows of resources and fund balances</i>	\$ 2,943	\$ 8,402	\$ 11,199

Statement A-1
(Page 1 of 3)

<u>IDEA-B Entitlement</u>	<u>IDEA-B Autism</u>	<u>IDEA-B Preschool</u>
\$ -	\$ -	\$ -
-	-	-
63,931	50	-
-	-	-
-	-	-
-	-	-
<u>\$ 63,931</u>	<u>\$ 50</u>	<u>\$ -</u>
\$ 337	\$ -	\$ -
-	-	-
63,931	50	-
-	-	-
<u>64,268</u>	<u>50</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
(337)	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>(337)</u>	<u>-</u>	<u>-</u>
<u>\$ 63,931</u>	<u>\$ 50</u>	<u>\$ -</u>

STATE OF NEW MEXICO
 CLOUDCROFT MUNICIPAL SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2016

	Teacher/ Principal Training	Title XIX Medicaid	Rural Education Achievment Program
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ -	\$ 2,877	\$ 1,122
Investments	-	-	-
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	-
Other accounts receivable	-	-	-
Interfund receivable	-	-	-
Inventory	-	-	-
	-	-	-
<i>Total assets</i>	\$ -	\$ 2,877	\$ 1,122
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	\$ -	\$ -	-
Accrued salaries and benefits	-	-	-
Interfund payable	-	-	-
Unearned Revenue	-	-	-
	-	-	-
<i>Total liabilities</i>	-	-	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	-	-
	-	-	-
<i>Total deferred inflow of resources</i>	-	-	-
<i>Fund Balances</i>			
Fund Balance			
Non-spendable	-	-	-
Restricted for:			
General Fund	-	-	-
Special Revenue Funds	-	2,877	-
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	-	-	1,122
<i>Total fund balances</i>	-	2,877	1,122
<i>Total liabilities deferred inflows of resources and fund balances</i>	\$ -	\$ 2,877	\$ 1,122

<u>Dual Credit PED</u>	<u>GO Bond Library Audio & Visual</u>	<u>NM Reads to Lead</u>
\$ -	\$ -	-
-	-	-
-	18,236	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 18,236</u>	<u>\$ -</u>
\$ -	\$ -	-
-	-	-
-	18,236	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>18,236</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 18,236</u>	<u>\$ -</u>

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

	STEM Teacher	NM Grown FFV	STEM Hard to Staff Teacher Initiative	
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	-
Investments	-	-	-	-
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Other accounts receivable	-	-	-	-
Interfund receivable	-	-	-	-
Inventory	-	-	-	-
	-	-	-	-
<i>Total assets</i>	\$ -	\$ -	\$ -	-
LIABILITIES				
<i>Current Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	-
Accrued salaries and benefits	-	-	-	-
Interfund payable	-	-	-	-
Unearned Revenue	-	-	-	-
	-	-	-	-
<i>Total liabilities</i>	-	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	-	-	-	-
	-	-	-	-
<i>Total deferred inflow of resources</i>	-	-	-	-
<i>Fund Balances</i>				
Fund Balance				
Non-spendable	-	-	-	-
Restricted for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Committed for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Assigned for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Unassigned for:				
General Fund	-	-	-	-
	-	-	-	-
<i>Total fund balances</i>	-	-	-	-
<i>Total liabilities deferred inflows of resources and fund balances</i>	\$ -	\$ -	\$ -	-

Statement A-1
(Page 3 of 3)

Capital Outlay State	Capital Improvements SB-9	Total Nonmajor Governmental Funds
\$ -	\$ 259,698	\$ 272,099
-	-	-
-	13,358	13,358
128,810	-	222,226
-	-	-
-	-	-
-	-	2,943
<u>\$ 128,810</u>	<u>\$ 273,056</u>	<u>\$ 510,626</u>
\$ -	\$ 11,438	\$ 11,975
-	-	-
128,810	-	226,938
-	-	-
<u>128,810</u>	<u>11,438</u>	<u>238,913</u>
-	-	-
-	-	-
-	-	2,943
-	-	-
-	261,618	267,648
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	1,122
<u>-</u>	<u>261,618</u>	<u>271,713</u>
<u>\$ 128,810</u>	<u>\$ 273,056</u>	<u>\$ 510,626</u>

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	<u>Food Services</u>	<u>Athletics</u>	<u>Title I</u>
<i>Revenues.</i>			
Taxes			
Taxes levied/assessed	\$ -	\$ -	-
Local sources			
Tuition	-	-	-
Investment income	-	-	-
Food services	43,376	-	-
District activities	-	17,621	-
Other revenue	-	-	-
State sources			
Unrestricted Grants	-	-	-
Restricted Grants	-	-	-
Federal sources			
Unrestricted Grants	-	-	-
Unrestricted -state passthrough	-	-	-
Restricted Grants	-	-	-
Restricted -state passthrough	58,844	-	74,148
Department of Interior	-	-	-
Other items	11,852	-	-
<i>Total revenues</i>	<u>114,072</u>	<u>17,621</u>	<u>74,148</u>
<i>Expenditures:</i>			
Current:			
Instruction	-	19,197	74,148
Support Services			
Students	-	-	-
Instruction	-	-	-
General Administration	-	-	-
School Administration	-	-	-
Central Services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other Support Services	-	-	-
Operation of Non-instructional Services			
Food services operations	127,712	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>127,712</u>	<u>19,197</u>	<u>74,148</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(13,640)</u>	<u>(1,576)</u>	<u>-</u>
<i>Other financing sources (uses)</i>			
Transfers (In) Out	-	-	-
Proceeds from the Sale of Assets	-	-	-
Bond Proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(13,640)	(1,576)	-
<i>Fund balances - beginning of year</i>	11,671	9,978	-
<i>Fund balances - end of year</i>	<u>\$ (1,969)</u>	<u>\$ 8,402</u>	<u>\$ -</u>

IDEA-B Entitlement	IDEA-B Autism	IDEA-B Preschool
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
113,717	4,546	-
-	-	-
<u>113,717</u>	<u>4,546</u>	<u>-</u>
56,423	-	-
57,631	4,546	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>114,054</u>	<u>4,546</u>	<u>-</u>
<u>(337)</u>	<u>-</u>	<u>-</u>
-	-	-
-	-	-
-	-	-
-	-	-
<u>(337)</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (337)</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	Teacher/ Principal Training	Title XIX Medicaid	Rural Education Achievement Program
<i>Revenues:</i>			
Taxes			
Taxes levied/assessed	\$ -	\$ -	\$ -
Local sources			
Tuition	-	-	-
Investment income	-	-	-
Food services	-	-	-
District activities	-	-	-
Other revenue	6,178	-	-
State sources			
Unrestricted Grants	-	-	-
Restricted Grants	-	-	-
Federal sources			
Unrestricted Grants	-	-	-
Unrestricted -state passthrough	-	-	-
Restricted Grants	-	4,841	-
Restricted -state passthrough	-	-	-
Department of Interior	-	-	-
Other items	-	-	-
<i>Total revenues</i>	<u>6,178</u>	<u>4,841</u>	<u>-</u>
<i>Expenditures:</i>			
Current:			
Instruction	6,178	-	(1,122)
Support Services			
Students	-	1,964	-
Instruction	-	-	-
General Administration	-	-	-
School Administration	-	-	-
Central Services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other Support Services	-	-	-
Operation of Non-instructional Services			
Food services operations	-	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>6,178</u>	<u>1,964</u>	<u>(1,122)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>2,877</u>	<u>1,122</u>
<i>Other financing sources (uses)</i>			
Transfers (In) Out	-	-	-
Proceeds from the Sale of Assets	-	-	-
Bond Proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>2,877</u>	<u>1,122</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 2,877</u>	<u>\$ 1,122</u>

Dual Credit PED	GO Bond Library Audio & Visual	NM Reads to Lead
\$ -	\$ -	-
-	-	-
-	-	-
-	-	-
-	-	-
2,662	18,236	48,837
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>2,662</u>	<u>18,236</u>	<u>48,837</u>
2,662	-	48,837
-	-	-
-	18,236	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>2,662</u>	<u>18,236</u>	<u>48,837</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	STEM Teachers	NM Grown FFV	STEM Hard to Staff Teacher Initiative
<i>Revenues:</i>			
Taxes			
Taxes levied/assessed	\$ -	\$ -	\$ -
Local sources			
Tuition	-	-	-
Investment income	-	-	-
Food services	-	-	-
District activities	-	-	-
Other revenue	-	-	-
State sources			
Unrestricted Grants	-	-	-
Restricted Grants	-	-	6,178
Federal sources			
Unrestricted Grants	-	-	-
Unrestricted -state passthrough	-	-	-
Restricted Grants	-	-	-
Restricted -state passthrough	-	-	-
Department of Interior	-	-	-
Other items	-	-	-
<i>Total revenues</i>	-	-	6,178
<i>Expenditures:</i>			
Current:			
Instruction	-	-	6,178
Support Services			
Students	-	-	-
Instruction	-	-	-
General Administration	-	-	-
School Administration	-	-	-
Central Services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other Support Services	-	-	-
Operation of Non-instructional Services			
Food services operations	-	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	-	-	6,178
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-
<i>Other financing sources (uses)</i>			
Transfers (In) Out	-	-	-
Proceeds from the Sale of Assets	-	-	-
Bond Proceeds	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-
<i>Net changes in fund balances</i>	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -

Capital Outlay State	Capital Improvements SB-9	Total Nonmajor Governmental Funds
\$ -	\$ 360,682	\$ 360,682
-	-	-
-	-	43,376
-	-	17,621
-	-	6,178
-	-	-
128,810	-	204,723
-	-	-
-	-	-
-	-	4,841
-	-	251,255
-	-	-
-	-	11,852
<u>128,810</u>	<u>360,682</u>	<u>900,528</u>
-	-	212,501
-	-	64,141
-	-	18,236
-	63,883	63,883
-	-	-
-	-	-
-	-	-
-	3,511	3,511
-	-	127,712
128,810	356,511	485,321
-	-	-
-	-	-
<u>128,810</u>	<u>423,905</u>	<u>975,305</u>
-	(63,223)	(74,777)
-	-	-
-	-	-
-	-	-
-	-	-
-	(63,223)	(74,777)
-	324,841	346,490
<u>\$ -</u>	<u>\$ 261,618</u>	<u>\$ 271,713</u>

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STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
FOOD SERVICE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 45,000	\$ 45,000	\$ 43,388	\$ (1,612)
State sources	-	-	-	-
Federal sources	70,000	70,000	58,844	(11,156)
Interest	-	-	-	-
<i>Total revenues</i>	<u>115,000</u>	<u>115,000</u>	<u>102,232</u>	<u>(12,768)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	140,898	140,898	116,199	24,699
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>140,898</u>	<u>140,898</u>	<u>116,199</u>	<u>24,699</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(25,898)</u>	<u>(25,898)</u>	<u>(13,967)</u>	<u>11,931</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	25,898	25,898	-	(25,898)
<i>Total other financing sources (uses)</i>	<u>25,898</u>	<u>25,898</u>	<u>-</u>	<u>(25,898)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(13,967)</u>	<u>(13,967)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>9,255</u>	<u>9,255</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,712)</u>	<u>\$ (4,712)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (13,967)	
Adjustment to revenue for accruals and other deferrals			327	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ (13,640)</u>	

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
ATHLETICS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 14,000	\$ 14,000	\$ 17,621	\$ 3,621
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>14,000</u>	<u>14,000</u>	<u>17,621</u>	<u>3,621</u>
<i>Expenditures:</i>				
Current:				
Instruction	22,708	22,708	19,197	3,511
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>22,708</u>	<u>22,708</u>	<u>19,197</u>	<u>3,511</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(8,708)</u>	<u>(8,708)</u>	<u>(1,576)</u>	<u>7,132</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	8,708	8,708	-	(8,708)
<i>Total other financing sources (uses)</i>	<u>8,708</u>	<u>8,708</u>	<u>-</u>	<u>(8,708)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(1,576)</u>	<u>(1,576)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>9,978</u>	<u>9,978</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,402</u>	<u>\$ 8,402</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (1,576)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ (1,576)</u>	

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
TITLE I SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	82,500	137,987	106,011	(31,976)
Interest	-	-	-	-
<i>Total revenues</i>	<u>82,500</u>	<u>137,987</u>	<u>106,011</u>	<u>(31,976)</u>
<i>Expenditures:</i>				
Current:				
Instruction	82,500	137,987	76,138	61,849
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>82,500</u>	<u>137,987</u>	<u>76,138</u>	<u>61,849</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>29,873</u>	<u>29,873</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>29,873</u>	<u>29,873</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(41,072)</u>	<u>(41,072)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,199)</u>	<u>\$ (11,199)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 29,873	
Adjustment to revenue for accruals and other deferrals			(31,863)	
Adjustment to expenditures for payables, prepaids and other accruals			1,990	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
IDEA B ENTITLEMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

Statement A-6

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	92,646	187,614	78,491	(109,123)
Interest	-	-	-	-
<i>Total revenues</i>	<u>92,646</u>	<u>187,614</u>	<u>78,491</u>	<u>(109,123)</u>
<i>Expenditures:</i>				
Current:				
Instruction	77,188	77,188	56,485	20,703
Support Services				
Students	15,458	110,426	57,294	53,132
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>92,646</u>	<u>187,614</u>	<u>113,779</u>	<u>73,835</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(35,288)</u>	<u>(35,288)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(35,288)</u>	<u>(35,288)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(28,643)</u>	<u>(28,643)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (63,931)</u>	<u>\$ (63,931)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (35,288)	
Adjustment to revenue for accruals and other deferrals			35,224	
Adjustment to expenditures for payables, prepaids and other accruals			(273)	
Net change in fund balance (GAAP basis)			<u>\$ (337)</u>	

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
IDEA B AUTISM SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	5,450	5,681	231
Interest	-	-	-	-
<i>Total revenues</i>	-	5,450	5,681	231
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	5,450	4,825	625
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	5,450	4,825	625
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	856	856
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	856	856
<i>Cash balances - beginning of year</i>	-	-	(906)	(906)
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ (50)	\$ (50)
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 856	
Adjustment to revenue for accruals and other deferrals			(1,135)	
Adjustment to expenditures for payables, prepaids and other accruals			279	
Net change in fund balance (GAAP basis)			\$ -	

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
IDEA B PRESCHOOL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	2,331	2,331	176	(2,155)
Interest	-	-	-	-
<i>Total revenues</i>	<u>2,331</u>	<u>2,331</u>	<u>176</u>	<u>(2,155)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	2,331	2,331	-	2,331
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,331</u>	<u>2,331</u>	<u>-</u>	<u>2,331</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>176</u>	<u>176</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>176</u>	<u>176</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(176)</u>	<u>(176)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 176	
Adjustment to revenue for accruals and other deferrals			(176)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
TEACHER/PRINCIPAL TRAINING & RECRUITING SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	18,194	18,194	-	(18,194)
Interest	-	-	-	-
<i>Total revenues</i>	<u>18,194</u>	<u>18,194</u>	<u>-</u>	<u>(18,194)</u>
<i>Expenditures:</i>				
Current:				
Instruction	18,194	18,194	6,178	12,016
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>18,194</u>	<u>18,194</u>	<u>6,178</u>	<u>12,016</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(6,178)</u>	<u>(6,178)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	6,178	6,178
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>6,178</u>	<u>6,178</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
TITLE XIX MEDICAID SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	15,000	15,000	4,841	(10,159)
Interest	-	-	-	-
<i>Total revenues</i>	<u>15,000</u>	<u>15,000</u>	<u>4,841</u>	<u>(10,159)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	21,711	21,711	1,964	19,747
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>21,711</u>	<u>21,711</u>	<u>1,964</u>	<u>19,747</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(6,711)</u>	<u>(6,711)</u>	<u>2,877</u>	<u>9,588</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	6,711	6,711	-	(6,711)
<i>Total other financing sources (uses)</i>	<u>6,711</u>	<u>6,711</u>	<u>-</u>	<u>(6,711)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>2,877</u>	<u>2,877</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,877</u>	<u>\$ 2,877</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 2,877	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ 2,877</u>	

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
RURAL EDUCATION ACHIEVEMENT PROGRAM SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,122</u>	<u>1,122</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,122</u>	<u>\$ 1,122</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
DUAL CREDIT PED SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

Statement A-12

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	3,623	2,662	(961)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	-	3,623	2,662	(961)
<i>Expenditures:</i>				
Current:				
Instruction	-	3,623	2,662	961
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	3,623	2,662	961
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Cash balances - beginning of year</i>	-	-	-	-
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ -	

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
GO BOND LIBRARY AUDIO & VISUAL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	19,427	19,427	-	(19,427)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>19,427</u>	<u>19,427</u>	<u>-</u>	<u>(19,427)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	19,427	19,427	18,236	1,191
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>19,427</u>	<u>19,427</u>	<u>18,236</u>	<u>1,191</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(18,236)</u>	<u>(18,236)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(18,236)</u>	<u>(18,236)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,236)</u>	<u>\$ (18,236)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (18,236)	
Adjustment to revenue for accruals and other deferrals			18,236	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
NM READS TO LEAD SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	50,000	50,000	48,837	(1,163)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>50,000</u>	<u>50,000</u>	<u>48,837</u>	<u>(1,163)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	50,000	50,000	48,837	1,163
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>50,000</u>	<u>50,000</u>	<u>48,837</u>	<u>1,163</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
STEM TEACHER SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
NM GROWN FFV SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	382	-	(382)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>382</u>	<u>-</u>	<u>(382)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	382	-	382
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>382</u>	<u>-</u>	<u>382</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
STEM HARD TO STAFF TEACHER INITIATIVE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	18,607	6,178	(12,429)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	-	18,607	6,178	(12,429)
<i>Expenditures:</i>				
Current:				
Instruction	-	18,225	6,178	12,047
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	18,225	6,178	12,047
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	382	-	(382)
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	(382)	-	382
<i>Total other financing sources (uses)</i>	-	(382)	-	382
<i>Net change in fund balances</i>	-	-	-	-
<i>Cash balances - beginning of year</i>	-	-	-	-
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ -	

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
BOND BUILDING CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	2,534,107	1,532,782	1,001,325
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>2,534,107</u>	<u>1,532,782</u>	<u>1,001,325</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(2,534,107)</u>	<u>(1,532,782)</u>	<u>1,001,325</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	1,258,648	1,258,648
Designated Cash	-	2,534,107	-	(2,534,107)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>2,534,107</u>	<u>1,258,648</u>	<u>(1,275,459)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(274,134)</u>	<u>(274,134)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>693,923</u>	<u>693,923</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 419,789</u>	<u>\$ 419,789</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (274,134)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(143,777)	
Net change in fund balance (GAAP basis)			<u>\$ (417,911)</u>	

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
CAPITAL OUTLAY STATE CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

Statement A-19

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	128,810	-	(128,810)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	-	128,810	-	(128,810)
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	128,810	128,810	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	128,810	128,810	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	(128,810)	(128,810)
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(128,810)	(128,810)
<i>Cash balances - beginning of year</i>	-	-	-	-
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ (128,810)	\$ (128,810)
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (128,810)	
Adjustment to revenue for accruals and other deferrals			128,810	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ -	

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
CAPITAL IMPROVEMENTS SB-9 CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

Statement A-20

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ 347,203	\$ 347,203	\$ 354,045	\$ 6,842
State sources	11,249	22,564	-	(22,564)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>358,452</u>	<u>369,767</u>	<u>354,045</u>	<u>(15,722)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	128,500	128,500	63,883	64,617
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	443,245	348,584	94,661
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>128,500</u>	<u>571,745</u>	<u>412,467</u>	<u>159,278</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>229,952</u>	<u>(201,978)</u>	<u>(58,422)</u>	<u>143,556</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	(229,952)	201,978	-	(201,978)
<i>Total other financing sources (uses)</i>	<u>(229,952)</u>	<u>201,978</u>	<u>-</u>	<u>(201,978)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(58,422)</u>	<u>(58,422)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>318,120</u>	<u>318,120</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259,698</u>	<u>\$ 259,698</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (58,422)	
Adjustment to revenue for accruals and other deferrals			(28,082)	
Adjustment to expenditures for payables, prepaids and other accruals			23,281	
Net change in fund balance (GAAP basis)			<u>\$ (63,223)</u>	

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
DEBT SERVICE FUND

Statement A-21

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 908,701	\$ 908,701	1,014,598	\$ 105,897
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>908,701</u>	<u>908,701</u>	<u>1,014,598</u>	<u>105,897</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	13,692	13,692	10,146	3,546
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plan	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Service:				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	1,715,089	1,714,969	770,263	944,706
Interest	138,701	152,638	152,518	120
<i>Total expenditures</i>	<u>1,867,482</u>	<u>1,881,299</u>	<u>932,927</u>	<u>948,372</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(958,781)</u>	<u>(972,598)</u>	<u>81,671</u>	<u>1,054,269</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	958,781	972,598	-	(972,598)
<i>Total other financing sources (uses)</i>	<u>958,781</u>	<u>972,598</u>	<u>-</u>	<u>(972,598)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>81,671</u>	<u>81,671</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>888,201</u>	<u>888,201</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 969,872</u>	<u>\$ 969,872</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 81,671	
Adjustment to revenue for accruals and other deferrals			(58,493)	
Adjustment to expenditures for payables, prepaids and other accruals			74,174	
Net change in fund balance (GAAP basis)			<u>\$ 97,352</u>	

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FIDUCIARY FUNDS

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STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS

FIDUCIARY FUNDS

Agency Funds

Agency Funds – To account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Cloudcroft Municipal Schools has the following funds classified as Agency Funds:

Activity – To account for assets held by the District until distributed to various organizations at the schools.

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STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2016

Schedule B

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS				
ACTIVITY ACCOUNT	\$ 3,176	\$ 55	\$ 3,000	\$ 231
ADMIN. ACTIVITY	364	1,000	677	687
BEAR MEMORIAL ACTIVITY	1,728	-	-	1,728
ANNUAL ACTIVITY	5,958	6,752	-	12,710
"C" CLUB ACTIVITY	5,783	16,753	13,764	8,771
KNOWLEDGE BOWL ACTIVITY	2,186	256	1,472	970
CAFETERIA ACTIVITY	2,032	-	151	1,881
LIFE SKILLS ACTIVITY	39	-	-	39
GOLDEN APPLE GRANT	81	988	836	233
EL/MID AGENDA ACTIVITY	17	-	-	17
ELEM/MID ACTIVITY	8,039	8,079	9,487	6,631
BOX TOP ACTIVITY	2,054	1,577	1,194	2,437
FFA ACTIVITY	1,862	3,519	2,099	3,282
BUSINESS AG ACTIVITY	13,427	4,197	2,144	15,481
HS KEY CLUB ACTIVITY	4,918	1,119	1,396	4,642
HIGH SCHOOL ATHLETICS	7,873	18,223	22,156	3,940
HIGH SCHOOL ACTIVITY	527	3,960	3,226	1,261
HIGH SCH BP ACTIVITY	1,518	-	152	1,366
ACADEMIC EXCELLENCE ACTIVITY	103	1	-	104
HS STUDENT COUNCIL ACTIVITY	3,259	1,718	1,351	3,626
HS NATL HONOR ACTIVITY	-	398	348	50
CULINARY ARTS ACTIVITY	6,648	13,152	12,556	7,244
SIDELINERS ACTIVITY	448	7,500	596	7,352
JR. CLASS ACTIVITY	2,218	1,375	1,441	2,152
LIBRARY FUND	753	3,958	4,400	311
SUMMER YOUTH PROGRAM ACTIVITY	31,368	13,146	1,688	42,826
MIDDLE SCHOOL SPORTS	6,652	-	6,652	-
MS STUDENT COUNCIL	801	2,448	1,872	1,378
MUSIC CLUB ACTIVITY	6,875	14,253	16,896	4,232
TUTOR PROGRAM ACTIVITY	2,597	697	1,490	1,804
BUILDER'S CLUB ACTIVITY	2,100	1,451	1,264	2,287
SCIENCE ACTIVITY	2,665	661	2,740	586
TECHNOLOGY	1,520	1	109	1,412
Total Assets	\$ <u>129,589</u>	\$ <u>127,237</u>	\$ <u>115,156</u>	\$ <u>141,671</u>
LIABILITIES				
Deposits held for others	129,589	127,237	115,156	141,671
Total Liabilities	\$ <u>129,589</u>	\$ <u>127,237</u>	\$ <u>115,156</u>	\$ <u>141,671</u>

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PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION

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STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
 Required Supplemental Information
 June 30, 2016

REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 Educational Retirement Board (ERB) Plan
 Last 10 fiscal years*

	2015
District's proportion of net pension liability (asset)	0.099140%
District's proportionate share of the net pension liability (asset)	\$ 5,656,655
District's covered-employee payroll	\$ 2,732,688
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	207.00%
Plan fiduciary net position as a percentage of total pension liability	66.54%

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

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STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
 Required Supplemental Information
 June 30, 2016

REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 EDUCATIONAL RETIREMENT BOARD (ERB) Pension PLAN
 LAST 10 FISCAL YEARS*

	2015
Contractually required contribution	\$ 381,058
Contributions in relation to the contractually required contribution	\$ 381,058
Contribution deficiency (excess)	\$ -
District's Covered-employee payroll	\$ 2,532,049
Contributions as a percentage of covered-employee payroll	15.04%

* 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.

Note: Employee contributions are not included in this schedule.

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STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
Required Supplemental Information
For the Year Ended June 30, 2016

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

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

Changes of assumptions.

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

2. Assumptions that were not changed:
 - a. Investment return will remain at 7.75%
 - b. Inflation will remain at 3.00%
 - c. Maintain payroll growth at 3.50%

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

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SUPPORTING SCHEDULES

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STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
June 30, 2016

Schedule I

Name of Depository	Description of Pledged Collateral	Market Value June 30, 2016	Name and Location of Safekeeper
First National Bank	GNMA II POOL 631831 36291L4Q5, 5.5% 06/20/24	\$ 143,107	Federal Reserve Bank Dallas, TX
First National Bank	FNMA POOL MA0538 31417YS40, 4.5%, 10/1/30	586,866	Federal Reserve Bank Dallas, TX
First National Bank	FNMA POOL MA1338 31418APY8, 3.0%, 2/1/33	<u>933,425</u>	Federal Reserve Bank Dallas, TX
	Total Collateral Pledged	<u>\$ 1,663,398</u>	

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STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
June 30, 2016

Schedule II

Deposit or Investment Account Type	First National Bank	Total
Operational Checking- Interest Bearing	\$ 2,369,246	\$ 2,369,246
Activity Checking- Interest Bearing	143,806	143,806
Total On Deposit	<u>2,513,052</u>	<u>2,513,052</u>
Reconciling Items	<u>(121,540)</u>	<u>(121,540)</u>
Reconciled Balance June 30, 2016	<u>\$ 2,391,512</u>	<u>\$ 2,391,512</u>

Reconciliation to financial statements:

Cash and cash equivalents:

Total cash and cash equivalents per Statement of Net Position	\$ 2,249,840
Total cash and cash equivalents per Fiduciary Statement of Assets and	<u>141,671</u>
Total Cash & Cash Equivalents	\$ 2,391,512

STATE OF NEW MEXICO
Cloudercroft Municipal Schools
Cash Reconciliation
June 30, 2016

	Operational Account	Transportation Account	Instructional Materials Account	Food Services Account	Athletics Account
Cash per June 30, 2015 audit report	\$ 975,431	\$ -	\$ 9,762	\$ 9,254	\$ 9,978
Interfund loans	(226,938)	-	-	4,712	-
	<u>748,494</u>	<u>-</u>	<u>9,762</u>	<u>13,967</u>	<u>9,978</u>
Add:					
2015-16 revenues	<u>3,701,021</u>	<u>225,663</u>	<u>23,804</u>	<u>102,220</u>	<u>17,621</u>
Total cash available	4,449,515	225,663	33,566	116,187	27,599
Less:					
2015-16 expenditures	(3,872,662)	(225,663)	(18,364)	(116,200)	(19,198)
Adjustments	(3,975)	-	-	13	-
Reinstate cash for payroll liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash June 30, 2016	<u>\$ 572,878</u>	<u>\$ -</u>	<u>\$ 15,202</u>	<u>\$ 0</u>	<u>\$ 8,402</u>
Bank balance end of year	\$ 692,283	\$ -	\$ 15,202	\$ -	\$ 8,402
Adjustments for voided checks	-	-	-	-	-
Outstanding Checks	<u>(119,405)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash June 30, 2016	<u>\$ 572,878</u>	<u>\$ -</u>	<u>\$ 15,202</u>	<u>\$ -</u>	<u>\$ 8,402</u>

Federal Flowthrough Fund	Federal Direct Fund	State Flowthrough Fund	Bond Building Fund
\$ (70,798)	\$ 1,122	\$ -	\$ 693,923
75,179	-	18,236	-
<u>4,381</u>	<u>1,122</u>	<u>18,236</u>	<u>693,923</u>
190,361	4,842	57,677	1,258,648
194,742	5,964	75,913	1,952,571
(200,920)	(1,965)	(75,913)	(1,532,782)
6,178	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (0)</u>	<u>\$ 3,999</u>	<u>\$ -</u>	<u>\$ 419,789</u>
\$ -	\$ 3,999	\$ -	\$ 419,789
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 3,999</u>	<u>\$ -</u>	<u>\$ 419,789</u>

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STATE OF NEW MEXICO
Cloudcroft Municipal Schools
Cash Reconciliation
June 30, 2016

Schedule III
(Page 2 of 2)

	Special Capital Outlay State	Capital Improv SB9	Debt Service Fund	Total
Cash per June 30, 2015 audit report	\$ -	\$ 318,120	\$ 888,201	\$ 2,834,994
Interfund loans	128,810	-	-	-
	<u>128,810</u>	<u>318,120</u>	<u>888,201</u>	<u>2,834,994</u>
Add:				
2015-16 revenues	-	354,045	1,014,598	6,950,499
	<u>-</u>	<u>354,045</u>	<u>1,014,598</u>	<u>6,950,499</u>
Total cash available	128,810	672,165	1,902,798	9,785,493
Less:				
2015-16 expenditures	(128,810)	(412,467)	(932,926)	(7,537,870)
Adjustments	-	-	-	2,216
Reinstate cash for payroll liability	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash June 30, 2016	<u>\$ -</u>	<u>\$ 259,698</u>	<u>\$ 969,872</u>	<u>\$ 2,249,840</u>
Bank balance end of year	\$ -	\$ 259,698	\$ 969,872	\$ 2,369,245
Adjustments for voided checks	-	-	-	-
Outstanding Checks	-	-	-	(119,405)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(119,405)</u>
Cash June 30, 2016	<u>\$ -</u>	<u>\$ 259,698</u>	<u>\$ 969,872</u>	<u>\$ 2,249,840</u>

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Cloudercroft Municipal Schools
Schedule of Vendor Information for purchases exceeding \$60,000 (excluding GRT)
For the Year Ended June 30, 2016

RFP# RF# / State-Wide Price Agreement	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address of ALL Vendors 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)	Brief Description of the Scope of Work
E15-002	Remediation on Building Construction	ESA Construction, Inc.	85,000.00	85,000.00	ESA Construction, Inc. 3435 Girard Ave NE, Albuquerque, NM 87107 FacilityBUILD, Inc. 5904 Florence Ave NE, Albuquerque, NM 87113 HB Construction, Inc.-	N	N	Removal of the top course of existing CMU wall construction. Replace removed materials to match existing after installation complete.
5793	Goods and Services	Society LPG, Innc.	\$1.35 per Gallon@ approximately 60,000 gallons	81,000.00	Society LPG, Inc., 97 Little Glorietta, Cloudercroft, NM 88317	N	N	Propane contract for the school district.

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COMPLIANCE SECTION

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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**

Timothy M. Keller
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Cloudcroft Municipal Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons of the General fund and Special Revenue funds, of the Cloudcroft Municipal Schools as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Cloudcroft Municipal Schools' basic financial statements, and the combining and individual and related budgetary comparisons of the Cloudcroft Municipal Schools, presented as supplemental information, and have issued our report thereon dated September 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cloudcroft Municipal Schools' internal control over financial reporting to determine the auditing 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 Cloudcroft Municipal Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Cloudcroft Municipal Schools' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned function, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses 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 one deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a material weakness. The material weakness is described as 2016-001.

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We also identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. The significant deficiencies are described as 2016-002 and 2016-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cloudfcroft Municipal Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and responses as items 2016-001, 2016-002 and 2016-003.

Cloudfcroft Municipal Schools' Response to Findings

The Cloudfcroft Municipal Schools' responses to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Cloudfcroft Municipal Schools' response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Precision Accounting LLC

Precision Accounting LLC
Albuquerque, New Mexico
September 15, 2016

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STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2016

2016-001 Capital Asset Listing (Material Weakness)

CONDITION: We could not obtain a complete capital asset listing identifying all of the capital asset additions, deletions, and/or transfers. The capital asset listing provided did not have balances that agree to the prior year's audit report. The difference in the amount between the capital asset listing provided and the prior year audit report totaled to \$46,763.30.

CRITERIA: Each Agency is required to maintain a capital assets listing as per section 12-6-10 NMSA, 1978. Subsection A, Section 13-6-1, NMSA 1978 states that if any agency is to dispose of tangible personal property, the agency should notify the Office of the State Auditor regarding the disposition.

CAUSE: It appears that management did not maintain an accurate capital assets listing identifying all of the capital asset additions, deletion and/or transfers from current and prior years.

EFFECT: Without a complete and accurate capital asset inventory list, there is a greater risk of undetected misappropriation of assets.

RECOMMENDATION: The District should maintain inventory of its capital assets to ensure accuracy and completeness. In addition, the District should maintain a listing of related depreciation in regards to capital assets.

CLIENT RESPONSE: The District has contracted with an outside vendor, Asset Services. The vendor will perform a complete physical inventory of all items \$500.00 and above, tag all inventoried items, and assign a valuation of assets. This service will allow the District to comply with Capital Asset Listing Laws. The Superintendent and Business Manager will have this completed by 09/30/2016.

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2016

2016-002 Agency Funds (Noncompliance)

CONDITION: During the course of our test work in regards to activity fund deposits we noted that ten (10) deposits out of the forty (40) deposits tested, were deposited into the bank a week (approx. 5 to 9 days) after the funds were received. These deposits totaled to \$8965. The percentage of error is 25% or a potential error of 67 deposits, when calculated across the entire population.

CRITERIA: PSAB18 NMAC 6.20.2 Cash Controls Standards subsection C, states “Money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day. If the distance to the bank is considerable, or the cash collection is limited to small amounts and/or low volume and it is impractical to meet the twenty-four hour/one banking day requirement, the local board may request approval from the department for an alternative plan. The bank deposit slip shall have the numbers from applicable receipts entered on it or attached as a reference.”

CAUSE: All monies received should be recorded and bank deposits should be deposited timely. It appears that the procedures are not being followed by secretaries receiving the monies for activity funds and/or administrators receiving and recording monies for all other accounts.

EFFECT: By not making timely deposits this can potentially lead to unaccounted for and misappropriated assets, which is a violation of procedures of PSAB18 and NMAC 6.20.2.14.

RECOMMENDATION: The District should re-train all personnel on the importance of proper handling of monies for activity funds and all other accounts to ensure compliance with PSAB18 and NMAC 6.20.2.14, and mitigate liabilities for responsible parties

CLIENT RESPONSE: The Superintendent and Business Manager has visited with necessary personnel to assure that money received is receipted in the proper and timely manner as of 09/30/2016. This will ensure that the Business Office personnel may make timely bank deposits as required by law.

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2016

2016-003 Controls over Cash Disbursements (Significant Deficiency)

CONDITION: During our test work of disbursements and activity disbursements, we noted four (3) exceptions out of three hundred thirty three (333) vouchers tested. This equates to a potential error rate of 0.9%, the errors totaled \$15,227.45. The exceptions noted contained the following:

- Two (2) vouchers where the amount of the check was greater than the amount authorized by the purchase order.
- One (1) voucher where the purchase order was created after the invoice was received.

CRITERIA: NMAC 6.20.2.17. NMAC 6.20.2.17 states that school districts implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code 13-1-21. NM Procurement Code (13-1-28 to 13-1-199 NMSA 1978) require that 1) all invoicing must be performed in a timely manner and 2) supporting documentation must accompany all expenses, be reviewed, and signed off by management prior to payment.

CAUSE: It appears that NMAC 6.20.2.17 may not have been properly followed.

EFFECT: The District maybe in noncompliance of NMAC 6.20.2.17 and the NM Procurement Code 13-1-28 to 13-1-199, which can potentially lead to disbursement of expenditures that are have not budgeted for.

RECOMMENDATION: The District should consider additional training of employees regarding the procedures for purchasing and the purpose and need of purchase orders and the revision of purchase orders.

CLIENT RESPONSE: Business Office personnel have reviewed the requirement of making necessary revisions to existing purchase orders. In addition, all staff will be reminded of the requirement to obtain an approved Purchase Order before any purchase is made. The Superintendent and Business Manager will have this addressed by 09/30/2016.

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STATE OF NEW MEXICO
Cloudcroft Municipal Schools
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2016

C. PRIOR YEAR AUDIT FINDINGS

2014-001 Personnel Policy outdated – cleared

2014-003 Payroll compliance and internal controls-incomplete I-9's and missing background checks – cleared

2014-007 Cash Appropriations in excess of available cash balances in food services – cleared

2015-001 Payroll Tax Compliance late payroll taxes resulting in a penalty to the District – cleared

2015-002 Overtime compliance nonexempt employees did not receive overtime – cleared

2015-003 Late IPA Recommendation and Audit Contract – cleared

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STATE OF NEW MEXICO
Cloudcroft Municipal Schools
OTHER DISCLOSURES
Year Ended June 30, 2016

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Sharlotte Dees, the Business Manager, is capable of preparing, understanding and accepting responsibility for the GAAP basic financial statements. Although the District is responsible for the content of the financial statements, they have contracted with the auditor to prepare the GAAP-basis financial statements and footnotes for inclusion in the annual audit report.

B. EXIT CONFERENCE

The contents of this report were discussed on September 15, 2016. The following individuals were in attendance.

Cloudcroft Municipal Schools

Travis Dempsey, Superintendent
Sharlotte Dees, Business Manager
Bill Denney, Board President
Gerold Green, Audit Committee, Board Vice President

Precision Accounting LLC

Melissa R. Santistevan, CPA, CFE, CGMA
Daniel Perea, Senior Accountant
Alexandra Yebra, Staff Accountant
Zach Hayes, Staff Accountant
Raymond Bailie, Staff Accountant