

STATE OF NEW MEXICO

DULCE INDEPENDENT SCHOOLS

ANNUAL FINANCIAL REPORT

JUNE 30, 2016

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
Dulce Independent Schools
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2016

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STATE OF NEW MEXICO
Dulce Independent Schools

OFFICIAL ROSTER
June 30, 2016

<u>Name</u>		<u>Title</u>
	<u>Board of Education</u>	
Manuel H. Gomez		President
Wesley L. Vigil		Vice President
Phillip Salazar		Secretary
Levi Pesata		Member
Stanford Salazar		Member
	<u>School Officials</u>	
Manuel Valdez		Interim Superintendent
Carole Gomez		Business Manager
Naomi Vicenti		Outgoing Business Manager

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FINANCIAL SECTION

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Precision Accounting, LLC.

INDEPENDENT AUDITOR'S REPORT

Timothy Keller
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Dulce Independent Schools
Dulce, 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 Dulce Independent Schools (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise Dulce Independent Schools' basic financial statements as listed in the table of contents. We also have audited the financial statements of each of Dulce Independent 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 Dulce Independent 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 Dulce Independent 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.

Opinions

In our opinion, based on our report and the report of the other auditors, 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 Dulce Independent 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

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position of each nonmajor governmental fund of Dulce Independent 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 15-22, the *Schedule of Proportionate Share of the Net Pension Liability* on page 129, the *Schedule of Contributions* on page 131, and the notes to the required supplementary information on page 133 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 Dulce Independent Schools' financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Uniform Guidance, Audits of State, Local Government, and Non-Profit Organizations, and is not a required part of the financial statements. 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 Schedule of Expenditures of Federal Awards and 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 August 18, 2016 on our consideration of the Dulce Independent 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 Dulce Independent Schools' internal control over financial reporting and compliance.

Precision Accounting, LLC

Precision Accounting, LLC
Albuquerque, New Mexico
August 18, 2016

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State of New Mexico
Dulce Independent Schools
Management's Discussion and Analysis
June 30, 2016

This Management Discussion and Analysis of the fiscal performance of the Dulce Independent School District for the period ending June 30, 2016 is an objective and easily readable discussion of the District's financial activities. This information aligns with requirements of the Governmental Accounting Standards Board (GASB) that establishes accounting and reporting standards for governmental entities. With the issuance of GASB's Statement 34, a written narrative discussion and analysis of the financial performance of the District is included.

The discussion and analysis, as well as the Statement of Net Position and Statement of Activities, provide a review of the District's overall financial activities, using the accrual basis of accounting, for the year ending June 30, 2016. Fund financial statements are reported on a modified accrual basis of accounting. Rather than looking at specific areas of performance, this discussion and analysis focuses on the financial performance of the District as a whole. Whenever possible this discussion and analysis will provide the reader multi-year pictures of financial performance and other pertinent information through the use of tables and other resource information.

In addition to the new reporting, this annual report consists of a series of detailed, audited financial statements and the notes to those statements. Also included is the Independent Auditor's Report, The Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB circular A-133, and a Schedule of Findings and Questioned Costs.

About Dulce Independent Schools

To completely understand the financial discussion of Dulce Independent School District, it is important to understand the nature of the District. The District has one Jr-Sr High school, serving grades 7-12 and one Elementary school, serving grades K-6. The District has one major tribal land within our boundaries, the Jicarilla Apache Nation. Our District is spread out from the Gobernador, at Rio Arriba County on the West Boundary; to Amargo Hill on the East side; to the Colorado Border on the North; and Hwy 550 on the South. The District has approximately 700 students and 120 employees. The District contracts for Food Service, Technology, and Facilities Services.

The District has a VISION STATEMENT: "Dulce Graduates will be self-directed, capable, responsible, life-long learners who maintain their cultural identities and creative individualism." and a MISSION STATEMENT: "Our School district will educate, nurture, and strengthen our children to be productive, contributing members of society."

The Dulce Independent School District is a comprehensive K-12 public school district serving over 700 students. The District offers a wide variety of educational programs designed to inspire learning that will prepare students to thrive in the ever-changing and demanding global economy of the 21st century.

Dulce Elementary students in grades K-6 focus on an academic block in the mornings that focus on reading and math. Students also study their indigenous home-language of Jicarilla Apache and learn about the culture and history of their ancestry. Technology infrastructure is superior and students interface with a wide array of research-based software intended to remediate and/or accelerate instruction. Afternoons find students performing inquiry-based science and social studies. Basic skills, physical education, nutrition, character education and enrichments are also provided. Teachers collaborate well and emphasize fundamental academics at every opportunity.

Dulce Jr-Sr High School provides a strong academic base for students as evidenced by their above average rating recently awarded to the school by the New Mexico Public Education Department. In addition to a strong academic

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Dulce Independent Schools
Management's Discussion and Analysis
June 30, 2016

program, students can choose from a variety of elective programs including the Jicarilla Officer Training Corps, Spanish, Robotics, Smart lab, Computer Aided Drafting, fine and performing arts program, standardized test preparation, Jicarilla Language and Culture, team sports and an extensive after school athletic program.

Introduction

The financial performance of the Dulce Schools for the fiscal year ended June 30, 2015 will be the subject of this discussion and analysis. The purpose is to look at the financial performance as a whole; however, readers may also utilize the accompanying financial statements and notes for comprehensive information.

Financial Highlights

Key events for the fiscal year 2016 are:

- Total Assets of Governmental Activities was \$59,781,278 (Ex. A-1)
- Total Liabilities of Governmental Activities was \$38,454,962 (Ex. A-1)
- Deferred Inflows of Resources was \$935,728 (Ex. A-1)
- Net Position of Governmental Activities was \$20,930,588 (Ex. A-1).
- The District implemented the State mandates for all teaching tiers; and 4% increase in the employer's contribution for medical insurance.

State of New Mexico
Dulce Independent Schools
Management's Discussion and Analysis
June 30, 2016

Basic Financial Statements

This annual report introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

District Wide Financial Statements

Statement of Net Position:

The Statement of Net Position is prepared using the accrual method of accounting. This is a District-wide statement including all assets and liabilities. This basis of accounting, similar to private sector business, includes all of the current year's revenues and expenses regardless of when actual cash was received or paid. Differences between assets and liabilities are reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or weakening. All categories of the District (assets, liabilities, net position) remain materially the same as the prior year balances.

Summary of Statement of Net Position

Assets	June 30, 2014	June 30, 2015	June 30, 2016
Current Assets	\$ 6,397,707	\$ 5,565,344	\$ 6,859,223
Capital Assets	83,985,998	84,635,485	83,553,648
Less Accumulated Depreciation	(21,812,246)	(31,082,660)	(32,439,785)
Deferred Outflows of Resources	-	780,845	1,808,192
Total Assets	\$ 68,571,459	\$59,899,014	\$ 59,781,278
Liabilities			
Accounts Payable	\$ 417,918	\$ 87,076	\$ 516,841
Accrued Payroll	-	67,720	61,346
Accrued Compensated Absences	23,001	107,160	24,850
Accrued interest	202,608	186,283	173,017
Unearned Revenue	331,738	288,281	380,116
Long Term Liabilities	2,860,000	1,950,000	3,270,000
Non-Current Liabilities	27,927,226	24,341,857	34,028,792
Net Pension Liability	-	10,002,708	11,997,193
Total Liabilities	\$ 31,762,491	\$37,923,925	\$ 38,454,962
 Deferred Inflows of Resources	 -	 1,058,278	 935,728
Net Position			
Invested in Capital Assets	\$ 23,541,782	\$ 26,368,128	25,889,949
Restricted	11,929,751	7,293,498	6,396,554
Unrestricted	1,337,435	(12,744,815)	(11,895,915)
Total Net Position	\$ 36,808,968	\$20,916,811	\$ 20,930,588

GASB 34 rules now require public entities to depreciate capital assets. The District utilized a "straight line" depreciation method in all cases and standardized lifetime tables in calculating this depreciation.

State of New Mexico
Dulce Independent Schools
Management's Discussion and Analysis
June 30, 2016

Statement of Activities:

The Statement of (Governmental) Activities is prepared using the accrual method of accounting. This is a District-wide statement that reports how the District's net assets changed during the fiscal year. This report compliments the Statement of Net Position by showing the overall change in the District's net assets for the fiscal year ending June 30, 2016. Net assets decreased slightly, liabilities decreased slightly thus our total New Position shows a decrease due to a reduction in cash and equivalents.

Summary of Statement of Activities

	June 30, 2014	June 30, 2015	June 30, 2016
Revenues for Governmental Activities			
Charges for Services	\$ 710,459	\$ 766,964	\$ 765,630
Operating Grants and Contributions	5,262,200	5,677,105	5,836,121
Capital Grants and Contributions	76,688	128,016	54,145
General Revenues			
Property taxes	\$ 5,593,878	\$ 4,748,780	\$ 4,740,129
Federal and state aid	3,623,612	3,628,069	3,693,070
Other revenues	<u>201,778</u>	<u>205,629</u>	<u>(180,814)</u>
Total revenues	<u>15,468,615</u>	<u>15,468,615</u>	<u>14,908,295</u>
Expenses			
Instruction	5,656,742	6,057,909	6,580,405
Support services	3,827,968	3,897,146	4,200,758
Food service	390,881	421,674	399,752
Depreciation	4,705,702	9,968,424	3,345,172
Interest on long term debt	<u>\$ 616,430</u>	<u>1,150,826</u>	<u>1,067,084</u>
Total expenses	<u>14,567,723</u>	<u>21,495,979</u>	<u>15,552,991</u>
Changes in net position	900,892	(6,341,416)	(684,696)
Restatement	(132,049)	(9,550,741)	158,473
Net Position-Restated	35,908,076	27,258,227	21,075,284
Net Position- ending	<u>\$ 38,808,968</u>	<u>\$ 20,916,811</u>	<u>\$ 20,390,588</u>

Fund Financial Statements

The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. The District uses many funds to account for a multitude of various transactions. Within the basic financial statements, fund financial statements focus only on the District's most significant funds rather than the District as a whole. Fund Financial Statements are based on a modified accrual basis of accounting. Major funds are separately reported while all others are combined; individual non-fund data are presented in later sections of this report. The District's major governmental funds, as defined in GASB 34, are the General Fund, HB-33, and Debt Service fund. The Statement of Revenues and Expenditures and Changes in Fund Balances gives the reader a meaningful overall view of the District's revenues, expenditures and changes to the fund balance. Total revenues from State, Local and Federal sources were \$15,350,643. Total expenditures for the District were \$14,755,313. The total ending fund balance was \$5,876,070; an increase of \$595,330 from the previous year (Ex. B-2). Property taxes collections, mainly Oil & Gas taxes, went from \$4,748,780 to \$4,740,129 a decrease of (\$8,651).

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Dulce Independent Schools
Management's Discussion and Analysis
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Governmental Funds

Governmental funds encompass most of the District's activities and are reported in fund financial statements. These statements focus on short-term periods on how resources flow into and out of those funds and the resources available at the end of the fiscal period. These funds are reported on the modified accrual accounting method that recognizes cash and any other financial assets that can be readily converted. Governmental fund statements and government-wide reporting focus on two different perspectives, short-term and long-term impact, thus the relationship or differences can be understood by reconciling the two different financial statements.

Governmental Activities

This statement of activity reports the cost of program services and the charges of services, and the revenues that are received to perform these services. The Statement of Activities (Exhibit A-2) for governmental activities, reports the total cost of services and the net cost of services.

It becomes apparent that dependence upon revenues from the State of New Mexico for governmental activities is significant. The New Mexico legislature and the operation of the Equalization Guarantee Formula for operational funding by the New Mexico Public Education Department have minimized local tax support for public education. This fund pays for teaching staff, instructional support staff, and administrative staff. This represents 51% of the total revenues received in fiscal year 2016.

The State of New Mexico through the Public Education Department establishes annually a "Unit Value" that is used, along with student membership and the Equalization Guarantee Formula factors, to determine the amount of State support to be received by individual districts. The unit Value has increased over the past two years. Funding from the State of New Mexico has slowly increased due to the economic conditions of the state.

School District Funds

The District's total governmental funds had revenues of \$15,350,643, and expenditures of \$14,755,313. The net change in the governmental fund balance for the fiscal year increased \$595,330. These governmental funds are accounted for using the modified accrual basis of accounting as required by the New Mexico Public Education Department. Decrease in revenues is mainly from Oil & Gas tax collections. The State makes up a portion of taxes through SEG in the Operating fund, but does not make it up in SB-9, HB-33, and Debt.

General Fund Budgeting Highlights

The State of New Mexico school budget process is defined in the New Mexico Statutes (Section 22) and the New Mexico Administrative Code (Section 6). Specific items are further defined in the New Mexico Manual of Procedures for Public School Accounting and Budgeting. The District follows an internal process of budgeting by recognizing the Educational Plan for Student Success and the priorities defined. District management and the Board of Education utilize a continuous improvement model for student success and district improvement. The General Fund is the most significant budgeted fund; other major funds, as defined in GASB 34 are the Bond Building, HB-33, Capital Improvements SB-9 Capital Project funds, and Debt Service Fund.

During the course of the fiscal year, the school district amended its General fund budget as needed. The school district uses a site-based budget, which is tightly controlled, but provides flexibility for site management.

The General Fund revenues represent \$7,930,444 of the total \$15,350,643 in overall District revenues (52%).

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The General Fund is predominately funded by revenues from the State of New Mexico Equalization Guarantee Formula. This fund pays for teaching staff, teaching support staff, special education support staff, and administration staff. Because of the student growth experienced by the School District, an emphasis on schools salaries by the New Mexico Legislature, and because the Equalization Guarantee Formula is based upon student populations, the Operational Fund has experienced increases and decreases in revenues as seen in the following table. In 2009-2011 we were subsidized by Federal Stimulus Funds.

Year	Revenues	Increase %
2010-2011	3,252,655	24%
2011-2012	3,476,624	7%
2012-2013	3,583,295	3%
2013-2014	3,623,612	1%
2014-2015	3,628,069	.12%
2015-2016	3,693,030	.18%

Because the General Fund is the main fund whose expenditures are significantly related to the educational process, \$7,771,953 was expended in the year ending June 30, 2016. The most significant inter-fund expenditure was for the function noted as "Direct Instruction". This expenditure was \$3,703,225 and represents 48% of all general expenditures. Expenditures included in this function are regular and special education teachers, benefits, payroll taxes, school supplies, training and miscellaneous instructional related contract services.

Instructional Support represents 19% of General Fund expenditures and account for expenditures for school principals, program coordinators, counselors, school nursing staff, librarians, special education ancillary staff and significant support to special education programs through contract ancillary support staff and contract programs.

The Office of the Superintendent and the Business Office represent the overhead support of the entire operations of the District; these programs combined represent 10% of the total General Fund.

Operation of the Plant accounts for 19% of the General Fund expenditures. Included in the Operation of the Plant expenditures are fixed utility costs, Insurance, maintenance and repairs, maintenance supplies. Additional support for maintenance supplies and projects comes from the voter approved SB9 Fund.

Budget

The State of New Mexico school budget process is defined under state law and regulation. To enhance the process of developing a budget at the school district level, the District utilizes goals and objectives defined by the District's Board, community input meetings, long term plans and input from various staff groups to develop the District's budget. District priorities are well defined through this process.

GASB 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

Major budgetary funds in these reports are; The General Fund (Operational Fund) (Teacherage Fund), (Transportation Fund),(Instructional Materials Fund), Capital Outlay (Bond Building Fund), (Capital improvements HB-33 Fund) and the Debt Service. In addition, Thirty-Two (32) non-major Special Revenue Funds and Two (2) non-major Capital Projects Funds are also reported for their budgetary performance.

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Capital Assets

Most District facilities are within 10 years old except one gym, and Administration Building.

Asset Type	Balance	Balance	Balance	Balance	Balance
	06/30/12	06/30/13	06/30/14	06/30/15	06/30/16
Land, Buildings & Improvements	\$73,197,998	\$73,462,871	\$ 73,848,071	\$ 81,041,484	\$ 81,110,237
Furniture, Fixtures & Equipment	3,385,430	3,687,007	3,611,521	3,529,304	2,433,411
Total Capital Assets	76,883,428	77,079,737	77,459,592	84,570,788	83,553,648
Less Accumulated Depreciation	(17,345,179)	(19,668,075)	(21,812,246)	(31,076,729)	(31,997,437)
Capital Assets-Net	\$59,538,249	\$57,929,105	\$62,173,752	\$53,552,825	\$51,113,384

In the fiscal year ending June 30, 2016 the Statement of Revenues and Expenditures and Changes in Fund Balances shows the District expended \$350,258 for capital outlays.

General Long Term Debt

Article IX, Section 11 of the New Mexico Constitution limits the power of a school district to incur general obligation debt beyond a school year unless such debt is for "the purpose of erecting, remodeling, making additions, and furnishing buildings or purchasing or improving school grounds or purchasing computer software or hardware for student use in public classrooms or any combination of these purposes." The approval of debt is subject to a vote of the local electors and may not exceed 6% of the assessed valuation of the taxable property within the District.

The School District has never defaulted on any of its debts or other obligations. Listed below is the District's payment schedule for total general obligation debt as of June 30, 2016. In 2015-16 long term debt decreased by \$1,960,783.

Year Ended June 30	Principal	Interest	Totals
2017	3,270,000	979,050	4,249,050
2018	4,115,000	848,550	4,963,550
2019	3,990,000	694,488	4,684,488
2020	3,630,000	537,788	4,167,788
2021	1,265,000	381,300	1,646,300
2022-2027	8,900,000	418,000	9,318,000
Total	25,170,000	3,859,176	29,029,176

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June 30, 2016

Agency Funds

The District, as a custodian, maintains and monitors special funds on the behalf of school activity groups. Agency funds maintained by the District are to benefit a specific activity or interest and are generally raised by students for student use. The custody and use of these funds are in accordance with Public Education Department Regulations and School District Policy.

Future Trends

The Dulce Independent School District's capital assets, particularly the buildings and grounds are currently not serving the needs of the district. The District is anticipating expanding the Dulce Middle and changing the Middle School to serve K-6. The 7-8 graders will be moved to the High School. The District would be moving from three campuses to two campuses. This would assist with reductions in operating costs. The District is working with the Jicarilla Apache Nation to purchase the existing Elementary Building.

Enrollment figures have been very consistent with projection. We have had and will continue to have slight growth in enrollment.

The district maintains an A2 bond rating, and was successful in a 2 mil Senate Bill 9 election in February, 2013. In general our financial condition remains stable. The district is concerned with the collections from Oil & Gas. The past two years have shown declining revenue from Oil & Gas taxes. This creates a burden on maintaining our buildings and paying long term debt. Some debt was refinanced in January 2013 to lower the interest rate. The District hopes to stabilize the tax rates even with declining tax collections. The District does not plan to issue any Debt in the near future.

The School District contacts are Mr. Manuel Valdez, Interim Superintendent, and Carole Gomez, Business Manager at 575-759-2909 or at 113 Hawk Drive, Dulce, N.M. 87528.

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
DULCE INDEPENDENT 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	\$ 6,244,915
Taxes Receivables	151,893
Due from other Governments	408,983
Other receivables	3,975
Prepaid Assets	47,349
Inventory	2,108
Total current assets	<u>6,859,223</u>
Noncurrent assets:	
Capital assets:	
Other capital assets	83,553,648
Less accumulated depreciation	<u>(32,439,785)</u>
Total Capital assets	<u>51,113,863</u>
Total noncurrent assets	<u>51,113,863</u>
DEFERRED OUTFLOWS OF RESOURCES	
Post Measurement Date Contributions-Employer	729,027
Change in Proportion	32,842
Reallocation of Net Pension Liability	461,629
Change in Assumptions in Net Pension Liability	412,647
Total deferred outflows of resources	<u>1,636,145</u>
Total assets and deferred outflows of resources	<u><u>\$ 59,609,231</u></u>

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2016

Exhibit A-1
(Page 2 of 2)

	Governmental Activities
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 516,841
Accrued liabilities	61,346
Accrued interest	173,017
Accrued Compensated Absences	24,850
Unearned revenue	380,116
Current portion of lease payable	12,939
Current portion of long-term debt	3,270,000
Total current liabilities	4,439,109
Noncurrent liabilities:	
Bonds, loans and other payables:	
Compensated Absences	77,685
Capital Lease payable	40,975
Bonds due in more than one year	21,900,000
Net Pension Liability	11,997,193
Total noncurrent liabilities	34,015,853
Total liabilities	38,454,962
DEFERRED INFLOWS OF RESOURCES	
Actuarial Experience in Net Pension Liability	222,417
Investment Experience in Net Pension Liability	54,003
Total deferred inflows of resources	276,420
NET POSITION	
Net Investment in Capital Assets	25,889,949
Unrestricted	(11,408,654)
Restricted for General Funds	323,172
Restricted for Special Revenue Funds	432,104
Restricted for Capital Projects Funds	1,792,693
Restricted for Debt Service Funds	3,848,585
Total net position	20,877,849
Total liabilities, deferred inflows and net position	\$ 59,609,231

STATE OF NEW MEXICO
DULCE INDEPENDENT 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	\$ 6,093,144	\$ -
Support services:		
Students	1,101,772	-
Instruction	103,543	-
General Administration	589,611	-
School Administration	280,231	-
Central Services	274,278	-
Operation & Maintenance of Plant	1,557,108	-
Student Transportation	293,222	-
Other Support Services	993	759,344
Food Services	399,572	6,286
Capital Outlay	3,345,172	-
Interest on long-term debt	1,067,084	-
	<u>\$ 15,105,730</u>	<u>\$ 765,630</u>

Program Revenues		Net
Operating Grants and Contributions	Capital Grants and Contributions	(Expenses) Revenues and Changes in Net Position
\$ 5,096,267	\$ -	\$ (996,877)
-	54,145	(1,047,627)
-	-	(103,543)
-	-	(589,611)
-	-	(280,231)
-	-	(274,278)
-	-	(1,557,108)
242,927	-	(50,295)
-	-	758,351
496,927	-	103,641
-	-	(3,345,172)
-	-	(1,067,084)
<u>\$ 5,836,121</u>	<u>\$ 54,145</u>	<u>(8,449,834)</u>

General Revenues:

Property taxes:	
Levied for general purposes	154,629
Levied for debt service	3,937,711
Levied for capital projects	647,789
State aid not restricted	3,693,070
Miscellaneous	261,499
Gain/loss on disposal of assets	(442,313)
Transfers	-
Unrestricted investment earnings	14
Total general revenues	<u>8,252,399</u>
Change in net position	(197,435)
Net position - beginning	20,916,811
Restatement for Transportation Fund	158,473
Net position - restated	<u>21,075,284</u>
Net position - ending	<u>\$ 20,877,849</u>

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

ASSETS	General Fund			
	Operational	Teacherage	Transportation	Instructional Materials
<i>Current Assets</i>				
Cash and cash equivalents	\$ 1,407,841	\$ 312,313	\$ -	\$ 17,528
Investments	-	-	-	-
Accounts receivable				
Taxes	4,179	-	-	-
Due from other governments	-	-	-	-
Other accounts receivable	4,611	-	-	-
Interfund receivable	398,444	-	-	-
Prepaid Assets	47,349	-	-	-
Inventory	-	-	-	-
	<u>1,862,424</u>	<u>312,313</u>	<u>-</u>	<u>17,528</u>
<i>Total assets</i>	<u>\$ 1,862,424</u>	<u>\$ 312,313</u>	<u>\$ -</u>	<u>\$ 17,528</u>
 LIABILITIES AND FUND BALANCES				
<i>Current Liabilities</i>				
Accounts payable	\$ 37,896	\$ 4,242	\$ -	\$ -
Accrued salaries and benefits	86,196	2,427	-	-
Interfund payable	-	-	-	-
Unearned revenue	-	-	-	-
	<u>124,092</u>	<u>6,669</u>	<u>-</u>	<u>-</u>
<i>Total liabilities</i>	<u>124,092</u>	<u>6,669</u>	<u>-</u>	<u>-</u>
 <i>Fund Balances</i>				
Fund Balance				
Non-spendable	-	-	-	-
Restricted for:				
General Fund	-	305,644	-	17,528
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Committed for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Assigned for:				
General Fund- Activity Transportation	131,163	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Unassigned for:				
General Fund	1,607,169	-	-	-
	<u>1,738,332</u>	<u>305,644</u>	<u>-</u>	<u>17,528</u>
<i>Total fund balances</i>	<u>1,738,332</u>	<u>305,644</u>	<u>-</u>	<u>17,528</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,862,424</u>	<u>\$ 312,313</u>	<u>\$ -</u>	<u>\$ 17,528</u>

Capital Improvements HB-33	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 1,566,155	\$ 1,783,124	\$ 1,157,954	\$ 6,244,915
-	-	-	-
374	115,461	16,634	136,648
-	-	424,228	424,228
-	-	(636)	3,975
-	-	-	398,444
-	-	-	47,349
-	-	2,108	2,108
<u>\$ 1,566,529</u>	<u>\$ 1,898,585</u>	<u>\$ 1,600,288</u>	<u>\$ 7,257,667</u>
\$ 437,619	\$ -	\$ 34,657	\$ 514,414
-	-	-	88,623
10,783	-	387,661	398,444
-	-	380,116	380,116
<u>448,402</u>	<u>-</u>	<u>802,434</u>	<u>1,381,597</u>
-	-	2,108	2,108
-	-	-	323,172
-	-	341,761	341,761
1,118,127	-	457,275	1,575,402
-	1,898,585	-	1,898,585
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	131,163
-	-	-	-
-	-	-	-
-	-	(3,290)	1,603,879
<u>1,118,127</u>	<u>1,898,585</u>	<u>797,854</u>	<u>5,876,070</u>
<u>\$ 1,566,529</u>	<u>\$ 1,898,585</u>	<u>\$ 1,600,288</u>	<u>\$ 7,257,667</u>

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STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
GOVERNMENTAL FUNDS

Exhibit B-1
(Page 2 of 2)

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2016

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

Fund balances - total governmental funds	\$ 5,876,070
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	51,113,863
Other assets are not available to pay for current-period expenditures and therefore, are deferred in the funds:	
Property taxes	-
Other liabilities are not due and payable in the current period and therefore are not reported in the funds - accrued interest payable	(173,017)
Long-term liabilities, including bonds payable, compensated absences and net pension liability are not due and payable in the current period and therefore are not reported in the funds	<u>(35,939,067)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 20,877,849</u>

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

	General Fund			
	Operational	Teachergage	Transportation	Instructional Materials
<i>Revenues:</i>	\$	\$	\$	\$
Taxes				
Taxes levied/assessed	154,629	-	-	-
Local sources				
Tuition	-	-	-	-
Investment income	-	-	-	-
Food services	-	-	-	-
District activities	755,945	-	-	-
Other revenue	57,543	203,956	-	-
State sources				
Unrestricted Grants	3,693,070	-	-	-
Restricted Grants	35,495	-	204,591	48,896
Federal sources				
Unrestricted Grants	3,097,947	-	-	-
Unrestricted -state passthrough	100,207	-	-	-
Restricted Grants	-	-	-	-
Restricted -state passthrough	-	-	-	-
Department of Interior	-	-	-	-
Other items	35,608	-	-	-
<i>Total revenues</i>	<u>7,930,444</u>	<u>203,956</u>	<u>204,591</u>	<u>48,896</u>
<i>Expenditures:</i>				
Current:				
Instruction	3,703,225	-	-	58,037
Support Services				
Students	1,443,829	-	-	-
Instruction	98,176	-	-	-
General Administration	501,780	-	-	-
School Administration	280,231	-	-	-
Central Services	265,861	-	-	-
Operation & maintenance of plant	1,477,858	118,536	-	-
Student transportation	-	-	204,591	-
Other Support Services	993	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>7,771,953</u>	<u>118,536</u>	<u>204,591</u>	<u>58,037</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>158,491</u>	<u>85,420</u>	<u>-</u>	<u>(9,141)</u>
<i>Other financing sources (uses)</i>				
Transfers (In) Out	-	-	-	-
Bond Premium	-	-	-	-
Bond Proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	158,491	85,420	-	(9,141)
<i>Fund balances - beginning of year</i>	1,421,368	220,224	-	26,669
<i>Restatement</i>	158,473	-	-	-
<i>Fund balances - beginning of year, restated</i>	<u>1,579,841</u>	<u>220,224</u>	<u>-</u>	<u>26,669</u>
<i>Fund balances - end of year</i>	<u>\$ 1,738,332</u>	<u>\$ 305,644</u>	<u>\$ -</u>	<u>\$ 17,528</u>

Capital Improvements HB-33	Debt Service	Other Governmental Funds	Total Governmental Funds
\$	\$	\$	\$
4,951	3,937,711	642,838	4,740,129
-	-	-	-
-	14	-	14
-	-	6,286	6,286
-	-	41,735	797,680
-	-	3,500	264,999
-	-	-	3,693,070
-	-	354,022	643,004
-	-	-	3,097,947
-	-	-	100,207
-	-	775,617	775,617
-	-	1,196,082	1,196,082
-	-	-	-
-	-	-	35,608
<u>4,951</u>	<u>3,937,725</u>	<u>3,020,080</u>	<u>15,350,643</u>
-	-	1,308,671	5,069,933
-	-	346,564	1,790,393
-	-	-	98,176
16	11,818	75,997	589,611
-	-	-	280,231
-	-	8,417	274,278
-	-	232,000	1,828,394
-	-	115,513	320,104
-	-	-	993
-	-	399,572	399,572
784,773	-	288,505	1,073,278
-	1,950,000	-	1,950,000
-	1,080,350	-	1,080,350
<u>784,789</u>	<u>3,042,168</u>	<u>2,775,239</u>	<u>14,755,313</u>
<u>(779,838)</u>	<u>895,557</u>	<u>244,841</u>	<u>595,330</u>
-	-	-	-
-	-	-	-
-	-	-	-
<u>(779,838)</u>	<u>895,557</u>	<u>244,841</u>	<u>595,330</u>
1,897,965	1,003,028	553,013	5,122,267
-	-	-	158,473
<u>1,897,965</u>	<u>1,003,028</u>	<u>553,013</u>	<u>5,280,740</u>
<u>\$ 1,118,127</u>	<u>\$ 1,898,585</u>	<u>\$ 797,854</u>	<u>\$ 5,876,070</u>

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STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Exhibit B-2
 (Page 2 of 2)

For the Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds	\$	595,330
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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		350,258
Depreciation expense		(2,346,872)
Net Disposal of capital Assets		(442,348)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:

Property taxes		-
----------------	--	---

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.

Change in deferred outflows/(inflows)		(457,414)
Decrease in accrued interest		138,203
Increase in compensated absences		4,625
Principal payments on de		<u>1,960,783</u>

Changes in Net Position of Governmental Activities	\$	<u>(197,435)</u>
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STATE OF NEW MEXICO
DULCE INDEPENDENT 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	\$ 257,626	\$ 257,626	964,143	\$ 706,517
State sources	4,101,227	3,622,431	3,728,565	106,134
Federal sources	2,636,986	2,737,193	3,198,154	460,961
Interest	-	-	-	-
<i>Total revenues</i>	<u>6,995,839</u>	<u>6,617,250</u>	<u>7,890,862</u>	<u>1,273,612</u>
<i>Expenditures:</i>				
Current:				
Instruction	4,519,262	4,140,673	3,718,502	422,171
Support Services				
Students	1,491,728	1,483,982	1,443,779	40,203
Instruction	117,397	125,143	98,176	26,967
General Administration	547,534	549,281	513,827	35,454
School Administration	317,917	311,952	280,231	31,721
Central Services	3,688,714	272,386	266,951	5,435
Operation & maintenance of plant	1,592,079	1,579,937	1,433,204	146,733
Student transportation	-	-	-	-
Other Support Services	41,516	41,516	6,173	35,343
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>12,316,147</u>	<u>8,504,870</u>	<u>7,760,843</u>	<u>744,027</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(5,320,308)</u>	<u>(1,887,620)</u>	<u>130,019</u>	<u>2,017,639</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Designated Cash	5,320,308	1,887,620	-	(1,887,620)
<i>Total other financing sources (uses)</i>	<u>5,320,308</u>	<u>1,887,620</u>	<u>-</u>	<u>(1,887,620)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>130,019</u>	<u>130,019</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,676,266</u>	<u>1,676,266</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,806,285</u>	<u>\$ 1,806,285</u>
<i>Net change in fund balance (Non-GAAP budgetary basis)</i>			\$ 130,019	
<i>Adjustment to revenue for accruals and other deferrals</i>			35,430	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			(6,958)	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ 158,491</u>	

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STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
TEACHERAGE 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	\$ 150,500	\$ 150,500	\$ 198,223	\$ 47,723
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>150,500</u>	<u>150,500</u>	<u>198,223</u>	<u>47,723</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	327,249	327,249	114,616	212,633
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>327,249</u>	<u>327,249</u>	<u>114,616</u>	<u>212,633</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(176,749)</u>	<u>(176,749)</u>	<u>83,607</u>	<u>260,356</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Designated Cash	176,749	176,749	-	(176,749)
<i>Total other financing sources (uses)</i>	<u>176,749</u>	<u>176,749</u>	<u>-</u>	<u>(176,749)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>83,607</u>	<u>83,607</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>228,706</u>	<u>228,706</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 312,313</u>	<u>\$ 312,313</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ 83,607	
<i>Adjustment to revenue for accruals and other deferrals</i>			-	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			1,813	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ 85,420</u>	

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STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
TRANSPORTATION 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	168,309	204,591	204,591	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>168,309</u>	<u>204,591</u>	<u>204,591</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	168,309	204,591	204,591	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>168,309</u>	<u>204,591</u>	<u>204,591</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	-	-	-	-
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>
<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
DULCE INDEPENDENT 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	37,854	48,896	48,896	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>37,854</u>	<u>48,896</u>	<u>48,896</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	63,960	75,002	58,037	16,965
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>63,960</u>	<u>75,002</u>	<u>58,037</u>	<u>16,965</u>
<i>Excess (deficiency) of revenues</i>				
<i>over (under) expenditures</i>	<u>(26,106)</u>	<u>(26,106)</u>	<u>(9,141)</u>	<u>16,965</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Designated Cash	26,106	26,106	-	(26,106)
<i>Total other financing sources (uses)</i>	<u>26,106</u>	<u>26,106</u>	<u>-</u>	<u>(26,106)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(9,141)</u>	<u>(9,141)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>26,669</u>	<u>26,669</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,528</u>	<u>\$ 17,528</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ (9,141)	
<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>\$ (9,141)</u>	

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

Exhibit D

ASSETS

Current Assets

Cash \$ 115,568

Total assets \$ 115,568

LIABILITIES

Current Liabilities

Deposits held in trust for others \$ 115,568

Total liabilities \$ 115,568

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STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies

The Dulce Independent Schools has been in existence since the early nineteen hundreds, and is currently operating under the provisions of the Public School District Code, Chapter 22, of the New Mexico Statutes Annotated, 1978 Compilation. The District is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education for the Dulce community. The Districts operates with a local board of education-superintendent form of government and provides a supervised program of instruction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

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 Dulce Independent 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 Statements 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
DULCE INDEPENDENT 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 non-fiduciary 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.

STATE OF NEW MEXICO
DULCE INDEPENDENT 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)*

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.

The agency funds are custodial in nature (assets and liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity.

The government reports the following major governmental funds:

Operational Fund:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. 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 *Teacherage* fund is used to account for rents and housing for District personnel.

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 *Capital Improvements HB-33 Capital Projects Fund* is used to account for monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of purchasing technology assets and supplies.

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

STATE OF NEW MEXICO
DULCE INDEPENDENT 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)

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

Private-sector standards of accounting and financial reporting are now included in GASB guidance from the Accounting Codification Standards.

Program revenues are categorized as (a) charges for services, which include revenues collected for cafeteria fees and lost books, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as Title I, IDEA-B, Impact Aid and 21st Century school funding to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources such as SB-9 and HB-33 funding to be used for capital projects. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include taxes.

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

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is include in the direct expense of each function, except for that portion of the deprecation that is identified as unallocated on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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. Investments for the District are reported at fair value.

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.

STATE OF NEW MEXICO
DULCE INDEPENDENT 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)

The District receives monthly income from a tax levy in Rio Arriba 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 2016 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2016 unless undetermined.

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. No Unearned Revenue was recorded for unused commodity inventory as of June 30, 2016.

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. 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>
Buildings	20-50
Building improvements	20
Furniture, fixtures and equipment	3-15
Vehicles	5

STATE OF NEW MEXICO
DULCE INDEPENDENT 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)

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. Uncollected property taxes could not be determined at June 30, 2016.

Compensated Absences: After a non-certified employee has been with the District for a period of at least six months, the employee is entitled to a one-week paid vacation. When employed twelve months, the employee is entitled to a two week paid vacation accumulative to no more than 20 contract days. Vacation is to be scheduled at an appropriate time and approved by the supervisor. If an employee is discharged because of lack of work, and through no fault of the employee, they will receive commensurate vacation pay. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured. No liability is reported for unpaid accumulated sick leave, as no payment is required upon termination of service by employees.

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

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 deferred inflows of resources while discounts on debt issuances are reported as deferred outflows of resources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

STATE OF NEW MEXICO
DULCE INDEPENDENT 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)

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 assets are available.

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expense. Transaction that constitute reimbursements to a fund from expenditures/expense initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reduction of expenditures/expense in the fund that is reimbursed.

All other interfund transaction, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or no-routine permanent transfers of equity are reported as residual equity transfers. All other intefund transfers are reported as operating transfers.

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
DULCE INDEPENDENT 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 \$3,693,070 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 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 \$1,416,953 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. In addition to property taxes, the District receives Oil and Gas Taxes. The District recognized \$3,323,176 in Oil and Gas Taxes in the governmental fund financial statements during the year ended June 30, 2016.

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 \$204,591 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 \$48,896. Allocations received and utilized are reflected in revenue and expenditures of the General Fund.

SB-9 State Match: The Director shall distribute to any school district that has imposed a tax under the Public School Capital Outlay Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit shall be reduced as necessary. The District received \$- in state SB-9 Matching during the year ended June 30, 2016.

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Revenues (continued)

Federal Grants: The District receives revenues from various Federal departments (both direct and indirect), which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program operated under its own budget, which has been approved by the Federal Department or the flow through agency (usually the New Mexico Department of Education). The various budgets are approved by the Local School Board and the New Mexico Public Education Department. The District also receives reimbursement under the National School Lunch and Breakfast Programs for its food services operation, and the distribution of commodities through the New Mexico Human Services Department. The District received \$19,222 in commodities for the year ended 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. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the SBPU.
6. Legal budget control for expenditures is by function.

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information (continued)

7. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over in the next fiscal year by budgeting those in the subsequent fiscal year's budget.
8. 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.
9. 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.

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.

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.

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE 3. Cash and Temporary Investments (continued)

<u>Type</u>	<u>Wells Fargo</u>	<u>Total Bank</u>
General	\$ 6,950,570	\$ 6,950,570
FDIC Coverage	<u>(250,000)</u>	<u>(250,000)</u>
Total uninsured public funds	6,700,570	6,700,570
Collateral requirement (50%)	3,350,285	3,350,285
Pledged Securities	<u>4,365,852</u>	<u>4,365,852</u>
(over) under collateralized	\$ (1,015,567)	\$ (1,015,567)

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, \$2,114,029 of the District's bank balance of \$5,675,296 was exposed to custodial credit risk as follows:

<u>Custodial Credit Risk Deposits</u>	
Account Balance	\$ 6,950,570
FDIC Insured	250,000
Collateral:	
Collateral held by the pledging bank, not in the District's name	4,365,852
Uninsured and uncollateralized	<u>2,334,718</u>
Total Deposits	\$ 6,950,570

Reconciliation of Cash and Temporary Investments

<u>Governmental Funds – Balance Sheet</u>	
Cash and cash equivalents per Exhibit A-1	\$ 6,244,915
Cash per Exhibit D-1	115,568
Less Investments in LGIP	-
Add outstanding checks and other reconciling items	<u>590,087</u>
Bank Balance of deposits	\$ 6,950,570

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 one 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 investments exposed to custodial credit risk.

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE 4. Accounts Receivable

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

	General Fund	Capital Improvements HB-33 Fund	Debt Service Fund	Total Nonmajor Funds	Total
Property taxes	\$ 4,179	\$ 374	\$115,461	\$ 16,634	\$ 136,648
Due from other governments:					
Title I	-	-	-	79,293	79,293
IDEA B Entitlement	-	-	-	46,207	46,207
IDEA B Autism	-	-	-	8,734	8,734
IDEA B Preschool	-	-	-	635	635
21 st Century	-	-	-	117,390	117,390
NM Reads to Lead	-	-	-	4,200	4,200
Teacher /Principal Training	-	-	-	4,170	4,170
Impact Aid Special Education	-	-	-	385	385
Literacy 4 Children	-	-	-	7,217	7,217
Indian Ed	-	-	-	25,000	25,000
K3 Plus	-	-	-	4,830	4,830
Bus Replacement	-	-	-	91,525	91,525
Medicaid HSD	-	-	-	15,245	15,245
Capital Improvements SB9	-	-	-	19,397	19,397
Other Receivables	4,611	-	-	(636)	3,975
	<u>\$ 8,790</u>	<u>\$ 374</u>	<u>\$115,461</u>	<u>\$ 440,226</u>	<u>\$ 564,851</u>

The above receivables are deemed 100% collectible. In accordance with GASB no. 33, property tax receivables are presented net of deferred on the governmental fund financial statements.

Unearned Revenues

Unearned Revenue represents advances on grants which have not been earned at June 30, 2016.

	<u>Other Governmental</u>	<u>Total</u>
Impact Aid Special Education	27,145	27,145
Impact Aid	352,971	352,971
Total	<u>\$ 380,116</u>	<u>\$ 380,116</u>

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE 5. Accounts Payables

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

Payable to suppliers	\$	514,414
Accrued interest		<u>173,017</u>
Total accounts payable and accrued expenses	\$	<u><u>689,858</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	\$ 398,444	\$ -
Nonmajor Funds:		
Title I Entitlement	-	79,293
IDEA B Entitlement	-	46,207
IDEA B Preschool	-	635
IDEA B Risk Pool	-	-
21 st Century	-	120,680
English Language Acquisition	-	-
Teacher/Principal Training	-	4,170
Rural and Low Income Education	-	-
Literacy 4 Children	-	7,217
Robotics 2013	-	-
Indian Ed	-	25,000
Kindergarten Three Plus	-	-
	<u>\$ 398,444</u>	<u>\$ 398,444</u>

STATE OF NEW MEXICO
DULCE INDEPENDENT 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.

	Balance June 30, 2015	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 70,141	\$ -	\$ -	\$ 70,141
Construction in Progress	-	-		-
Total capital assets not being depreciated	<u>70,141</u>	-	-	<u>70,141</u>
Capital assets being depreciated:				
Land Improvements	1,154,495	6,567	-	1,161,062
Building and Building Improvements	79,816,848	72,186	-	79,889,034
Furniture, Fixtures, and Equipment	<u>3,594,001</u>	<u>271,505</u>	<u>(1,432,095)</u>	<u>2,433,411</u>
Total capital assets being depreciated	<u>84,565,344</u>	<u>350,258</u>	<u>(1,432,095)</u>	<u>83,483,507</u>
Total capital assets	84,635,485	350,258	(1,432,095)	83,553,648
Less accumulated depreciation:				
Land Improvements	458,119	56,731	-	514,850
Building and Building Improvements	28,128,023	2,078,473	-	30,206,496
Furniture, Fixtures, and Equipment	<u>2,496,518</u>	<u>211,668</u>	<u>(989,746)</u>	<u>1,718,440</u>
Total accumulated depreciation	<u>31,082,660</u>	<u>2,346,872</u>	<u>(989,746)</u>	<u>32,439,785</u>
Total capital assets, net of depreciation	<u>\$ 53,552,825</u>	<u>\$ (1,996,613)</u>	<u>\$ (442,349)</u>	<u>\$ 51,113,863</u>

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

Governmental activities \$ 51,113,863

Depreciation expense for the year ended June 30, 2016 was charged to the following functions and funds:

Direct instruction	\$ 6,738
Pupil Transportation	64,643
Support Services	5,367
Operations & Maintenance	12,939
Capital Outlay	<u>2,257,185</u>
Total	<u>\$ 2,346,872</u>

STATE OF NEW MEXICO
DULCE INDEPENDENT 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
The Bank of New York 6/1/07	06/01/07	10,000,000	4.00% - 4.25%	1,040,000
The Bank of New York 9/1/08	09/01/08	6,725,000	4.00% - 5.00%	4,825,000
General Obligation Bonds Series 2009 3/1/09	03/01/09	8,000,000	2.25% - 4.40%	7,200,000
General Obligation Bonds Series 2011 4/12/11	04/12/11	12,550,000	3.25% - 4.00%	12,105,000
			Total	<u>25,170,000</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	\$ 27,120,000	\$ -	\$ 1,950,000	\$ 25,170,000	\$ 3,270,000
Note payable, capital lease	64,697	-	10,783	53,914	12,936
Compensated Absences	107,160	99,663	104,288	102,535	24,850
	<u>\$ 27,291,857</u>	<u>\$ 99,663</u>	<u>\$ 2,065,071</u>	<u>\$ 25,326,449</u>	<u>\$ 3,307,786</u>

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE 8. Long-term Debt (continued)

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	3,270,000	979,050	4,249,050
2018	4,115,000	848,550	4,963,550
2019	3,990,000	694,488	4,684,488
2020	3,630,000	537,788	4,167,788
2021	1,265,000	381,300	1,646,300
2022-2024	8,900,000	418,000	9,318,000
	\$ 25,170,000	\$ 3,859,176	\$ 29,029,176

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

The District has a capital lease in the amount of \$64,697 for the phone system with CIT Finance LLC for a lease term of sixty (60) months; payments totaling \$10,783 have been made as of June 30, 2016 leaving a balance of \$45,711. Monthly payments are \$1,078 and there are no interest payments with this arrangement as there is a \$1 buyout at the end of the lease agreement.

NOTE 9. 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.

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE 10. 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.

21 st Century	\$(3,290)
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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 11. Pension Plan- Educational Retirement Board

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.

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

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

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

The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in 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.

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE 11. Pension Plan- Educational Retirement Board (continued)

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

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

Contributions. The contribution requirements of defined benefit plan members and the REC 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, 2015 employers contributed 13.9% 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 10.70% of their gross annual salary. For fiscal year ended June 30, 2016 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$729,027 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015. At June 30, 2016, the District reported a liability of \$11,997,193 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 0.18522 percent, which was an increase of 0.00991% from its proportion measured as of June 30, 2015.

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE 11. Pension Plan- Educational Retirement Board (continued)

For the year ended June 30, 2016, the District recognized pension expense of \$1,087,675. 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	\$ -	\$ 222,417
Reallocation	461,629	-
Changes of assumptions	412,647	-
Net difference between projected and actual earnings on pension plan investments	-	54,003
Changes in proportion and differences between District contributions and proportionate share of contributions	32,842	-
District contributions subsequent to the measurement date	<u>729,067</u>	<u>-</u>
Total	<u>\$ 1,636,145</u>	<u>\$ 276,420</u>

\$729,067 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:		
2017	\$	147,690
2018		152,153
2019		164,209
2020		166,630
2021	\$	-

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE 11. 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, 2014. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2015. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2015 and thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their 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)

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE 11. Pension Plan- Educational Retirement Board (continued)

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:

Asset Class	2015 Long-Term Expected Real Rate of Return	2014 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 and June 30, 2014. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels.

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE 11. Pension Plan- Educational Retirement Board (continued)

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	\$ 16,143,024	\$ 11,997,193	\$ 8,514,263

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

Payables to the pension plan. 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
DULCE INDEPENDENT SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE 12. Post-Employment Benefits-State Retiree Healthcare Plan

Plan description: Dulce Independent 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, 2016, 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, 2016, 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 years ended June 30, 2015 and 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, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's combined contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$157,574, \$157,934, and \$145,024, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE 13. 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 14. 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 15. 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 \$19,222.

NOTE 16. 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 and Dulce Independent Schools

Responsible Party for Operation and Audit: Regional Education Cooperative

Beginning and Ending Date of Agreement: July 1, 1995 until the end of any fiscal year during which the school gives notice of intent to terminate.

Total Estimated Amount of Project and Actual Amount Contributed: The REC managed expenditures on behalf of the District totaling \$68,017 from fund 27200 State Directed Activities.

Jicarilla Apache Nation

Purpose: To effectuate an agreement whereby the Jicarilla Apache Nation has the authority and the inherent right to exercise its responsibility to the Jicarilla Apache People for their education by prescribing and implementing educational laws and policies applicable to all schools serving the Jicarilla Apache Nation.

Participants: Jicarilla Apache Nation and Dulce Independent Schools

Responsible Party for Operation and Audit: Dulce Independent Schools

Beginning and Ending Date of Agreement: June 29, 2010 and shall remain in effect indefinitely

Total Estimated Amount of Project and Actual Amount Contributed: Undetermined

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE 16. Memorandum of Understanding/Joint Powers Agreement (continued)

Jicarilla Child and Family Education Center

Purpose: To support establish a cooperative relationship and working procedures between DISD and JCFEC in the provision of special education and related services to eligible children in compliance with applicable federal Jicarilla Nation and state laws and regulations.

Participants: Dulce Independent Schools and the Jicarilla Child and Family Education Center

Responsible Party for Operation and Audit: Each agency will maintain their own records

Beginning and Ending Date of Agreement: January 2015 to January 2018

Total Estimated Amount of Project and Actual Amount Contributed: No cost

NM School Boards Association (NMSBA)

Purpose: To assist member school with the revision and formatting of the Member School's policies.

Participants: Dulce Independent Schools and NMSBA

Responsible Party for Operation and Audit: Each agency will maintain their own records

Beginning and Ending Date of Agreement: Effective May 1, 2014

Total Estimated Amount of Project and Actual Amount Contributed: No cost

Central Community Based Services, Inc.

Purpose: To develop a collaborative community-wide responsibility for positive youth development to reduce tobacco, alcohol, drug abuse, and youth violence among youth and adults by targeting the reduction of risk factors and increasing resiliency.

Participants: Dulce Independent Schools and Central Community Based Services, Inc.

Responsible Party for Operation and Audit: Each agency will maintain their own records.

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

Total Estimated Amount of Project and Actual Amount Contributed: No cost.

Los Cumbres Community Services, Inc.

Purpose: To identify, evaluate and transition children from Early Intervention to Preschool Special Education or Early Head Start/Head Start which may delivered in other community settings. To collaborate on a continuing system of screening, referral and community health fairs to provide education and referral information to parents.

Participants: Dulce Independent Schools and Los Cumbres Community Services

Responsible Party for Operation and Audit: Each agency will maintain their own records

Beginning and Ending Date of Agreement: May 2, 2014 to May 2, 2018

Total Estimated Amount of Project and Actual Amount Contributed: No cost

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE 16. Memorandum of Understanding/Joint Powers Agreement (continued)

Northern Mexico Inquiry Science Education Consortium

Purpose: To increase K-6 student learning in science and literacy in participating northern NM school districts by replicating a National Science Resources Center inquiry-based science education program with a strong literacy component.

Participants: Dulce Independent Schools and Los Alamos National Laboratory Foundation

Responsible Party for Operation and Audit: Each agency will maintain their own records

Beginning and Ending Date of Agreement: 2015 to 2018 unless terminated sooner by either party

Total Estimated Amount of Project and Actual Amount Contributed: No cost

NOTE 17. Commitments

The District has an outstanding commitment to PSFA for a required Facilities Master Plan. This contract will be paid in full upon completion in December 2016. The balance to be paid is \$46,217.10.

NOTE 18. Restatement of Fund Balance

A restatement of Fund Balance of the General Fund and the Activity Funds is necessary as it has been determined that the District classified a reserve fund for student transportation as an activity fund. All activity in this fund has been reclassified to the general fund.

Beginning General Fund Balance	\$ 1,421,368
Restatement – Transportation Activity	<u>158,473</u>
Beginning General Fund Balance, restated	<u>\$ 1,579,841</u>

NOTE 19. Subsequent Events Review

Dulce Independent Schools has evaluated subsequent events through August 18, 2016 which is the date the financial statements were available to be issued. The District did not have any events to report.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

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STATE OF NEW MEXICO
DULCE INDEPENDENT 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 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.

Fresh Fruits & Vegetables – The objective is primarily to purchase fresh fruits and vegetables to be made available at no charge to the students, at a minimum of twice a week. Authority for creation of this fund is the United States Department of Agriculture (USDA) Fresh Fruit Vegetable Program (FFVP) for SY 2014-2015. No minimum balance required according to legislation.

21st Century - The objective is to account for federal funds utilized to expand an after school, weekend and summer program. The program is designed to integrate the visual and performing arts with literacy, life skills and physical activity for kindergarten to 12th grade focusing on the neighborhood and the community as a classroom. The authority for this program is under CFDA 84.2877 After School Learning Centers through USDE. No minimum balance required according to legislation.

IDEA B Risk Pool- 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.

IDEA-B NM Real Results Plan – The purpose of the plan is to further support activities included in the school’s Educational Plan for Student Success, or in areas in need of improvement, as identified through the instructional audit. This is part New Mexico’s State Systemic Improvement Plan required by the U.S. Department of Education Office of Special Education Programs. New Mexico’s plan supports PED’s waiver under the Elementary and Secondary Education Act and the A-F School Grading System. This plan and all of its resources specifically target students with disabilities enrolled in Title I schools. Authority creation for this fund is U.S. Department of Education. No minimum balance required according to legislation.

English Language Acquisition – The purpose of this fund is to give financial support to local school districts with high concentrations of immigrant children. Authority for the creation of this fund is Title III, Part A of ESEA, as amended by NO Child Left Behind Act, P.L. 107-110. No minimum balance required according to legislation.

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STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
NONMAJOR GOVENMENTAL FUNDS
SPECIAL REVENUE FUNDS

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.

Rural and Low Income Schools – The purpose of this fund is to account for monies to rural schools to enhance the education program in technology, career readiness, and summer school and after school tutoring programs. The authority for this program is under CFDA 84.3580, Title II. No minimum balance required according to legislation.

Impact Aid Special Education – The purpose of these grants are to provide financial assistance to local educational agencies (LEA's) where enrollments or availability of revenue are adversely affected by Federal activities, i.e. where the tax base of a district is reduced through the Federal acquisition of real property (Section 2), where there is a significant number of children who reside on Federal lands and/or children whose parents are employed on Federal property or in the Uniformed Services (Section 3 (2a) and 3 (b)). The authorization for this fund is PL 81-874. No minimum balance required according to legislation.

Impact Aid Education – The purpose of these grants are to provide financial assistance to local educational agencies (LEA's) where enrollments or availability of revenue are adversely affected by Federal activities, i.e. where the tax base of a district is reduced through the Federal acquisition of real property (Section 2), where there is a significant number of children who reside on Federal lands and/or children whose parents are employed on Federal property or in the Uniformed Services (Section 3 (2a) and 3 (b)). The authorization for this fund is PL 81-874. No minimum balance required according to legislation.

Literacy 4 Children- The purpose of this state grant is to provide funds for library resources for public school libraries statewide. Authority for creation of this fund is SB 66, Laws of 2012, 2nd Session, Chapter 54 Section 10.B.(32). No minimum balance required according to legislation.

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.

Robotics 2013– The purpose of this state grant is to provide funds for use in teaching and competing in robotics. Authority for creation of this fund is Laws of 1997, Chapter 32. No minimum balance required according to legislation.

Indian Ed- The objective of this program is to provide services to American Indian students for school year 2013-2014. Funding is provided by the New Mexico Public Education Department. No minimum balance required according to legislation.

Breakfast for Elementary Students – The objective of this program is to provide breakfast to elementary students. Funding is provided by the New Mexico Public Education Department. No minimum balance required according to legislation.

Kindergarten- Three Plus- The purpose of this program is to account for revenues and expenditures used for a pilot program for kindergarten through third grade students. Funds can be used for teachers, education assistants, nurses, an academic coach and PE coach. Funding is provided by the Literacy and Early Childhood Bureau of the Public Education Department. No minimum balance required according to legislation.

State Directed Activities-Idea B Discretionary - The purpose of this program is to account for revenue used to help maximize the resources in meeting the objective of handicapped children. The funds are to be used to purchase Math and Literacy intervention programs/materials. 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.

Medicaid HSD- The purpose of this program is to assist schools in offering key health and health related services that are designed to integrate and maintain active learning in Medicaid-eligible children with disabilities and special health care needs. The authority for this program is pursuant to Title XIX of the Social Security Act. No minimum balance required according to legislation.

These funds are on a reimbursement basis and therefore there are no reverting funds.

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**STATE OF NEW MEXICO
DULCE INDEPENDENT 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 these separate funds classified as non-major Capital Projects Funds as follows:

Special Capital Outlay Federal – To maintain school facilities owned by the Department of Education and operated by the Board of Education agencies and transfer these facilities to local agencies where appropriate. These funds are authorized by the Elementary and Secondary Education Act of 1965, Title VIII, Section 8008 as amended. No minimum balance required according to legislation.

Capital Improvements SB-9 – To account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico’s State Equalization Matching and a special tax levy. Authority for the creation of this fund is NMSA 22-25-1 to 22-25-10. No minimum balance required according to legislation.

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

ASSETS	Food Service	Athletics	Title I
<i>Current Assets</i>			
Cash and cash equivalents	\$ 255,975	\$ 33,274	\$ -
Investments	-	-	-
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	79,293
Other accounts receivable	-	-	-
Interfund receivable	-	-	-
Prepaid Assets	-	-	-
Inventory	2,108	-	-
	<u>258,083</u>	<u>33,274</u>	<u>79,293</u>
<i>Total assets</i>	<u>\$ 258,083</u>	<u>\$ 33,274</u>	<u>\$ 79,293</u>
 LIABILITIES AND FUND BALANCES			
<i>Current Liabilities</i>			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-
Interfund payable	-	-	79,293
Unearned revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>79,293</u>
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>79,293</u>
 <i>Fund Balances</i>			
Fund Balance			
Non-spendable	2,108	-	-
Restricted for:			
General Fund	-	-	-
Special Revenue Funds	255,975	33,274	-
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	-	-	-
	<u>258,083</u>	<u>33,274</u>	<u>-</u>
<i>Total fund balances</i>	<u>258,083</u>	<u>33,274</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 258,083</u>	<u>\$ 33,274</u>	<u>\$ 79,293</u>

IDEA-B Entitlement	IDEA-B Autism	IDEA-B Preschool	Fresh Fruits & Vegetables	21st Century
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
46,207	8,734	635	-	117,390
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>46,207</u>	<u>8,734</u>	<u>635</u>	<u>-</u>	<u>117,390</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
46,207	8,734	635	-	120,680
-	-	-	-	-
<u>46,207</u>	<u>8,734</u>	<u>635</u>	<u>-</u>	<u>120,680</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(3,290)
-	-	-	-	(3,290)
<u>46,207</u>	<u>8,734</u>	<u>635</u>	<u>-</u>	<u>117,390</u>

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

	IDEA-B NM Real Results Plan		English Language Acquisition
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ -	-	\$ -
Investments	-	-	-
Accounts receivable			
Taxes	-	-	-
Due from other governments	4,200	-	-
Other accounts receivable	-	-	-
Interfund receivable	-	-	-
Prepaid Assets	-	-	-
Inventory	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total assets</i>	\$ 4,200	-	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCES			
<i>Current Liabilities</i>			
Accounts payable	\$ -	-	\$ -
Accrued salaries and benefits	-	-	-
Interfund payable	4,200	-	-
Unearned revenue	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total liabilities</i>	4,200	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<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	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Total fund balances</i>	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Total liabilities and fund balances</i>	\$ 4,200	-	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Teacher/ Principal Training	Rural & Low Income Schools	Impact Aid Special Education	Impact Aid Education
\$ -	\$ 636	\$ 27,195	\$ 352,971
-	-	-	-
-	-	-	-
4,170	-	385	-
-	(636)	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>4,170</u>	<u>-</u>	<u>27,580</u>	<u>352,971</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
4,170	-	-	-
<u>-</u>	<u>-</u>	<u>27,145</u>	<u>352,971</u>
<u>4,170</u>	<u>-</u>	<u>27,145</u>	<u>352,971</u>
-	-	-	-
-	-	-	-
-	-	435	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>435</u>	<u>-</u>
<u>\$ 4,170</u>	<u>\$ -</u>	<u>\$ 27,580</u>	<u>\$ 352,971</u>

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

	Literacy 4 Children	Reads to Lead	Indian Education	Breakfast for Elementary Students
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	7,217	-	25,000	-
Other accounts receivable	-	-	-	-
Interfund receivable	-	-	-	-
Prepaid Assets	-	-	-	-
Inventory	-	-	-	-
	-	-	-	-
<i>Total assets</i>	\$ 7,217	\$ -	\$ 25,000	\$ -
LIABILITIES AND FUND BALANCES				
<i>Current Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-
Interfund payable	7,217	-	25,000	-
Unearned revenue	-	-	-	-
	-	-	-	-
<i>Total liabilities</i>	7,217	-	25,000	-
<i>Fund Balances</i>				
Fund Balance				
Non-spendable	-	-	-	-
Restricted for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Debt Service Funds	-	-	-	-
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 and fund balances</i>	\$ 7,217	\$ -	\$ 25,000	\$ -

Kindergarten Three Plus	2013 Bus Replacement	Medicaid HSD	Impact Aid Capital Projects-Federal	Capital Improvements SB-9	Total Nonmajor Governmental Funds
\$ 5,079	\$ -	\$ 26,923	\$ 82,216	\$ 373,685	\$ 1,157,954
-	-	-	-	-	-
-	-	-	-	16,634	16,634
4,830	91,525	15,245	-	19,397	424,228
-	-	-	-	-	(636)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	2,108
<u>\$ 9,909</u>	<u>\$ 91,525</u>	<u>\$ 42,168</u>	<u>\$ 82,216</u>	<u>\$ 409,716</u>	<u>\$ 1,600,288</u>
\$ -	\$ -	\$ -	\$ -	\$ 34,657	\$ 34,657
-	-	-	-	-	-
-	91,525	-	-	-	387,661
-	-	-	-	-	380,116
-	91,525	-	-	34,657	802,434
-	-	-	-	-	2,108
-	-	-	-	-	-
9,909	-	42,168	-	-	341,761
-	-	-	82,216	375,059	457,275
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(3,290)
<u>9,909</u>	<u>-</u>	<u>42,168</u>	<u>82,216</u>	<u>375,059</u>	<u>797,854</u>
<u>\$ 9,909</u>	<u>\$ 91,525</u>	<u>\$ 42,168</u>	<u>\$ 82,216</u>	<u>\$ 409,716</u>	<u>\$ 1,600,288</u>

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

	Food Services	Athletics	Title I
<i>Revenues.</i>			
Taxes	\$	\$	\$
Taxes levied/assessed	-	-	-
Local sources			
Tuition	-	-	-
Investment income	-	-	-
Food services	6,286	-	-
District activities	-	41,735	-
Other revenue	-	-	-
State sources			
Unrestricted Grants	-	-	-
Restricted Grants	50,886	-	-
Federal sources			
Unrestricted Grants	-	-	-
Unrestricted -state passthrough	-	-	-
Restricted Grants	-	-	-
Restricted -state passthrough	446,041	-	214,813
Department of Interior	-	-	-
Other items	-	-	-
<i>Total revenues</i>	<u>503,213</u>	<u>41,735</u>	<u>214,813</u>
<i>Expenditures:</i>			
Current:			
Instruction	-	37,243	209,492
Support Services			
Students	-	-	23,125
Instruction	-	-	-
General Administration	-	-	11,413
School Administration	-	-	-
Central Services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other Support Services	-	-	-
Operation of Non-instructional Services			
Food services operations	367,271	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>367,271</u>	<u>37,243</u>	<u>244,030</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>135,942</u>	<u>4,492</u>	<u>(29,217)</u>
<i>Other financing sources (uses)</i>			
Transfers	-	-	-
Bond Premium	-	-	-
Bond Proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	135,942	4,492	(29,217)
<i>Fund balances - beginning of year</i>	122,141	28,782	29,217
<i>Restatement</i>	-	-	-
<i>Fund balances - beginning of year, restated</i>	<u>122,141</u>	<u>28,782</u>	<u>29,217</u>
<i>Fund balances - end of year</i>	<u>\$ 258,083</u>	<u>\$ 33,274</u>	<u>\$ -</u>

IDEA-B Entitlement	IDEA-B Autism	IDEA-B Preschool	Fresh Fruits & Vegetables	21st Century
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	3,500
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
159,054	8,530	8,739	16,715	285,163
-	-	-	-	-
-	-	-	-	-
<u>159,054</u>	<u>8,530</u>	<u>8,739</u>	<u>16,715</u>	<u>288,663</u>
131,668	8,530	8,739	-	199,562
21,741	-	-	-	746
-	-	-	-	-
7,711	-	-	-	52,450
-	-	-	-	-
-	-	-	-	8,417
-	-	-	-	-
-	-	-	-	23,988
-	-	-	-	-
-	-	-	16,715	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>161,120</u>	<u>8,530</u>	<u>8,739</u>	<u>16,715</u>	<u>285,163</u>
<u>(2,066)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,500</u>
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(2,066)	-	-	-	3,500
2,066	-	-	-	(6,790)
-	-	-	-	-
<u>2,066</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,790)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,290)</u>

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

	IDEA-B NM Real Results Plan	English Language Acquisition
<i>Revenues:</i>		
Taxes	\$	\$
Taxes levied/assessed	-	-
Local sources		
Tuition	-	-
Investment income	-	-
Food services	-	-
District activities	-	-
Other revenue	-	-
State sources		
Unrestricted Grants	-	-
Restricted Grants	-	-
Federal sources		
Unrestricted Grants	-	-
Unrestricted -state passthrough	-	-
Restricted Grants	-	-
Restricted -state passthrough	19,334	(72)
Department of Interior	-	-
Other items	-	-
<i>Total revenues</i>	19,334	(72)
<i>Expenditures:</i>		
Current:		
Instruction	23,618	-
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>	23,618	-
<i>Excess (deficiency) of revenues over expenditures</i>	(4,284)	(72)
<i>Other financing sources (uses)</i>		
Transfers	-	-
Bond Premium	-	-
Bond Proceeds	-	-
<i>Total other financing sources (uses)</i>	-	-
<i>Net changes in fund balances</i>	(4,284)	(72)
<i>Fund balances - beginning of year</i>	4,284	72
<i>Restatement</i>	-	-
<i>Fund balances - beginning of year, restated</i>	4,284	72
<i>Fund balances - end of year</i>	\$ -	\$ -

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

	Literacy 4 Children	Reads to Lead	Indian Education	Breakfast for Elementary Students
<i>Revenues:</i>				
Taxes	\$	\$	\$	\$
Taxes levied/assessed	-	-	-	-
Local sources				
Tuition	-	-	-	-
Investment income	-	-	-	-
Food services	-	-	-	-
District activities	-	-	-	-
Other revenue	-	-	-	-
State sources				
Unrestricted Grants	-	-	-	-
Restricted Grants	-	27,807	25,000	15,586
Federal sources				
Unrestricted Grants	-	-	-	-
Unrestricted -state passthrough	-	-	-	-
Restricted Grants	-	-	-	-
Restricted -state passthrough	-	-	-	-
Department of Interior	-	-	-	-
Other items	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>27,807</u>	<u>25,000</u>	<u>15,586</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	27,808	23,832	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	1,168	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	15,586
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>27,808</u>	<u>25,000</u>	<u>15,586</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers	-	-	-	-
Bond Premium	-	-	-	-
Bond Proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	(1)	-	-
<i>Fund balances - beginning of year</i>	-	1	-	-
<i>Restatement</i>	-	-	-	-
<i>Fund balances - beginning of year, restated</i>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Kindergarten Three Plus	2013 Bus Replacement	Medicaid HSD	Impact Aid Capital Projects-Federal	Capital Improvements SB-9	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 642,838	\$ 642,838
-	-	-	-	-	-
-	-	-	-	-	6,286
-	-	-	-	-	41,735
-	-	-	-	-	3,500
-	-	-	-	-	-
62,216	91,525	81,002	-	-	354,022
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,749	-	775,617
-	-	-	-	-	1,196,082
-	-	-	-	-	-
-	-	-	-	-	-
<u>62,216</u>	<u>91,525</u>	<u>81,002</u>	<u>1,749</u>	<u>642,838</u>	<u>3,020,080</u>
60,296	-	-	-	-	1,308,671
1,716	-	64,969	-	-	346,564
-	-	-	-	-	-
-	-	-	-	1,711	75,997
-	-	-	-	-	-
-	-	-	-	-	8,417
-	-	-	-	232,000	232,000
-	91,525	-	-	-	115,513
-	-	-	-	-	-
-	-	-	-	-	399,572
-	-	-	-	288,505	288,505
-	-	-	-	-	-
-	-	-	-	-	-
<u>62,012</u>	<u>91,525</u>	<u>64,969</u>	<u>-</u>	<u>522,216</u>	<u>2,775,239</u>
204	-	16,033	1,749	120,622	244,841
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
204	-	16,033	1,749	120,622	244,841
9,705	-	26,135	80,467	254,437	553,013
-	-	-	-	-	-
<u>9,705</u>	<u>-</u>	<u>26,135</u>	<u>80,467</u>	<u>254,437</u>	<u>553,013</u>
<u>\$ 9,909</u>	<u>\$ -</u>	<u>\$ 42,168</u>	<u>\$ 82,216</u>	<u>\$ 375,059</u>	<u>\$ 797,854</u>

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STATE OF NEW MEXICO
DULCE INDEPENDENT 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	\$ 10,000	\$ 10,000	\$ 6,286	\$ (3,714)
State sources	25,000	25,000	50,886	25,886
Federal sources	427,187	427,187	444,740	17,553
Interest	-	-	-	-
<i>Total revenues</i>	<u>462,187</u>	<u>462,187</u>	<u>501,912</u>	<u>39,725</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	570,495	570,495	370,977	199,518
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>570,495</u>	<u>570,495</u>	<u>370,977</u>	<u>199,518</u>
<i>Excess (deficiency) of revenues</i>				
<i>over (under) expenditures</i>	<u>(108,308)</u>	<u>(108,308)</u>	<u>130,935</u>	<u>239,243</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	108,308	108,308	-	(108,308)
<i>Total other financing sources (uses)</i>	<u>108,308</u>	<u>108,308</u>	<u>-</u>	<u>(108,308)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>130,935</u>	<u>130,935</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>125,040</u>	<u>125,040</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,975</u>	<u>\$ 255,975</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ 130,935	
<i>Adjustment to revenue for accruals and other deferrals</i>			(17,737)	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			22,744	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ 135,942</u>	

STATE OF NEW MEXICO
DULCE INDEPENDENT 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	\$ 48,500	\$ 48,500	\$ 41,735	\$ (6,765)
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>48,500</u>	<u>48,500</u>	<u>41,735</u>	<u>(6,765)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	76,070	76,070	37,243	38,827
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>76,070</u>	<u>76,070</u>	<u>37,243</u>	<u>38,827</u>
<i>Excess (deficiency) of revenues</i> <i>over (under) expenditures</i>	<u>(27,570)</u>	<u>(27,570)</u>	<u>4,492</u>	<u>32,062</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	27,570	27,570	-	(27,570)
<i>Total other financing sources (uses)</i>	<u>27,570</u>	<u>27,570</u>	<u>-</u>	<u>(27,570)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>4,492</u>	<u>4,492</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>28,782</u>	<u>28,782</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,274</u>	<u>\$ 33,274</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ 4,492	
<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>\$ 4,492</u>	

STATE OF NEW MEXICO
DULCE INDEPENDENT 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	240,067	297,133	238,967	(58,166)
Interest	-	-	-	-
<i>Total revenues</i>	<u>240,067</u>	<u>297,133</u>	<u>238,967</u>	<u>(58,166)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	205,649	260,049	209,492	50,557
Support Services				
Students	23,204	23,204	23,125	79
Instruction	-	-	-	-
General Administration	11,214	13,880	11,413	2,467
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>240,067</u>	<u>297,133</u>	<u>244,030</u>	<u>53,103</u>
<i>Excess (deficiency) of revenues</i>				
<i>over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(5,063)</u>	<u>(5,063)</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>(5,063)</u>	<u>(5,063)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(74,230)</u>	<u>(74,230)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (79,293)</u>	<u>\$ (79,293)</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ (5,063)	
<i>Adjustment to revenue for accruals and other deferrals</i>			5,063	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			(29,217)	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ (29,217)</u>	

STATE OF NEW MEXICO
DULCE INDEPENDENT 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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	145,949	165,086	141,421	(23,665)
Interest	-	-	-	-
<i>Total revenues</i>	<u>145,949</u>	<u>165,086</u>	<u>141,421</u>	<u>(23,665)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	120,888	135,237	131,669	3,568
Support Services				
Students	18,244	22,138	21,740	398
Instruction	-	-	-	-
General Administration	6,817	7,711	7,711	-
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>145,949</u>	<u>165,086</u>	<u>161,120</u>	<u>3,966</u>
<i>Excess (deficiency) of revenues</i>				
<i>over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(19,699)</u>	<u>(19,699)</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>(19,699)</u>	<u>(19,699)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(26,508)</u>	<u>(26,508)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (46,207)</u>	<u>\$ (46,207)</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ (19,699)	
<i>Adjustment to revenue for accruals and other deferrals</i>			19,699	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			(2,066)	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ (2,066)</u>	

STATE OF NEW MEXICO
DULCE INDEPENDENT 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		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	10,450	170	(10,280)
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>10,450</u>	<u>170</u>	<u>(10,280)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	10,450	8,904	1,546
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>10,450</u>	<u>8,904</u>	<u>1,546</u>
<i>Excess (deficiency) of revenues</i>				
<i>over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(8,734)</u>	<u>(8,734)</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>(8,734)</u>	<u>(8,734)</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>\$ (8,734)</u>	<u>\$ (8,734)</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ (8,734)	
<i>Adjustment to revenue for accruals and other deferrals</i>			8,734	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			-	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ -</u>	

STATE OF NEW MEXICO
DULCE INDEPENDENT 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	5,595	9,162	10,417	1,255
Interest	-	-	-	-
<i>Total revenues</i>	<u>5,595</u>	<u>9,162</u>	<u>10,417</u>	<u>1,255</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	5,595	9,162	8,739	423
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>5,595</u>	<u>9,162</u>	<u>8,739</u>	<u>423</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>1,678</u>	<u>1,678</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>1,678</u>	<u>1,678</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(2,313)</u>	<u>(2,313)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (635)</u>	<u>\$ (635)</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ 1,678	
<i>Adjustment to revenue for accruals and other deferrals</i>			(1,678)	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			-	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ -</u>	

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
FRESH FRUITS AND VEGETABLES 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	-	20,537	16,715	(3,822)
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>20,537</u>	<u>16,715</u>	<u>(3,822)</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	-	20,537	16,715	3,822
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>20,537</u>	<u>16,715</u>	<u>3,822</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>
<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>	

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
21st CENTURY 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	\$ -	\$ -	\$ 3,500	\$ 3,500
State sources	-	-	-	-
Federal sources	-	331,476	275,945	(55,531)
Interest	-	-	-	-
<i>Total revenues</i>	-	331,476	279,445	(52,031)
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	245,007	199,562	45,445
Support Services				
Students	-	764	746	18
Instruction	-	-	-	-
General Administration	-	53,295	52,450	845
School Administration	-	-	-	-
Central Services	-	8,419	8,417	2
Operation & maintenance of plant	-	-	-	-
Student transportation	-	23,991	23,988	3
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	331,476	285,163	46,313
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	(5,718)	(5,718)
<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>	-	-	(5,718)	(5,718)
<i>Cash balances - beginning of year</i>	-	-	(114,962)	(114,962)
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ (120,680)	\$ (120,680)
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ (5,718)	
<i>Adjustment to revenue for accruals and other deferrals</i>			9,218	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			-	
<i>Net change in fund balance (GAAP basis)</i>			\$ 3,500	

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
IDEA B NM REAL RESULTS PLAN 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	20,000	20,000	115,585	95,585
Interest	-	-	-	-
<i>Total revenues</i>	<u>20,000</u>	<u>20,000</u>	<u>115,585</u>	<u>95,585</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	20,000	20,000	19,334	666
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>20,000</u>	<u>20,000</u>	<u>19,334</u>	<u>666</u>
<i>Excess (deficiency) of revenues</i>				
<i>over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>96,251</u>	<u>96,251</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>96,251</u>	<u>96,251</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(100,451)</u>	<u>(100,451)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,200)</u>	<u>\$ (4,200)</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ 96,251	
<i>Adjustment to revenue for accruals and other deferrals</i>			(100,535)	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			-	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ (4,284)</u>	

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
ENGLISH LANGUAGE ACQUISITION 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	-	-	14,568	14,568
Interest	-	-	-	-
<i>Total revenues</i>	-	-	14,568	14,568
<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	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues</i>				
<i>over (under) expenditures</i>	-	-	14,568	14,568
<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>	-	-	14,568	14,568
<i>Cash balances - beginning of year</i>	-	-	(14,568)	(14,568)
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ 14,568	
<i>Adjustment to revenue for accruals and other deferrals</i>			(14,640)	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			-	
<i>Net change in fund balance (GAAP basis)</i>			\$ (72)	

STATE OF NEW MEXICO
DULCE INDEPENDENT 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	31,461	49,518	31,711	(17,807)
Interest	-	-	-	-
<i>Total revenues</i>	<u>31,461</u>	<u>49,518</u>	<u>31,711</u>	<u>(17,807)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	5,186	22,399	5,629	16,770
Support Services				
Students	24,805	24,805	24,770	35
Instruction	-	-	-	-
General Administration	1,470	2,314	1,544	770
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>31,461</u>	<u>49,518</u>	<u>31,943</u>	<u>17,575</u>
<i>Excess (deficiency) of revenues</i>				
<i>over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(232)</u>	<u>(232)</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>(232)</u>	<u>(232)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(3,938)</u>	<u>(3,938)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,170)</u>	<u>\$ (4,170)</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ (232)	
<i>Adjustment to revenue for accruals and other deferrals</i>			232	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			(1,724)	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ (1,724)</u>	

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
RURAL & LOW INCOME SCHOOLS 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	11,122	17,046	10,079	(6,967)
Interest	-	-	-	-
<i>Total revenues</i>	<u>11,122</u>	<u>17,046</u>	<u>10,079</u>	<u>(6,967)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	11,122	17,046	8,318	8,728
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>11,122</u>	<u>17,046</u>	<u>8,318</u>	<u>8,728</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>1,761</u>	<u>1,761</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	136	136
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>136</u>	<u>136</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>1,897</u>	<u>1,897</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(1,897)</u>	<u>(1,897)</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>			\$ 1,897	
<i>Adjustment to revenue for accruals and other deferrals</i>			(1,897)	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			(772)	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ (772)</u>	

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
IMPACT AID SPECIAL EDUCATION 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	72,000	72,000	90,842	18,842
Interest	-	-	-	-
<i>Total revenues</i>	<u>72,000</u>	<u>72,000</u>	<u>90,842</u>	<u>18,842</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	47,672	47,672	39,936	7,736
Support Services				
Students	45,969	45,969	45,917	52
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>93,641</u>	<u>93,641</u>	<u>85,953</u>	<u>7,788</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(21,641)</u>	<u>(21,641)</u>	<u>4,989</u>	<u>26,630</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	21,641	21,641	-	(21,641)
<i>Total other financing sources (uses)</i>	<u>21,641</u>	<u>21,641</u>	<u>-</u>	<u>(21,641)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>4,989</u>	<u>4,989</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>22,206</u>	<u>22,206</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,195</u>	<u>\$ 27,195</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ 4,989	
<i>Adjustment to revenue for accruals and other deferrals</i>			385	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			(4,939)	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ 435</u>	

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
IMPACT AID 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	756,246	756,246	774,487	18,241
Interest	-	-	-	-
<i>Total revenues</i>	<u>756,246</u>	<u>756,246</u>	<u>774,487</u>	<u>18,241</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	742,165	742,165	524,011	218,154
Support Services				
Students	250,335	250,335	163,580	86,755
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>992,500</u>	<u>992,500</u>	<u>687,591</u>	<u>304,909</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(236,254)</u>	<u>(236,254)</u>	<u>86,896</u>	<u>323,150</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	236,254	236,254	-	(236,254)
<i>Total other financing sources (uses)</i>	<u>236,254</u>	<u>236,254</u>	<u>-</u>	<u>(236,254)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>86,896</u>	<u>86,896</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>266,075</u>	<u>266,075</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 352,971</u>	<u>\$ 352,971</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ 86,896	
<i>Adjustment to revenue for accruals and other deferrals</i>			-	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			(86,896)	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ -</u>	

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
LITERACY 4 CHILDREN FUND 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	11,443	11,443	-	(11,443)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>11,443</u>	<u>11,443</u>	<u>-</u>	<u>(11,443)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	11,443	11,443	7,217	4,226
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>11,443</u>	<u>11,443</u>	<u>7,217</u>	<u>4,226</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(7,217)</u>	<u>(7,217)</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>(7,217)</u>	<u>(7,217)</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>\$ (7,217)</u>	<u>\$ (7,217)</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ (7,217)	
<i>Adjustment to revenue for accruals and other deferrals</i>			7,217	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			-	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ -</u>	

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
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	50,600	50,600	29,868	(20,732)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>50,600</u>	<u>50,600</u>	<u>29,868</u>	<u>(20,732)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	50,000	50,000	27,808	22,192
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>27,808</u>	<u>22,192</u>
<i>Excess (deficiency) of revenues</i> <i>over (under) expenditures</i>	<u>600</u>	<u>600</u>	<u>2,060</u>	<u>1,460</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	(600)	(600)	-	600
<i>Total other financing sources (uses)</i>	<u>(600)</u>	<u>(600)</u>	<u>-</u>	<u>600</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>2,060</u>	<u>2,060</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(2,060)</u>	<u>(2,060)</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>			\$ 2,060	
<i>Adjustment to revenue for accruals and other deferrals</i>			(2,061)	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			-	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ (1)</u>	

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
INDIAN EDUCATION 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	-	25,000	8,120	(16,880)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	-	25,000	8,120	(16,880)
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	23,832	23,832	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	1,168	1,168	-
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>	-	25,000	25,000	-
<i>Excess (deficiency) of revenues</i> <i>over (under) expenditures</i>	-	-	(16,880)	(16,880)
<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>	-	-	(16,880)	(16,880)
<i>Cash balances - beginning of year</i>	-	-	(8,120)	(8,120)
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ (25,000)	\$ (25,000)
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ (16,880)	
<i>Adjustment to revenue for accruals and other deferrals</i>			16,880	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			-	
<i>Net change in fund balance (GAAP basis)</i>			\$ -	

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
BREAKFAST FOR ELEMENTARY STUDENTS 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	-	15,586	15,586	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	-	15,586	15,586	-
<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	-	15,586	15,586	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	15,586	15,586	-
<i>Excess (deficiency) of revenues</i>	-	-	-	-
<i>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>	\$ -	\$ -	\$ -	\$ -
<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>			\$ -	

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
KINDERGARTEN THREE PLUS 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	96,180	96,180	58,986	(37,194)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>96,180</u>	<u>96,180</u>	<u>58,986</u>	<u>(37,194)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	81,695	81,695	60,500	21,195
Support Services				
Students	14,485	14,485	1,716	12,769
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>96,180</u>	<u>96,180</u>	<u>62,216</u>	<u>33,964</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(3,230)</u>	<u>(3,230)</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>(3,230)</u>	<u>(3,230)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>8,309</u>	<u>8,309</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,079</u>	<u>\$ 5,079</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ (3,230)	
<i>Adjustment to revenue for accruals and other deferrals</i>			3,230	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			204	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ 204</u>	

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
BUS REPLACEMENT SPECIAL REVENUE 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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	91,525	-	(91,525)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>91,525</u>	<u>-</u>	<u>(91,525)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	91,525	91,525	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>91,525</u>	<u>91,525</u>	<u>-</u>
<i>Excess (deficiency) of revenues</i>				
<i>over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(91,525)</u>	<u>(91,525)</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>(91,525)</u>	<u>(91,525)</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>\$ (91,525)</u>	<u>\$ (91,525)</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ (91,525)	
<i>Adjustment to revenue for accruals and other deferrals</i>			91,525	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			-	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ -</u>	

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
MEDICAID HSD 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	40,000	55,000	79,562	24,562
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>40,000</u>	<u>55,000</u>	<u>79,562</u>	<u>24,562</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	50,621	65,621	65,470	151
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>50,621</u>	<u>65,621</u>	<u>65,470</u>	<u>151</u>
<i>Excess (deficiency) of revenues</i>				
<i>over (under) expenditures</i>	<u>(10,621)</u>	<u>(10,621)</u>	<u>14,092</u>	<u>24,713</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	10,621	10,621	-	(10,621)
<i>Total other financing sources (uses)</i>	<u>10,621</u>	<u>10,621</u>	<u>-</u>	<u>(10,621)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>14,092</u>	<u>14,092</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>12,830</u>	<u>12,830</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,922</u>	<u>\$ 26,922</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ 14,092	
<i>Adjustment to revenue for accruals and other deferrals</i>			1,440	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			501	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ 16,033</u>	

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
IMPACT AID 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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	1,749	1,749
Interest	-	-	-	-
<i>Total revenues</i>	-	-	1,749	1,749
<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	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues</i>				
<i>over (under) expenditures</i>	-	-	1,749	1,749
<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>	-	-	1,749	1,749
<i>Cash balances - beginning of year</i>	-	-	80,467	80,467
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ 82,216	\$ 82,216
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ 1,749	
<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>			\$ 1,749	

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
CAPITAL IMPROVEMENTS HB-33 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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ 5,189	\$ 5,189
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>5,189</u>	<u>5,189</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	1,000	16	984
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	1,687,300	1,686,230	336,371	1,349,859
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,687,300</u>	<u>1,687,230</u>	<u>336,387</u>	<u>1,350,843</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(1,687,300)</u>	<u>(1,687,230)</u>	<u>(331,198)</u>	<u>1,356,032</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	1,687,300	1,687,230	-	(1,687,230)
<i>Total other financing sources (uses)</i>	<u>1,687,300</u>	<u>1,687,230</u>	<u>-</u>	<u>(1,687,230)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(331,198)</u>	<u>(331,198)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,897,353</u>	<u>1,897,353</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,566,155</u>	<u>\$ 1,566,155</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ (331,198)	
<i>Adjustment to revenue for accruals and other deferrals</i>			(238)	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			(448,402)	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ (779,838)</u>	

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 1,036,718	\$ 1,036,718	\$ 628,036	\$ (408,682)
State sources	19,397	39,201	-	(39,201)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>1,056,115</u>	<u>1,075,919</u>	<u>628,036</u>	<u>(447,883)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	1,037	1,787	1,711	76
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	1,101,867	1,120,851	491,581	629,270
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,102,904</u>	<u>1,122,638</u>	<u>493,292</u>	<u>629,346</u>
<i>Excess (deficiency) of revenues</i> <i>over (under) expenditures</i>	<u>(46,789)</u>	<u>(46,719)</u>	<u>134,744</u>	<u>181,463</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	46,789	46,719	-	(46,719)
<i>Total other financing sources (uses)</i>	<u>46,789</u>	<u>46,719</u>	<u>-</u>	<u>(46,719)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>134,744</u>	<u>134,744</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>238,941</u>	<u>238,941</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 373,685</u>	<u>\$ 373,685</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ 134,744	
<i>Adjustment to revenue for accruals and other deferrals</i>			14,802	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			(28,924)	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ 120,622</u>	

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
DEBT SERVICE FUND

Statement A-27

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	\$ 3,030,351	\$ 3,030,351	\$ 3,923,203	\$ 892,852
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	14	14
<i>Total revenues</i>	<u>3,030,351</u>	<u>3,030,351</u>	<u>3,923,217</u>	<u>892,866</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	4,849	11,849	11,818	31
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	1,950,000	1,950,000	1,950,000	-
Interest	1,080,350	1,080,350	1,080,350	-
<i>Total expenditures</i>	<u>3,035,199</u>	<u>3,042,199</u>	<u>3,042,168</u>	<u>31</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(4,848)</u>	<u>(11,848)</u>	<u>881,049</u>	<u>892,897</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	4,848	11,848	-	(11,848)
<i>Total other financing sources (uses)</i>	<u>4,848</u>	<u>11,848</u>	<u>-</u>	<u>(11,848)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>881,049</u>	<u>881,049</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>902,075</u>	<u>902,075</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,783,124</u>	<u>\$ 1,783,124</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ 881,049	
<i>Adjustment to revenue for accruals and other deferrals</i>			14,508	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			-	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ 895,557</u>	

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FIDUCIARY FUNDS

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STATE OF NEW MEXICO
DULCE INDEPENDENT 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.

Dulce Independent 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
DULCE INDEPENDENT SCHOOLS
AGENCY FUNDS

Statement B

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2016

	Beginning Balance June 30, 2015	Additions	Deletions	Ending Balance June 30, 2016
ASSETS				
Class of 2016	1,580	2,767	2,695	1,652
Class of 2017	2,634	1,875	2,244	2,265
Class of 2018	-	1,431	-	1,431
Class of 2019	-	2,118	-	2,118
Athletic Scholarships	13,898	-	500	13,398
ROTC	650	3,617	2,141	2,126
MS Student Council	4,819	13,296	13,164	4,951
HS Vocational	2,881	2,810	1,957	3,734
HS Library	6,332	396	2,164	4,564
HS Cheerleaders	204	-	-	204
HS Student Council	1,569	4,169	3,388	2,350
Elementary Activity	5,793	2,156	2,303	5,646
Elementary Library	9,918	20,155	19,616	10,457
Elementary Sports	6,763	3,126	3,090	6,799
HS Activity	4,442	3,986	4,177	4,251
HS Yearbook	1,940	2,935	2,384	2,491
All Sports	43,203	33,416	34,537	42,082
HS Volleyball	978	741	310	1,409
IAA	369	6,515	6,375	509
Ski Club	1,236	1,362	1,698	900
MS Closeup	2,278	59,354	59,401	2,231
Total	<u>\$ 111,487</u>	<u>\$ 166,225</u>	<u>\$ 162,144</u>	<u>\$ 115,568</u>
LIABILITIES				
Deposits held for others	111,487	166,225	162,144	115,568
Total Liabilities	<u>\$ 111,487</u>	<u>\$ 166,225</u>	<u>\$ 162,144</u>	<u>\$ 115,568</u>

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PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION

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STATE OF NEW MEXICO
DULCE INDEPENDENT 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*

	2016	2015
District's proportion of net pension liability (asset)	0.18522%	0.17531%
District's proportionate share of the net pension liability (asset) \$	11,997,193	\$ 10,002,708
District's covered-employee payroll \$	5,057,099	\$ 4,832,089
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	237.23%	207.01%
Plan fiduciary net position as a percentage of total pension liability	63.97%	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
DULCE INDEPENDENT SCHOOLS
 Required Supplemental Information
 June 30, 2016

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

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 729,027	\$ 730,534
Contributions in relation to the contractually required contribution	\$ 729,027	\$ 730,534
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-employee payroll	\$ 5,057,099	\$ 4,831,098
Contributions as a percentage of covered-employee payroll	14.42%	15.12%

* 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
DULCE INDEPENDENT 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 projections

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
DULCE INDEPENDENT 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
Wells Fargo Bank	FNMA FNMS, maturity date 5/1/1945 Cusip # 3138YEJA6, 3.0%	\$ 3,478,789	Wells Fargo Bank Northwest, NA
Wells Fargo Bank	FNMA FNMS, maturity date 5/1/1940 Cusip # 31416WFW7, 4.5%	887,063	Wells Fargo Bank Northwest, NA
		<hr/>	
	Total Collateral Pledged	\$ <u><u>4,365,852</u></u>	

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STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
June 30, 2016

Schedule II

<u>Deposit or Investment Account Type</u>	<u>Wells Fargo Bank</u>	<u>Total</u>
General Checking- Interest Bearing	\$ 6,698,182	\$ 6,698,182
Activity Checking- Interest Bearing	252,388	252,388
Total On Deposit	<u>6,950,570</u>	<u>6,950,570</u>
Reconciling Items	<u>(590,087)</u>	<u>(590,087)</u>
Reconciled Balance June 30, 2016	<u>\$ 6,360,483</u>	<u>\$ 6,360,483</u>
Reconciliation to financial statements:		
Cash and cash equivalents:		
Total cash and cash equivalents per Statement of Net Position		\$ 6,244,915
Total cash and cash equivalents per Fiduciary Statement of Assets and Liabilities		115,568
Total Cash and Investments		<u>\$ 6,360,483</u>

STATE OF NEW MEXICO
Dulce Independent Schools
Cash Reconciliation
June 30, 2016

	Operational Account	Teacherege Account	Transportation Account	Instructional Materials Account	Food Services Account
Cash per June 30, 2015 audit report	\$ 1,349,474	\$ 228,725	\$ 1	\$ 26,669	\$ 124,990
Add:					
2015-16 revenues	7,140,360	195,777	204,591	48,896	501,911
Adjustments	255,443	2,427	-	-	-
Loans from other funds	-	-	-	-	-
Total cash available	8,745,277	426,929	204,592	75,565	626,901
Less:					
2015-16 expenditures	(6,972,113)	(114,616)	(204,591)	(58,037)	(370,977)
Loans (to) other funds	(348,725)	-	-	-	-
Cash June 30, 2016	<u>\$ 1,424,440</u>	<u>\$ 312,313</u>	<u>\$ 1</u>	<u>\$ 17,528</u>	<u>\$ 255,925</u>

Athletics Account	Activity Fund	Federal Flowthrough Fund	Federal Direct Fund	State Flowthrough Fund	State Direct Fund	Local/State Fund
\$ 28,782	\$ 269,996	\$ (305,089)	\$ 288,280	\$ (1,872)	\$ 12,831	\$ -
41,735	204,560	859,077	865,328	112,559	79,562	-
-	(131,163)	-	-	-	-	-
-	-	230,062	-	118,663	-	-
70,517	343,393	784,050	1,153,608	229,350	92,393	-
(37,244)	(227,825)	(784,050)	(773,492)	(229,350)	(65,470)	-
-	-	-	-	-	-	-
<u>\$ 33,273</u>	<u>\$ 115,568</u>	<u>\$ -</u>	<u>\$ 380,117</u>	<u>\$ -</u>	<u>\$ 26,923</u>	<u>\$ -</u>

STATE OF NEW MEXICO
Dulce Independent Schools
Cash Reconciliation
June 30, 2016

	Bond Building	Special Capital Outlay Federal	Capital Improv. HB 33	Capital Improv. SB 9
Cash per June 30, 2015 audit report	\$ -	\$ 80,467	\$ 1,897,353	\$ 238,941
Add:				
2015-16 revenues	-	1,749	5,189	628,036
Adjustments	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	-	82,216	1,902,542	866,977
Less:				
2015-16 expenditures	-	-	(347,170)	(493,292)
Loans (to) from other funds	-	-	-	-
Cash June 30, 2016	<u>\$ -</u>	<u>\$ 82,216</u>	<u>\$ 1,555,372</u>	<u>\$ 373,685</u>

Operating bank balance at June 30, 2016
Activity Fund bank balance at June 30, 2016
Less Outstanding checks
Cash June 30, 2016

Schedule III
 (Page 2 of 2)

Debt Service Fund	Total
\$ 902,075	\$ 5,141,624
3,923,217	14,812,547
-	126,707
-	348,725
4,825,292	20,429,602
(3,042,168)	(13,720,394)
-	(348,725)
\$ 1,783,124	\$ 6,360,483
	\$ 6,698,182
	252,388
	(590,087)
	\$ 6,360,483

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STATE OF NEW MEXICO

Dulce Independent Schools

Schedule of Vendor Information for purchases exceeding \$60,000 (excluding GRT)

For the Year Ended June 30, 2016

RFP# RFB#/RFP# / 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
	Bond Repayment	Bank of New York Mellon	n/a	n/a	225 Liberty Street, New York, NY 10286	N	N	Bond Repayment
CES Contract	CES contract	Harmonix Technology Inc.	n/a	n/a	4915 Paseo Del Norte NE, Suite A, Albuquerque, NM 87113	Y	N	CES - Contract

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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 Keller
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Dulce Independent Schools
Dulce, NM

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 Dulce Independent Schools as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Dulce Independent Schools' basic financial statements, and the combining and individual and related budgetary comparisons of Dulce Independent Schools, presented as supplemental information, and have issued our report thereon dated August 18, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dulce Independent 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 Dulce Independent Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Dulce Independent 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 preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we did not identify certain deficiencies in internal control over financial reporting that we would consider to be material weaknesses and significant deficiencies.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dulce Independent 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 one instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item 2016-001.

Dulce Independent Schools' Response to Findings

Dulce Independent Schools' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Dulce Independent Schools' response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Dulce Independent Schools' internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Dulce Independent Schools' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Precision Accounting LLC

Precision Accounting LLC

Albuquerque, New Mexico

August 18, 2016

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FEDERAL FINANCIAL ASSISTANCE

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

INDEPENDENT AUDITOR'S REPORT

Timothy Keller
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Dulce Independent Schools
Dulce, New Mexico

Report on Compliance for Each Major Federal Program

We have audited Dulce Independent Schools' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Dulce Independent Schools' major federal programs for the year ended June 30, 2016. Dulce Independent Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Our responsibility is to express an opinion on compliance for each of Dulce Independent Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) OMB, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dulce Independent Schools' compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Dulce Independent Schools' complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

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Report on Internal Control Over Compliance

The management of Dulce Independent Schools' is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit of compliance, we considered Dulce Independent Schools' internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance on each major program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Dulce Independent Schools' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund , and the aggregate remaining fund information of Dulce Independent Schools as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Dulce Independent Schools' basic financial statements. We issued our report thereon dated August 18, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Precision Accounting LLC

Precision Accounting LLC
Albuquerque, New Mexico
August 18, 2016

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STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Schedule IV

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Program or Award Amount	Disbursements/ Expenditures
<i>Direct Programs:</i>				
U.S. Department of Education				
Impact Aid- Operational Part 8002	84.041	11000	\$ 3,097,947	\$ 3,097,947
Impact Aid Special Education	84.041	25145	86,277	85,842
Impact Aid Education	84.041	25147	687,591	687,591
Subtotal Department of Education			<u>773,868</u>	<u>773,433</u>
U.S. Department of Agriculture				
Forest Reserve	10.672	11000	100,207	100,207
Subtotal Department of Agriculture			<u>100,207</u>	<u>100,207</u>
<i>Pass Through Programs:</i>				
U.S. Department of Agriculture				
Passed through NM Public Education Department:				
Commodities Program	10.550	21000	19,222	19,222
National School Lunch Program	10.555	21000	348,243	348,243
National School Breakfast Program	10.553	21000	-	-
Total U.S. Department of Agriculture			<u>367,465</u>	<u>367,465</u>
U.S. Department of Education				
Passed through NM Public Education Department:				
Title I	84.010	24101	276,495	244,030
IDEA B Entitlement	84.027	24106	166,608	160,984
IDEA B Autism	84.027	24108	-	8,904
IDEA B Preschool	84.173	24109	9,024	8,739
IDEA B NM Real Results Plan	84.024	24132	125,000	23,618
Fresh Fruits and Vegetables	10.582	24118	15,072	16,715
21st Century	84.287	24119	331,476	285,163
Title III English Lanaguage Acquisition	84.365A	24153	-	-
Teacher/Principal Training and Recruiting	84.367A	24154	34,957	31,943
Rural & Low Income Schools	84.358	24160	13,799	8,318
Total U.S. Department of Education			<u>972,431</u>	<u>788,414</u>
Total Federal Financial Assistance			<u>\$ 2,213,971</u>	<u>\$ 2,029,519</u>

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Dulce Independent Schools (District) and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Subrecipients

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

3. Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2016 was \$19,222.

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 2,029,519
Total expenditures funded by other sources	<u>12,652,695</u>
Total expenditures	<u>\$ 14,682,214</u>

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STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Dulce Independent Schools.
2. No significant deficiencies were disclosed during the audit of the financial statements.
3. One instance of noncompliance material to the financial statements of Dulce Independent Schools was disclosed during the audit.
4. There were no audit findings required to be reported under the Uniform Guidance.
5. The auditor's report on compliance for major federal award programs for Dulce Independent Schools expresses an unmodified opinion.
6. The programs tested as major were the Impact Aid CFDA No. 84.041, Impact Aid Special Education CFDA No. 84.041, and the Student Nutrition Program CFDA No. 10.555.
7. The threshold for distinguishing Types A and B programs was \$750,000.
8. Dulce Independent Schools qualified as a **low** risk auditee.

B. FINDINGS-FINANCIAL STATEMENT AUDIT

2016-001 Noncompliance with Payroll (Significant Deficiency)

CONDITION: During our test work of forty-two (42) payroll employees, we noted one (1) employee that received four additional paychecks, resulting in an overpayment, totaling \$7,915.48. The district did detect the error and attempted to recapture the direct deposit, however the employee had already removed the funds and closed the account. The calculated error rate is 2.38%, and when projected to the population of 160 employees could have resulted in four (4) errors. After a review of the other employees, it was noted that this appeared to be the only error.

CRITERIA: NMAC 6.20.2.11 C-Internal Control structure standards: "An internal control structure is required to demonstrate the school district's ability to record, process, summarize and report financial data consistent with the following financial statement assertions: 1) rights and ownership, 2) existence and occurrence, 3) valuation and allocations, 4) completeness, and 5) presentation and disclosure," and NMAC 6.20.2.14.C. Cash Control Standards. In addition this may result in noncompliance with NMSA 30-23-2 with regards to paying or receiving public money for services not rendered.

CAUSE: The cause was likely due to an oversight by management upon reviewing the active/inactive employees during payroll processing. This is in relation to a complex personnel matter.

EFFECT: Without proper review and agreement of active/inactive employees reported in Visions, the District is at risk of making inaccurate payroll disbursements. Resulting in the district paying for services not rendered. This could potentially misstate tax and other benefit liabilities/expenditures causing future problems with budget and tax reporting reconciliation.

RECOMMENDATION: The District is encouraged to have staff perform a review and agreement of all active and inactive employees, prior to processing and issuing payroll checks to ensure accuracy of wage payments. There should be a secondary management review to ensure accuracy of processed payroll.

CLIENT RESPONSE: The Sick Leave Bank directed payroll to pay for 10 days of approved leave from the Sick Leave Bank. The Attorneys directed payroll to pay for 11 days of paid administrative leave. One

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

payment in error was reversed and deposited back into the payroll account. The second payment in the amount of \$1978.87 (gross) was paid in error. The notification process will improve with the new position of the H/R Director in the communication and verification of employees listed on the payroll journal. The H/R Director will review payroll proforma prior to issuance of payroll and verify that all employees listed on the proforma are active employees. This process will begin immediately.

C. FINDINGS-FEDERAL AWARDS

NONE

D. PRIOR YEAR AUDIT FINDINGS

2015-001 Excess expenditures over budget (Control Deficiency) - cleared

STATE OF NEW MEXICO
DULCE INDEPENDENT SCHOOLS
OTHER DISCLOSURES
Year Ended June 30, 2016

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Carole Gomez and Naomi Vicenti, 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 August 18, 2016. The following individuals were in attendance.

Dulce Independent Schools

Manuel Gomez, Board President
Manuel Valdez, Interim Superintendent
Carole Gomez, Business Manager
Naomi Vicenti, Outgoing Business Manager
Lance Eaton, Payroll & Benefits Specialist
Debbie Monzanas, H/R Director

Precision Accounting LLC

Melissa R. Santistevan, CPA, CFE, CICA, CGMA
Daniel Perea, Senior Accountant
Zachary Hayes, Staff Accountant
Alexandra Yebra, Staff Accountant