

STATE OF NEW MEXICO
**ESTANCIA MUNICIPAL SCHOOL
DISTRICT NO. 7**

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



ACCOUNTING & FINANCIAL
SOLUTIONS
CERTIFIED PUBLIC ACCOUNTANTS

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

OFFICIAL ROSTER
June 30, 2016

BOARD OF EDUCATION

Randol Riley	President
Kenneth Lujan	Vice President
Jesus Lucero	Secretary
Elaine Darnell	Member
Kendra Otis	Member

SCHOOL OFFICIALS

Audie Brown	Superintendent
Martha Ward	Secondary Operational Principal
Athena Trujillo	Secondary Instructional Principal
Denise Smythe	Elementary Operational Principal
Glenda Noblitt	Elementary Instructional Principal
Marla Lovato	Finance Director

AUDIT COMMITTEE

Kendra Otis	Member
Elaine Darnell	Member
Stella Chavez	Member
Sylvia Chavez	Member
Audie Brown	Superintendent
Marla Lovato	Business Manager

FINANCE COMMITTEE

Kendra Otis	Member
Elaine Darnell	Member
Audie Brown	Superintendent
Marla Lovato	Business Manager

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

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INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor,
The Board of Education, and
The Audit Committee of Estancia Municipal School District No. 7

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Estancia Municipal School District No. 7, as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise Estancia Municipal School District No. 7's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of Estancia Municipal School District No. 7's nonmajor governmental funds and the budgetary comparisons for the major capital project funds, debt service fund, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Estancia Municipal School District No. 7's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Estancia Municipal School District No. 7, as of June 30, 2016, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental of Estancia Municipal School District No. 7 as of June 30, 2016, and the respective changes in financial position thereof and the respective budgetary comparisons for the major capital project funds, debt service fund, and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Tim Keller, State Auditor,
The Board of Education, and
The Audit Committee of Estancia Municipal School District No. 7

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Accounting principles generally accepted in the United States of America also require that the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions on page 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. Our opinion on the basic financial statements is not affected by this missing information.

Other Information


Our audit was conducted for the purpose of forming opinions on Estancia Municipal School District No. 7's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other schedules required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2016 on our consideration of the Estancia Municipal School District No. 7's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Estancia Municipal School District No. 7's internal control over financial reporting and compliance.


Farmington, New Mexico
October 12, 2016

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

STATEMENT OF NET POSITION
 June 30, 2016

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 2,894,222
Investments	242,880
Receivables:	
Delinquent property taxes receivable	171,309
Grant	183,842
Due from other governments	23,441
Food inventory	266
Non-current:	
Non-depreciable assets	1,602,468
Depreciable capital assets, net	<u>11,875,954</u>
Total Assets	<u>16,994,382</u>
Deferred Outflows of Resources:	
Contributions to pension subsequent to the measurement date	592,892
Net change in pension assumptions	<u>349,888</u>
Total Deferred Outflows of Resources	<u>942,780</u>
Liabilities	
Accounts payable	39,161
Accrued interest	13,774
Due to agency funds	160
Compensated absences	190,218
Long-term liabilities other than pensions:	
Due within one year	445,000
Due in more than one year	4,691,309
Aggregate net pension liability	<u>10,172,547</u>
Total Liabilities	<u>15,552,169</u>
Deferred Inflows of Resources	
Advances of federal, state, and local grants	421,030
Difference between expected and actual experience	195,634
Net difference between projected and actual investment earnings on plan investments	42,265
Net change in proportionate share of pension liability	<u>857,966</u>
Total Deferred Inflows of Resources	<u>1,516,895</u>
Net Position	
Net investment in capital assets	8,490,975
Restricted for:	
Inventories	266
Special revenue funds	15,276
Capital projects	1,349,111
Debt service	113,646
Unrestricted	<u>(9,101,176)</u>
Total Net Position	<u>\$ 868,098</u>

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

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>	
Primary government:						
Governmental activities:						
Instruction	\$ 4,342,881	\$ 785	\$ 350,320	\$ 27,270	\$ (3,964,506)	
Support Services - Students	1,010,679	43,850	81,527	-	(885,302)	
Support Services - Instruction	415,208	-	33,493	-	(381,715)	
Support Services - General Administration	325,397	-	26,248	342	(298,807)	
Support Services - School Administration	569,147	-	45,911	-	(523,236)	
Central Services	302,508	-	24,402	-	(278,106)	
Operations & Maintenance of Plant	1,574,889	-	127,039	50,116	(1,397,734)	
Student Transportation	437,163	-	384,039	-	(53,124)	
Other Support Services	3,345	-	270	-	(3,075)	
Food Services	430,758	3,899	286,288	-	(140,571)	
Bond interest paid	113,346	-	-	-	(113,346)	
Total governmental activities	<u>\$ 9,525,321</u>	<u>\$ 48,534</u>	<u>\$ 1,359,537</u>	<u>\$ 77,728</u>	<u>(8,039,522)</u>	
General revenues:						
Taxes:						
Property Taxes:						
General purposes						53,974
Capital projects						320,881
Debt service						608,766
State equalization						6,828,907
Grants and contributions not restricted						469,886
Miscellaneous income						19,052
Total general revenues						<u>8,301,466</u>
<i>Change in net position</i>						261,944
Net position - beginning						<u>606,154</u>
Net position - ending						<u>\$ 868,098</u>

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

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

GOVERNMENTAL FUNDS

Balance Sheet
June 30, 2016

	<u>General</u> <u>Fund</u>	<u>Entitlement</u> <u>IDEA-B</u> <u>Fund #24106</u>	<u>Wind Farm</u> <u>Projects</u> <u>Fund #29134</u>	<u>Bond Building</u> <u>Fund #31100</u>
Assets				
Cash and cash equivalents	\$ 1,019,087	\$ -	\$ 421,030	\$ 1,084,137
Investments	242,792	-	-	-
Receivables:				
Property taxes	10,025	-	-	-
Grant	-	88,909	-	-
Due from other governments	1,308	-	-	-
Due from other funds	177,583	-	-	-
Food inventory	-	-	-	-
Total assets	<u>\$ 1,450,795</u>	<u>\$ 88,909</u>	<u>\$ 421,030</u>	<u>\$ 1,084,137</u>
Liabilities, deferred inflows, and fund balance				
Liabilities:				
Accounts payable	\$ 26,430	\$ -	\$ -	\$ -
Due to other funds	-	88,909	-	-
Due to agency funds	160	-	-	-
Total liabilities	<u>26,590</u>	<u>88,909</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	421,030	-
Delinquent property taxes	9,531	-	-	-
Total deferred inflows of resources	<u>9,531</u>	<u>-</u>	<u>421,030</u>	<u>-</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	1,084,137
Debt service	-	-	-	-
Unassigned	1,414,674	-	-	-
Total fund balance	<u>1,414,674</u>	<u>-</u>	<u>-</u>	<u>1,084,137</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,450,795</u>	<u>\$ 88,909</u>	<u>\$ 421,030</u>	<u>\$ 1,084,137</u>

(cont'd; 1 of 2)

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

GOVERNMENTAL FUNDS

Balance Sheet
June 30, 2016

	<u>Debt Service</u> <u>Fund #41000</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Assets			
Cash and cash equivalents	\$ 40,644	\$ 329,324	\$ 2,894,222
Investments	-	88	242,880
Receivables:			
Property taxes	100,789	60,495	171,309
Grant	-	94,933	183,842
Due from other governments	16,005	6,128	23,441
Due from other funds	-	-	177,583
Food inventory	-	<u>266</u>	<u>266</u>
Total assets	<u>\$ 157,438</u>	<u>\$ 491,234</u>	<u>\$ 3,693,543</u>
Liabilities, deferred inflows, and fund balance			
Liabilities:			
Accounts payable	\$ -	\$ 12,731	\$ 39,161
Due to other funds	-	88,674	177,583
Due to other governments	-	-	<u>160</u>
Total liabilities	<u>-</u>	<u>101,405</u>	<u>216,904</u>
Deferred inflows of resources:			
Advances of federal, state, and local grants	-	-	421,030
Delinquent property taxes	<u>94,926</u>	<u>58,179</u>	<u>162,636</u>
Total deferred inflows of resources	<u>94,926</u>	<u>58,179</u>	<u>583,666</u>
Fund balance:			
Non-spendable:			
Inventories	-	266	266
Restricted for:			
Special revenue funds	-	15,276	15,276
Capital projects funds	-	264,974	1,349,111
Debt service	62,512	51,134	113,646
Unassigned	<u>-</u>	<u>-</u>	<u>1,414,674</u>
Total fund balance	<u>62,512</u>	<u>331,650</u>	<u>2,892,973</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 157,438</u>	<u>\$ 491,234</u>	<u>\$ 3,693,543</u>

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STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

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

Fund balances - total governmental funds	\$	2,892,973
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		28,824,084
Accumulated depreciation		(15,345,662)
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable		162,636
Deferred inflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Contributions to pension subsequent to the measurement date		592,892
Net change in pension assumptions		349,888
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		
Bonds payable		(5,080,000)
Accrued interest payable		(13,774)
Accrued vacation payable		(190,218)
Bond premiums		(56,309)
Net pension liability		(10,172,547)
Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Difference between expected and actual experience		(195,634)
Net difference between projected and actual investment earnings on plan investments		(42,265)
Net change in proportionate share of pension liability		<u>(857,966)</u>
Net position of governmental activities	\$	<u><u>868,098</u></u>

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

GOVERNMENTAL FUNDS

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

	General <u>Fund</u>	Entitlement IDEA-B <u>Fund #24106</u>	Wind Farm Projects <u>Fund #29134</u>	Bond Building <u>Fund #31100</u>
Revenues:				
Taxes:				
Property	\$ 44,443	\$ -	\$ -	\$ -
Intergovernmental - federal grants	32,137	186,828	-	-
Intergovernmental - state grants	7,259,698	-	-	-
Contributions - private grants	28,354	-	441,532	-
Charges for services	785	-	-	-
Investment and interest income	548	-	-	3,000
Miscellaneous	<u>19,052</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>7,385,017</u>	<u>186,828</u>	<u>441,532</u>	<u>3,000</u>
Expenditures:				
Current:				
Instruction	3,696,242	99,627	19,540	-
Support services:				
Students	645,914	84,791	40,591	-
Instruction	252,823	2,182	31,421	-
General Administration	287,750	-	-	-
School Administration	517,510	228	-	-
Central Services	275,183	-	-	-
Operation & Maintenance of Plant	1,045,580	-	-	1,317
Student transportation	397,675	-	-	-
Other Support services	3,043	-	-	-
Food services operations	65,000	-	-	-
Capital outlay	-	-	349,980	95,782
Debt service:				
Principal retirement	-	-	-	-
Bond interest paid	-	-	-	-
Bond issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,575</u>
Total expenditures	<u>7,186,720</u>	<u>186,828</u>	<u>441,532</u>	<u>158,674</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>198,297</u>	<u>-</u>	<u>-</u>	<u>(155,674)</u>
Other financing sources:				
Sale of bonds	-	-	-	1,100,000
Bond premium	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,272</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,111,272</u>
<i>Net change in fund balance</i>	198,297	-	-	955,598
Fund balance at beginning of the year	<u>1,216,377</u>	<u>-</u>	<u>-</u>	<u>128,539</u>
Fund balance at end of the year	<u>\$ 1,414,674</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,084,137</u>

(cont'd; 1 of 2)

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

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

GOVERNMENTAL FUNDS

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

	Debt Service <u>Fund #41000</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Taxes:			
Property	\$ 563,115	\$ 213,427	\$ 820,985
Intergovernmental - federal grants	-	638,099	857,064
Intergovernmental - state grants	-	145,862	7,405,560
Contributions - private grants	-	-	469,886
Charges for services	-	47,749	48,534
Investment and interest income	-	-	3,548
Miscellaneous	<u>-</u>	<u>-</u>	<u>19,052</u>
Total revenues	<u>563,115</u>	<u>1,045,137</u>	<u>9,624,629</u>
Expenditures:			
Current:			
Instruction	-	299,293	4,114,702
Support services:			
Students	-	148,091	919,387
Instruction	-	17,716	304,142
General Administration	5,512	2,743	296,005
School Administration	-	-	517,738
Central Services	-	-	275,183
Operation & Maintenance of Plant	-	324,162	1,371,059
Student transportation	-	-	397,675
Other Support services	-	-	3,043
Food services operations	-	326,849	391,849
Capital outlay	-	19,749	465,511
Debt service:			
Principal retirement	435,000	-	435,000
Bond interest paid	104,792	-	104,792
Bond issuance costs	<u>-</u>	<u>-</u>	<u>61,575</u>
Total expenditures	<u>545,304</u>	<u>1,138,603</u>	<u>9,657,661</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>17,811</u>	<u>(93,466)</u>	<u>(33,032)</u>
Other financing sources:			
Sale of bonds	-	-	1,100,000
Bond premium	<u>-</u>	<u>-</u>	<u>11,272</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>1,111,272</u>
<i>Net change in fund balance</i>	17,811	(93,466)	1,078,240
Fund balance at beginning of the year	<u>44,701</u>	<u>425,116</u>	<u>1,814,733</u>
Fund balance at end of the year	<u>\$ 62,512</u>	<u>\$ 331,650</u>	<u>\$ 2,892,973</u>

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STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

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

Net change in fund balance - total governmental funds	\$ 1,078,240
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year</p>	
Capital outlay	465,511
Depreciation	(850,157)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Deferred property taxes at:	
June 30, 2016	162,636
<p>The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These differences in the treatment of long-term debt and related items consist of:</p>	
Current year principal payments	435,000
Bonds sold	(1,100,000)
Current year bond premiums	(11,272)
Bond premium amortization	5,220
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Compensated absences at:	
June 30, 2015	116,657
June 30, 2016	(190,218)
Accrued interest at:	
June 30, 2016	(13,774)
Deferred contributions to pension plan	592,892
Pension expense	<u>(428,791)</u>
Change in net position of governmental activities	<u>\$ 261,944</u>

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 43,264	\$ 43,264	\$ 43,488	\$ 224
Intergovernmental - federal sources:				
Forest reserve	-	17,975	32,137	14,162
Intergovernmental - state sources:				
State equalization guarantee	6,835,244	6,828,192	6,828,907	715
Transportation	367,169	384,039	384,039	-
State instructional material	40,178	46,752	46,752	-
Contributions - private grants	-	-	28,354	28,354
Charges for services	2,700	2,700	785	(1,915)
Investment and interest income	200	200	574	374
Miscellaneous	<u>3,500</u>	<u>3,500</u>	<u>19,052</u>	<u>15,552</u>
Total revenues	<u>7,292,255</u>	<u>7,326,622</u>	<u>7,384,088</u>	<u>57,466</u>
Expenditures:				
Current:				
Instruction	4,506,316	4,523,813	3,695,070	828,743
Support services:				
Students	754,700	710,326	645,914	64,412
Instruction	355,515	372,292	252,823	119,469
General Administration	338,805	367,402	284,149	83,253
School Administration	548,181	565,581	517,510	48,071
Central Services	246,484	334,715	275,183	59,532
Operation & Maintenance of Plant	1,234,950	1,121,437	1,023,106	98,331
Student transportation	404,169	426,812	397,392	29,420
Other Support services	23,000	23,000	3,042	19,958
Food Services Operations	10,000	65,000	65,000	-
Capital outlay:				
Equipment	<u>17,899</u>	<u>17,899</u>	<u>-</u>	<u>17,899</u>
Total expenditures	<u>8,440,019</u>	<u>8,528,277</u>	<u>7,159,189</u>	<u>1,369,088</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,147,764)	(1,201,655)	224,899	1,426,554
<i>Beginning cash balance budgeted</i>	1,147,764	1,201,655	-	(1,201,655)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>1,216,377</u>	<u>1,216,377</u>
Fund balance at end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>1,441,276</u>	<u><u>\$ 1,441,276</u></u>
RECONCILIATION TO GAAP BASIS:				
Change in receivables			(26)	
Change in grant receivable			9,178	
Change in property tax receivable			207	
Change in payables			(26,430)	
Change in deferred property taxes			<u>(9,531)</u>	
Fund balance at end of the year (GAAP basis)			<u><u>\$ 1,414,674</u></u>	

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

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 166,563	\$ 285,501	\$ 122,192	\$ (163,309)
Expenditures:				
Current:				
Instruction	96,903	183,353	99,627	83,726
Support services:				
Students	64,660	97,148	84,791	12,357
Instruction	5,000	4,770	2,181	2,589
School Administration	-	230	228	2
Total expenditures	<u>166,563</u>	<u>285,501</u>	<u>186,827</u>	<u>98,674</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(64,635)	(64,635)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>-\$</u>	<u>-\$</u>	<u>(64,635)</u>	<u>\$(64,635)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			64,635	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

WIND FARM PROJECTS FUND - NO. 29134
**Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Contributions - private grants	\$ 149,500	\$ 149,500	\$ 238,900	\$ 89,400
Expenditures:				
Current:				
Instruction	26,181	26,181	19,540	6,641
Support services:				
Students	5,084	60,084	40,591	19,493
Instruction	133,484	133,484	31,420	102,064
Central Services	75,250	25,250	-	25,250
Operation & Maintenance of Plant	13,437	13,437	-	13,437
Capital outlay:				
Equipment	67,574	67,574	-	67,574
Construction in progress	337,262	447,152	349,981	97,171
Total expenditures	658,272	773,162	441,532	331,630
<i>Excess (deficiency) of revenues over expenditures</i>	(508,772)	(623,662)	(202,632)	421,030
<i>Beginning cash balance budgeted</i>	508,772	623,662	-	(623,662)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(202,632)	\$ (202,632)
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			202,632	
Fund balance at end of the year (GAAP basis)			\$ -	

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

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

ASSETS

Pooled cash and investments	\$ 118,534
Due from other funds	<u>160</u>
Total assets	<u>\$ 118,694</u>

LIABILITIES

Deposits held for others	<u>\$ 118,534</u>
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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Estancia Municipal School District No. 7 (District) is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education in the Town of Estancia, New Mexico and the surrounding areas. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

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

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

1. Blended Component Units

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

2. Discretely Presented Component Units

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

During fiscal year 2016, Estancia Municipal School District No. 7 adopted the following GASB Statements:

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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

A. Reporting Entity (cont'd)

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

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

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

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

Other accounting standards that Estancia Municipal School District No. 7 is currently reviewing for applicability and potential impact on the financial statements include:

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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

A. Reporting Entity (cont'd)

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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

A. Reporting Entity (cont'd)

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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

A. Reporting Entity (cont'd)

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

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Estancia Municipal School District No. 7's management who is responsible for their integrity and objectivity. The financial statements of the District conform to GAAP as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

The government reports the following major governmental funds:

➤ General Fund

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

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

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

➤ Wind Farm Projects - Special Revenue (Fund No. 29134) Minimum Balance: None

To account for revenue collected from wind farms in the district in lieu of taxes.

➤ Bond Building Capital Projects Fund (Fund No. 31100) Minimum Balance: None

This fund provides financing for the construction of buildings, the purchase of equipment, and the acquisition and improvement of land. Funding is provided by the sale of general obligation bonds, which have been approved by the voters of the district.

➤ Debt Service Fund (Fund No. 41000) Minimum Balance: None

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

Additionally, the government reports the following fund types:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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

D. Assets, Liabilities, and Net Position or Equity

1. *Deposits and investments*

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

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

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

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

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

Investments for the District are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. *Receivables and payables*

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

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

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

3. *Inventories*

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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

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

4. *Capital assets*

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Building improvements	20
Land Improvements	10-20
Vehicles	5-15
Office equipment	5
Computer equipment	3-5

5. *Compensated absences*

It is the District's policy to permit employees to accumulate up to 90 days of earned but paid time off (PTO), which will be paid to employees upon retirement from the District's service. The minimum days to be eligible for payment is 45 days and maximum number of days that can be paid is 90 days. The Board of Education will set the daily pay amount annually at its July board meeting. That amount was \$50 per day as of June 30, 2016. The amount for liability has been reported in the government-wide financial statements.

6. *Long-term obligations*

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

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

7. *Pensions*

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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

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

8. *Fund balance*

a. Non-Spendable

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

b. Restricted

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

c. Committed

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

d. Assigned

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

e. Unassigned

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

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

9. *Net Position*

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

a. Net investment in capital assets

This component of Net Position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. That portion of the debt is included in restricted for capital projects.

b. Restricted Net Position

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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

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

c. Unrestricted Net Position

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

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

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

10. *Indirect Costs*

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

11. *Estimates*

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

12. *Revenues*

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

A school district’s program costs are determined through the use of various formulas using ‘program units’ which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$6,828,907 in state equalization guarantee distributions during the year ended June 30, 2016.

Transportation Distribution: School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$384,039 in transportation distributions during the year ended June 30, 2016.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

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

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

	<u>Original Budget</u>	<u>Final Budget</u>
General Fund	\$ 8,440,019	\$ 8,528,277
Special Revenue Fund	1,813,219	2,125,526
Capital Projects Fund	416,165	1,899,878
Debt Service Fund	630,974	630,974
Totals	\$ 11,300,377	\$ 13,184,655

B. Budgetary Violations

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

C. Deficit Fund Equity

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Temporary Investments

Cash and equivalents

Reconciliation of bank balances to the financial statements:

	<u>Balance</u>
Financial institution:	
Wells Fargo Bank	\$ 3,480,851
Less agency cash	(118,534)
Less net reconciling items	(468,095)
Total cash and equivalents	<u>\$ 2,894,222</u>

At June 30, 2016, the carrying amount of the District's deposits was \$3,012,756 and the bank balance was \$3,480,851 with the difference consisting of outstanding checks. Of this balance \$250,000 was covered by federal depository insurance and \$3,021,218 was covered by collateral held in joint safekeeping by a third party.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The statement listed below will meet the State of New Mexico Office of the State Auditor's requirement in reporting the uninsured portion of the deposits. As of June 30, 2016, \$1,098,648 of the District's bank balance of \$3,480,851 was exposed to custodial risk as follows:

	<u>Wells Fargo Bank</u>
Bank deposits:	
Uninsured and uncollateralized	\$ 1,098,648
Uninsured and collateral held by pledging bank's trust dept not in the District's name	2,132,203
Total uninsured	3,230,851
Insured (FDIC)	250,000
Total deposits	<u>\$ 3,480,851</u>
 State of New Mexico collateral requirement:	
50% of uninsured public fund bank deposits	\$ 1,615,426
Pledged security	2,132,203
Over collateralization	<u>\$ 516,777</u>

The collateral pledged is listed on Page 98 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the schools. Time deposits, savings deposits and interest bearing "Now" accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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

A. Cash and Temporary Investments (cont'd)

Investments

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a written policy for limiting interest rate risk.

Concentration Credit Risk

Investments. For an investment, concentration credit risk is when any one issuer is 5% or more of the investment portfolio of the District. The investments in the State Pool-4101 LGIP Fund represent 100% of the investment portfolio. Since the District only purchases investments with the highest credit rating, the additional concentration is not viewed to be an additional risk by the District. The District's policy related to concentration risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10- 63, NMSA 1978).

The State Treasurer Local Government Investment Pool is not SEC Registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in the securities that are issued by the United States government or by its departments or agencies and are either backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares; at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in the amounts of the fund were invested. Any realized gain or loss on the portfolio is distributed through the investment yield on distribution dates. The carrying amount of the portfolio approximates the fair value of all investments at June 30, 2016. The State of New Mexico is regulatory oversight entity and participation in the pool is voluntary.

Investments for the District are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares

Investment Type	Maturities	Fair Value	Rating (S&P)
State Investment Pool – 4101 LGIP Fund	27.5 days (WAM)	\$242,880	AAAm

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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

B. Receivables

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

	<u>Receivables</u>		<u>Due from Other</u>	
	Delinquent			
	<u>Property Taxes</u>	<u>Grant</u>	<u>Governments</u>	<u>Funds</u>
Major Funds:				
General Fund	\$ 10,025	\$ -	\$ 1,308	\$ 177,583
Entitlement IDEA-B	-	88,909	-	-
Debt Service	100,789	-	16,005	-
Other Governmental Funds	<u>60,495</u>	<u>94,933</u>	<u>6,128</u>	<u>-</u>
Total	<u>\$ 171,309</u>	<u>\$ 183,842</u>	<u>\$ 23,441</u>	<u>\$ 177,583</u>

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

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

	<u>Unavailable</u>	<u>Unearned</u>
Grant drawdowns prior to meeting all eligibility requirements		
Wind Farm Projects	\$ -	\$ 421,030
Delinquent property taxes		
General Fund	9,531	-
Debt Service	94,926	-
Other Governmental Funds	<u>58,179</u>	<u>-</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 162,636</u>	<u>\$ 421,030</u>

C. Inter-Fund Receivables and Payables

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

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 177,583	\$ -
Entitlement IDEA-B	-	88,909
Other Governmental Funds	<u>-</u>	<u>88,674</u>
Total	<u>\$ 177,583</u>	<u>\$ 177,583</u>

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

D. Inter-Fund Transfers

There were not any inter-fund transfers during the year ended June 30, 2016.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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

E. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,602,468	\$ -	\$ -	\$ -	\$ 1,602,468
Capital assets being depreciated:					
Land improvements	-	-	-	2,277,168	2,277,168
Buildings and improvements	24,721,115	437,160	-	(2,345,371)	22,812,904
Furniture, fixtures, and equipment	2,034,990	28,351	-	68,203	2,131,544
Total capital assets being depreciated	<u>26,756,105</u>	<u>465,511</u>	<u>-</u>	<u>-</u>	<u>27,221,616</u>
Less accumulated depreciation for:					
Land improvements	-	(191,659)	-	(1,024,268)	(1,215,927)
Buildings and improvements	(13,040,432)	(517,426)	-	1,052,462	(12,505,396)
Furniture, fixtures, and equipment	(1,455,073)	(141,072)	-	(28,194)	(1,624,339)
Total accumulated depreciation	<u>(14,495,505)</u>	<u>(850,157)</u>	<u>-</u>	<u>-</u>	<u>(15,345,662)</u>
Total capital assets being depreciated, net	<u>12,260,600</u>	<u>(384,646)</u>	<u>-</u>	<u>-</u>	<u>11,875,954</u>
Total capital assets, net	<u>\$ 13,863,068</u>	<u>\$ (384,646)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,478,422</u>

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

<u>Depreciation Allocation to Functions</u>	
Instruction	\$ 383,787
Support Services - Students	93,001
Support Services - Instruction	38,207
Support Services - General Administration	29,942
Support Services - School Administration	52,372
Central Services	27,836
Operations & Maintenance of Plant	144,839
Student Transportation	40,227
Other Support Services	308
Food Services	<u>39,638</u>
Total Depreciation Expense	<u>\$ 850,157</u>

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

Construction commitments

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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

F. Long-Term Debt

General Obligation Bonds

General Obligation Bonds – The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Bonds are direct obligations and pledge the full faith and credit of the District. The bonds will be paid from taxes levied against property owners living within the School District boundaries. The details of the bonds and notes as of June 30, 2016 are as follows:

<u>General Obligations Bonds</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Balance</u>	<u>Amount Due Within One Year</u>
Series 2010	\$ 1,600,000	2.00% to 4.00%	\$ 1,080,000	\$ 145,000
Series 2011	900,000	3.50% to 4.75%	650,000	50,000
Series 2013	3,000,000	1.00% to 2.00%	2,250,000	250,000
Series 2016	<u>1,100,000</u>	2.00%	<u>1,100,000</u>	-
Total	<u>\$ 6,600,000</u>		<u>\$ 5,080,000</u>	<u>\$ 445,000</u>

Balances shown for bonds and notes do not include unamortized premiums or deferred amounts on refinancing.

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>General Obligation Bonds</u>			
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2017	\$ 445,000	\$ 131,275	\$ 576,275
2018	460,000	122,525	582,525
2019	475,000	110,663	585,663
2020	475,000	97,962	572,962
2021	520,000	85,088	605,088
2022 - 2026	2,215,000	209,244	2,424,244
2027 - 2031	<u>490,000</u>	<u>9,900</u>	<u>499,900</u>
Total	<u>\$ 5,080,000</u>	<u>\$ 766,657</u>	<u>\$ 5,846,657</u>

Balances shown for bonds and notes do not include unamortized premiums or deferred amounts on refinancing.

	<u>Balance</u>
Bonds payable	\$ 5,080,000
Less: current maturities	(445,000)
Unamortized:	
Bond premiums	<u>56,309</u>
Total non-current liabilities	<u>\$ 4,691,309</u>

New Debt

The District issued Series 2016 General Obligation Bonds in the amount of \$1,100,000 on February 23, 2016. The District will make the first interest payment on February 15, 2017 and will make the first principal payment on August 15, 2017. The bond series will mature on August 15, 2027 with interest rate of 2.0%. The District was at 84.24% bonding capacity after the issuance of Series 2016.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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

A. Long-Term Debt (cont'd)

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

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>	Amount Due <u>Within One Year</u>
Compensated absences:					
Compensated vacation	\$ 116,657	\$ 152,943	\$ 79,382	\$ 190,218	\$ 190,218
Bonds payable	<u>4,415,000</u>	<u>1,100,000</u>	<u>435,000</u>	<u>5,080,000</u>	<u>445,000</u>
	<u>\$ 4,531,657</u>	<u>\$ 1,252,943</u>	<u>\$ 514,382</u>	<u>\$ 5,270,218</u>	<u>\$ 635,218</u>

The liability of compensated absences is liquidated with resources from the general fund and several special revenue funds. The liquidation of bonds payable is done with resources from the debt service fund.

IV. OTHER INFORMATION

A. Risk Management

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

B. Employee Retirement Plan

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

ERB
P.O. Box 26129
Santa Fe, New Mexico 87502-6129
www.nmerb.org

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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

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

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

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2014 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, 2014, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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

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

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

Employer Contributions – In fiscal year 2016, the District was required to contribute 13.9% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 13.9% of the gross covered salary for employees whose annual salary is more than \$20,000. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2016, 2015, and 2014, were \$592,892, \$620,553, and \$615,276, respectively, which equal the amount of the required contributions for each fiscal year.

Employers

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

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

At June 30, 2016, the District reported a liability of \$10,172,547 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District's proportion was 0.15705 percent, which was a decrease of 0.01269 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$759,876.

Pension Expense Calculation

Add:	Net pension liability - end of the year	\$ 10,172,547
Deduct:	Net pension liability - beginning of the year	(9,684,898)
Deduct:	Deferred outflows of resources during the year	(915,036)
Add:	First year of amortization of deferred outflows of resources	-
Add:	Deferred inflows of resources during the year	825,501
Deduct:	First year of amortization of deferred inflows of resources	(184,706)
Add:	Layered amortization of prior year(s) deferred outflows of resources	-
Deduct:	Layered amortization of prior year(s) deferred inflows of resources	(74,085)
	Reductions to ending net pension liability due contributions paid	620,553
	Total Pension Expense	\$ 759,876

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 195,634
Change of assumptions	349,888	880,423
Net difference between projected and actual earnings on pension plan investments	565,148	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	916,041
District contributions subsequent to the measurement date	<u>592,892</u>	<u>-</u>
Total	<u>\$ 1,507,928</u>	<u>\$ 1,992,098</u>

Deferred outflows of resources related to pensions in the amount of \$592,892 resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>			
2017	\$	555,181	
2018		508,128	
2019		155,018	
2020		(141,265)	
2021		-	
Thereafter		-	
Total	\$	<u>1,077,062</u>	

Actuarial Assumptions

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

Rate of Return

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following:

- 1) Rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.),
- 2) Application of key economic projections (inflation, real growth, dividends, etc.), and
- 3) Structural themes (supply and demand imbalances, capital flows, etc.).

These items are developed for each major asset class.

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

The following table shows the sensitivity of the net pension liability to changes in the discount rate as of fiscal year end 2015, 2014, and 2013. In particular, the table presents the Plan's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

		1% Decrease	Current Single Rate	1% Increase
		6.75%	Assumption 7.75%	8.75%
ERB (All Employers)				
2015	\$	8,715,594,530	\$ 6,477,266,299	\$ 4,596,837,569
2014	\$	7,763,304,829	\$ 5,705,730,813	\$ 3,987,098,791
 Estancia Schools				
2015	\$	13,687,841	\$ 10,172,547	\$ 7,219,333
2014	\$	13,177,424	\$ 9,684,898	\$ 6,767,857

C. Post-Retirement Health Care Benefits

Plan Description

Estancia Municipal School District No. 7 contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are:

- 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement;
- 2) retirees defined by the Act who retired prior to July 1, 1990;
- 3) former legislators who served at least two years; and
- 4) former governing authority members who served at least four years.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

IV. OTHER INFORMATION (cont'd)

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

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to:

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

Funding Policy

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$106,762, \$90,192, and \$93,914, respectively, which equal the required contributions for each year.

D. Contingent Liabilities

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

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

E. Cash Flows

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

IV. OTHER INFORMATION (cont'd)

F. Subsequent Events

Subsequent events were evaluated through October 12, 2016 which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2016

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

	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.157050%	0.169740%
District's proportionate share of the net pension liability	\$ 10,172,547	\$ 9,684,898
District's covered-employee payroll	\$ 4,472,959	\$ 4,678,766
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	227.42%	207.00%
Plan fiduciary net position as a percentage of the total pension liability	63.97%	66.54%

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

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

Contractually required contribution	\$ 621,741	\$ 615,258
Contributions in relation to the contractually required	<u>(620,553)</u>	<u>(615,276)</u>
Contribution deficiency (excess)	<u>\$ 1,188</u>	<u>\$ (18)</u>
District's covered-employee payroll	\$ 4,472,959	\$ 4,678,766
Contribution as a percentage of covered-employee payroll	13.87%	13.15%

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

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

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

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

- 1) Fiscal year 2015 valuation assumptions that changed based on this study:
 - a. Lower wage inflation from 4.75% to 3.75%
 - b. Lower payroll growth from 3.75% to 3.50%
 - c. Minor changes to demographic assumptions
 - d. Population growth per year from 0.50% to 0.00%

- 2) Assumptions that were not changed:
 - a. Investment return will remain at 7.75%
 - b. Net real return remains at 4.75%
 - c. Inflation will remain at 3.00%
 - d. COLA assumption of 2.00% per year
 - e. Payroll growth remains at 3.50%

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

GENERAL FUNDS
YEAR ENDED JUNE 30, 2016

OPERATING FUND (Fund No. 11000)

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

TRANSPORTATION FUND (Fund No. 13000)

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

INSTRUCTIONAL MATERIALS FUND (Fund No. 14000)

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

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

GENERAL FUNDS
Combining Balance Sheet
June 30, 2016

	Operational <u>Fund #11000</u>	Transportation <u>Fund #13000</u>	Instructional Materials <u>Fund #14000</u>	Total General <u>Funds</u>
Assets				
Cash and cash equivalents	\$ 986,418	\$ 12,331	\$ 20,338	\$ 1,019,087
Investments	242,792	-	-	242,792
Receivables:				
Property taxes	10,025	-	-	10,025
Due from other governments	1,308	-	-	1,308
Due from other funds	<u>177,583</u>	<u>-</u>	<u>-</u>	<u>177,583</u>
Total assets	<u>\$ 1,418,126</u>	<u>\$ 12,331</u>	<u>\$ 20,338</u>	<u>\$ 1,450,795</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ 26,430	\$ -	\$ -	\$ 26,430
Due to agency funds	<u>160</u>	<u>-</u>	<u>-</u>	<u>160</u>
Total liabilities	26,590	-	-	26,590
Deferred inflows of resources:				
Delinquent property taxes	9,531	-	-	9,531
Fund balance:				
Unassigned	<u>1,382,005</u>	<u>12,331</u>	<u>20,338</u>	<u>1,414,674</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,418,126</u>	<u>\$ 12,331</u>	<u>\$ 20,338</u>	<u>\$ 1,450,795</u>

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

	General Funds			Total General Fund
	Operational Fund #11000	Transportation Fund #13000	Instructional Materials Fund #14000	
Revenues:				
Taxes:				
Property	\$ 44,443	\$ -	\$ -	\$ 44,443
Intergovernmental - federal grants	32,137	-	-	32,137
Intergovernmental - state grants	6,828,907	384,039	46,752	7,259,698
Contributions - private grants	28,354	-	-	28,354
Charges for services	785	-	-	785
Investment and interest income	548	-	-	548
Miscellaneous	<u>19,052</u>	<u>-</u>	<u>-</u>	<u>19,052</u>
Total revenue	<u>6,954,226</u>	<u>384,039</u>	<u>46,752</u>	<u>7,385,017</u>
Expenditures:				
Current:				
Instruction	3,647,320	-	48,922	3,696,242
Support services:				
Students	645,914	-	-	645,914
Instruction	252,823	-	-	252,823
General Administration	287,750	-	-	287,750
School Administration	517,510	-	-	517,510
Central Services	275,183	-	-	275,183
Operation & Maintenance of Plant	1,045,580	-	-	1,045,580
Student transportation	20,194	377,481	-	397,675
Other Support services	3,043	-	-	3,043
Food services operations	<u>65,000</u>	<u>-</u>	<u>-</u>	<u>65,000</u>
Total expenditures	<u>6,760,317</u>	<u>377,481</u>	<u>48,922</u>	<u>7,186,720</u>
<i>Excess (deficiency) of revenues over expenditures</i>	193,909	6,558	(2,170)	198,297
Fund balance at beginning of the year	<u>1,188,096</u>	<u>5,773</u>	<u>22,508</u>	<u>1,216,377</u>
Fund balance at end of the year	<u>\$ 1,382,005</u>	<u>\$ 12,331</u>	<u>\$ 20,338</u>	<u>\$ 1,414,674</u>

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 43,264	\$ 43,264	\$ 43,488	\$ 224
Intergovernmental - federal sources:				
Forest reserve	-	17,975	32,137	14,162
Intergovernmental - state sources:				
State equalization guarantee	6,835,244	6,828,192	6,828,907	715
Contributions - private grants	-	-	28,354	28,354
Charges for services	2,700	2,700	785	(1,915)
Investment and interest income	200	200	574	374
Miscellaneous	3,500	3,500	19,052	15,552
Total revenues	6,884,908	6,895,831	6,953,297	57,466
Expenditures:				
Current:				
Instruction	4,457,032	4,467,955	3,646,148	821,807
Support services:				
Students	754,700	710,326	645,914	64,412
Instruction	355,515	372,292	252,823	119,469
General Administration	338,805	367,402	284,149	83,253
School Administration	548,181	565,581	517,510	48,071
Central Services	246,484	334,715	275,183	59,532
Operation & Maintenance of Plant	1,234,950	1,121,437	1,023,106	98,331
Student transportation	37,000	37,000	19,911	17,089
Other Support services	23,000	23,000	3,042	19,958
Food Services Operations	10,000	65,000	65,000	-
Capital outlay:				
Equipment	17,899	17,899	-	17,899
Total expenditures	8,023,566	8,082,607	6,732,786	1,349,821
<i>Excess (deficiency) of revenues over expenditures</i>	(1,138,658)	(1,186,776)	220,511	1,407,287
<i>Beginning cash balance budgeted</i>	1,138,658	1,186,776	-	(1,186,776)
Fund balance at beginning of the year	-	-	1,188,096	1,188,096
Fund balance at end of the year	\$ -	\$ -	1,408,607	\$ 1,408,607
RECONCILIATION TO GAAP BASIS:				
Change in receivables			(26)	
Change in grant receivable			9,178	
Change in property tax receivable			207	
Change in payables			(26,430)	
Change in deferred property taxes			(9,531)	
Fund balance at end of the year (GAAP basis)			\$ 1,382,005	

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state sources:				
Transportation	\$ 367,169	\$ 384,039	\$ 384,039	\$ -
Expenditures:				
Current:				
Support services:				
Student transportation	<u>367,169</u>	<u>389,812</u>	<u>377,481</u>	<u>12,331</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	(5,773)	6,558	12,331
<i>Beginning cash balance budgeted</i>	-	5,773	-	(5,773)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>5,773</u>	<u>5,773</u>
Fund balance at end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>12,331</u>	<u><u>\$ 12,331</u></u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
Fund balance at end of the year (GAAP basis)			<u><u>\$ 12,331</u></u>	

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state sources:				
State instructional material	\$ 40,178	\$ 46,752	\$ 46,752	\$ -
Expenditures:				
Current:				
Instruction	<u>49,284</u>	<u>55,858</u>	<u>48,922</u>	<u>6,936</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(9,106)	(9,106)	(2,170)	6,936
<i>Beginning cash balance budgeted</i>	9,106	9,106	-	(9,106)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>22,508</u>	<u>22,508</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>20,338</u>	<u>\$ 20,338</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
Fund balance at end of the year (GAAP basis)			<u><u>\$ 20,338</u></u>	

MAJOR CAPITAL PROJECTS FUNDS
AND
MAJOR DEBT SERVICE FUND

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

BOND BUILDING FUND - NO. 31100
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**
 Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Investment and interest income	\$ -	\$ -	\$ 3,000	\$ 3,000
Expenditures:				
Current:				
Support services:				
Operation & Maintenance of Plant	-	81,697	67,916	13,781
Capital outlay:				
Land and improvements	-	50,000	-	50,000
Equipment	-	300,000	40,719	259,281
Construction in progress	30,879	821,039	55,845	765,194
Total expenditures	<u>30,879</u>	<u>1,252,736</u>	<u>164,480</u>	<u>1,088,256</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(30,879)	(1,252,736)	(161,480)	1,091,256
Other financing sources:				
Sale of bonds	-	1,124,197	1,117,078	(7,119)
<i>Net change in fund balance</i>	(30,879)	(128,539)	955,598	1,084,137
<i>Beginning cash balance budgeted</i>	30,879	128,539	-	(128,539)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>128,539</u>	<u>128,539</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>1,084,137</u>	<u>\$ 1,084,137</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			<u>\$ 1,084,137</u>	

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes:				
Property	\$ 552,575	\$ 552,575	\$ 551,241	\$ (1,334)
Expenditures:				
Current:				
Support services:				
General Administration	5,526	5,526	5,512	14
Debt service:				
Principal retirement	435,000	435,000	435,000	-
Bond interest paid	117,575	117,575	117,575	-
Reserves	<u>69,773</u>	<u>69,773</u>	<u>-</u>	<u>69,773</u>
Total expenditures	<u>627,874</u>	<u>627,874</u>	<u>558,087</u>	<u>69,787</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(75,299)	(75,299)	(6,846)	68,453
<i>Beginning cash balance budgeted</i>	75,299	75,299	-	(75,299)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>44,701</u>	<u>44,701</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>37,855</u>	<u>\$ 37,855</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			90,795	
Change in due from other governments			16,005	
Change in payables			12,783	
Change in deferred property taxes			<u>(94,926)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 62,512</u>	

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NONMAJOR GOVERNMENTAL FUNDS

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NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

Nonmajor Special Revenue Funds

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

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

This program provides financing for the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-4, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 stat. 889, as amended; 84 stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 stat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 stat. 3341; Public Law 100-71, 101 stat. 430.

ATHLETICS (Fund No. 22000) Minimum Balance: None

This fund provides financing for school athletic activities. Funding is provided by fees from patrons.

TITLE I (Fund No. 24101) Minimum Balance: None

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

PRESCHOOL IDEA-B (Fund No. 24109) Minimum Balance: None

The Preschool program is for the purpose of enhancing Special Education for handicapped children from ages 3 to 5. The program is funded by the United States government, under the Individuals With Disabilities Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, and 101-476.

TITLE II TEACHER QUALITY (Fund No. 24154) Minimum Balance: None

To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in the academic achievement. Authorization is granted through the Elementary and Secondary Education Act of 1965, as amended, Title II, Part A, Public Law 107-110.

TITLE I SCHOOL IMPROVEMENT (Fund No. 24162) Minimum Balance: None

To develop parental involvement in the school curriculum. The program is funded by the United States government under P.L. 100-297.

USDA EQUIPMENT ASSTS (Fund No. 24183) Minimum Balance: None

For providing equipment to improve school food services. Authorization (040): Richard B. Russell National School Lunch Act, as amended, 42 U.S.C. 1751, 1758, 1759a, 1761, 1765, 1766, 1769, 1772, 1773, 1779; School Breakfast Program (SBP); Child Nutrition Act of 1966, as amended, Public Laws 108-265, 104-193, 100-435, 99-661, 97-35; Special Milk Program (SMP); Child Nutrition Act of 1966, as amended; Child and Adult Care Food Program (CACFP); 89 Stat. 522-525, Summer Food Service Program (SFSP); Public Law 111-5. The 2010 Agriculture Appropriations Act (Public Law 111-80).

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

To provide financial assistance from the Federal government which flows-through the State of New Mexico to school districts, for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women and the aged who meet income and resource requirements, and other categorically-eligible groups. The program is funded by the U.S. government under the Social Security Act, Title XIX, as amended; Public Laws 92-223, 92-602, 93-66, 93-233, 96-499, 97-35, 97-2248, 98-369, 99-272, 99-509, 100-93, 100-202, 100-203, 100-360, 100-436, 100-485, 100-647, 101-166, 101-234, 101-239, 101-508, 101-517, 102-234, 102-170, 102-394, 103-66, 103-14, 103-333, 104-91, 104-191, 104-193, 104-208, and 104-134; Balanced Budget Act of 1997, Public Law 105-33.

DUAL CREDIT INSTRUCTIONAL MATERIALS (Fund No. 27103) Minimum Balance: None

To be used for courses approved by Higher Education Department (HED) and through a college/university for which the district has an approved agreement.

NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

Nonmajor Special Revenue Funds (cont'd)

LIBRARY GO BONDS 2012 (Fund No. 27107) Minimum Balance: None

Funds to be used for library books and library resources for public school libraries statewide. Library resources include computers, software, projectors, televisions, other related hardware and software, shelving, desks, chairs, and book trucks/carts. Senate Bill 66, Laws of 2013, 2nd Session, Chapter 54, Section 10.B.(3).

PARCC READINESS (Fund No. 27114) Minimum Balance: None

For reimbursement from the Public Education Department for infrastructure upgrades related to P ARCC Readiness. The funding for this award was appropriated through the State of New Mexico legislature, laws of 2014, HB55, Chapter 66, Section 47, Item no. 3 as a capital project.

READS TO LEAD (Fund No. 27114) Minimum Balance: None

Provides an aligned approach for districts and schools to ensure that children can read by the end of third grade—giving them essential skills for future career and college success. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators.

BEGINNING TEACHER MENTORING (Fund No. 27154)

Funds to assist school districts in the design, implementation, and evaluation of beginning teacher mentoring programs. Funding is provided through the 2000 legislative session, with appropriated funds from the General Appropriations Act.

BREAKFAST FOR ELEMENTARY STUDENTS (Fund No. 27155) Minimum Balance: None

The Breakfast for Elementary School program provides foods (at no charge) after the instructional day has begun, provided that instruction occurs simultaneously with breakfast. Authorized through 22-13-13.2 NMSA 1978; NMAC 6.12.9

NEW MEXICO GROWN (Fund No. 27183) Minimum Balance: None

Funds under this award are to be used to purchase locally grown New Mexico fresh fruits and vegetables, to be made available at no charge to students. Funds have been received as appropriation through the General Appropriations Act to distribute to school districts and charter schools.

PARENT ADVOCACY PROJECT (Fund No. 27193) Minimum Balance: None

This is a grant to develop or request reimbursement for the Student-Parent Portal program for every District and Charter in NM. These portals can be used to deliver student information and reports to students and parents online. Parent portal and parent advocacy initiatives support the Governor's commitment to help parents stay better informed about their students.

Nonmajor Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

CAPITAL IMPROVEMENTS SB – 9 Capital Projects Fund (Fund No. 31700) Minimum Balance: None

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

ED TECHNOLOGY EQUIPMENT ACT (Fund No. 31900) Minimum Balance: None

This fund is used to account for the revenues and expenditures associated with Education Technology Bonds in the purchasing of equipment used in the educational process.

NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

Nonmajor Debt Service Funds

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

ED TECH DEBT SERVICE FUND (Fund No. 43000)

To account for the accumulation of resources for, and the payment of, Education Technology Bond principal, interest, and related costs.

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

Special Revenue Funds

	<u>Food Service Fund #21000</u>	<u>Athletics Fund #22000</u>	<u>Title I Fund #24101</u>	<u>Preschool IDEA-B Fund #24109</u>	<u>Title II Teacher Quality Fund #24154</u>
Assets					
Cash and cash equivalents	\$ 161	\$ 14,050	\$ -	\$ 1	\$ -
Investments	-	-	-	-	-
Receivables:					
Property taxes	-	-	-	-	-
Grant	-	-	60,188	2,994	1,376
Due from other governments	-	-	-	-	-
Food inventory	<u>266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 427</u>	<u>\$ 14,050</u>	<u>\$ 60,188</u>	<u>\$ 2,995</u>	<u>\$ 1,376</u>
 Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 6,262	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>53,926</u>	<u>2,995</u>	<u>1,376</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>60,188</u>	<u>2,995</u>	<u>1,376</u>
Deferred inflows of resources:					
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:					
Non-spendable:					
Inventories	266	-	-	-	-
Restricted for:					
Special revenue funds	161	14,050	-	-	-
Capital projects funds	-	-	-	-	-
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>427</u>	<u>14,050</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 427</u>	<u>\$ 14,050</u>	<u>\$ 60,188</u>	<u>\$ 2,995</u>	<u>\$ 1,376</u>

(cont'd; 1 of 5)

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

	Special Revenue Funds			
	Title I School Improvement Fund #24162	USDA Equipment Assist Fund #24183	Title XIX Medicaid Fund #25153	Dual Credit Instructional Materials Fund #27103
Assets				
Cash and cash equivalents	\$ 1	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Grant	428	-	5,362	-
Due from other governments	-	-	-	-
Food inventory	-	-	-	-
Total assets	\$ 429	\$ -	\$ 5,362	\$ -
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	429	-	5,362	-
Total liabilities	429	-	5,362	-
 Deferred inflows of resources:				
Delinquent property taxes	-	-	-	-
 Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balance	\$ 429	\$ -	\$ 5,362	\$ -

(cont'd; 2 of 5)

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

	Special Revenue Funds			
	Libraries GO Bond 2012 <u>Fund #27107</u>	PARCC Readiness <u>Fund #27108</u>	Reads to Lead <u>Fund #27114</u>	Beginning Teacher Mentoring <u>Fund #27154</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 1	\$ 1,065
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Grant	17,716	-	6,869	-
Due from other governments	-	-	-	-
Food inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 17,716</u>	<u>\$ -</u>	<u>\$ 6,870</u>	<u>\$ 1,065</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>17,716</u>	<u>-</u>	<u>6,870</u>	<u>-</u>
Total liabilities	<u>17,716</u>	<u>-</u>	<u>6,870</u>	<u>-</u>
 Deferred inflows of resources:				
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	1,065
Capital projects funds	-	-	-	-
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,065</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 17,716</u>	<u>\$ -</u>	<u>\$ 6,870</u>	<u>\$ 1,065</u>

(cont'd; 3 of 5)

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

	Special Revenue Funds			
	Breakfast for Elementary Students <u>Fund #27155</u>	New Mexico Grown <u>Fund #27183</u>	Parent Advocacy <u>Fund #27193</u>	Total Non-Major Special Revenue <u>Funds</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 15,279
Investments	-	-	-	-
Receivables:				
Property taxes	-	-	-	-
Grant	-	-	-	94,933
Due from other governments	-	-	-	-
Food inventory	-	-	-	266
Total assets	\$ -	\$ -	\$ -	\$ 110,478
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 6,262
Due to other funds	-	-	-	88,674
Total liabilities	-	-	-	94,936
 Deferred inflows of resources:				
Delinquent property taxes	-	-	-	-
 Fund balance:				
Non-spendable:				
Inventories	-	-	-	266
Restricted for:				
Special revenue funds	-	-	-	15,276
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Total fund balance	-	-	-	15,542
Total liabilities, deferred inflows of resources, and fund balance	\$ -	\$ -	\$ -	\$ 110,478

(cont'd; 4 of 5)

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

	Capital Projects Funds				
	Capital	Ed	Total	Ed Tech	Total Nonmajor
	Improvements	Technology	Non-Major	Debt Service	Governmental
	SB-9	Equipment	Capital Projects	Fund #43000	Funds
	<u>Fund #31700</u>	<u>Fund #31900</u>	<u>Funds</u>	<u>Fund #43000</u>	<u>Funds</u>
Assets					
Cash and cash equivalents	\$ 263,011	\$ 3	\$ 263,014	\$ 51,031	\$ 329,324
Investments	-	88	88	-	88
Receivables:					
Property taxes	45,829	-	45,829	14,666	60,495
Grant	-	-	-	-	94,933
Due from other governments	6,088	-	6,088	40	6,128
Food inventory	-	-	-	-	266
Total assets	<u>\$ 314,928</u>	<u>\$ 91</u>	<u>\$ 315,019</u>	<u>\$ 65,737</u>	<u>\$ 491,234</u>
Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ 6,469	\$ -	\$ 6,469	\$ -	\$ 12,731
Due to other funds	-	-	-	-	88,674
Total liabilities	<u>6,469</u>	<u>-</u>	<u>6,469</u>	<u>-</u>	<u>101,405</u>
Deferred inflows of resources:					
Delinquent property taxes	<u>43,576</u>	<u>-</u>	<u>43,576</u>	<u>14,603</u>	<u>58,179</u>
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	266
Restricted for:					
Special revenue funds	-	-	-	-	15,276
Capital projects funds	264,883	91	264,974	-	264,974
Debt service	-	-	-	51,134	51,134
Total fund balance	<u>264,883</u>	<u>91</u>	<u>264,974</u>	<u>51,134</u>	<u>331,650</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 314,928</u>	<u>\$ 91</u>	<u>\$ 315,019</u>	<u>\$ 65,737</u>	<u>\$ 491,234</u>

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STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

	Special Revenue Funds			
	Food Service <u>Fund #21000</u>	Athletics <u>Fund #22000</u>	Title I <u>Fund #24101</u>	Preschool IDEA-B <u>Fund #24109</u>
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	286,288	-	213,403	11,974
Intergovernmental - state grants	-	-	-	-
Charges for services	<u>3,899</u>	<u>43,850</u>	<u>-</u>	<u>-</u>
Total revenues	<u>290,187</u>	<u>43,850</u>	<u>213,403</u>	<u>11,974</u>
Expenditures:				
Current:				
Instruction	-	43,948	144,768	11,974
Support services:				
Students	-	-	68,635	-
Instruction	-	-	-	-
General Administration	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Food services operations	326,073	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>326,073</u>	<u>43,948</u>	<u>213,403</u>	<u>11,974</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(35,886)	(98)	-	-
Fund balance at beginning of the year	<u>36,313</u>	<u>14,148</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ 427</u>	<u>\$ 14,050</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 1 of 5)

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

	Special Revenue Funds			
	Title II Teacher Quality <u>Fund #24154</u>	Title I School Improvement <u>Fund #24162</u>	USDA Equipment Assist <u>Fund #24183</u>	Title XIX Medicaid <u>Fund #25153</u>
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	18,195	23,586	-	84,653
Intergovernmental - state grants	-	-	-	-
Charges for services	-	-	-	-
Total revenues	18,195	23,586	-	84,653
Expenditures:				
Current:				
Instruction	18,195	23,586	-	5,197
Support services:				
Students	-	-	-	79,456
Instruction	-	-	-	-
General Administration	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	18,195	23,586	-	84,653
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	\$ -	\$ -

(cont'd; 2 of 5)

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

	Special Revenue Funds				
	Dual Credit Instructional Materials <u>Fund #27103</u>	Libraries GO Bond 2012 <u>Fund #27107</u>	PARCC Readiness <u>Fund #27108</u>	Reads to Lead <u>Fund #27114</u>	Beginning Teacher Mentoring <u>Fund #27154</u>
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	-	-	-
Intergovernmental - state grants	2,125	17,716	-	50,000	1,065
Charges for services	-	-	-	-	-
Total revenues	<u>2,125</u>	<u>17,716</u>	<u>-</u>	<u>50,000</u>	<u>1,065</u>
Expenditures:					
Current:					
Instruction	2,125	-	-	49,500	-
Support services:					
Students	-	-	-	-	-
Instruction	-	17,716	-	-	-
General Administration	-	-	-	500	-
Operation & Maintenance of Plant	-	-	-	-	-
Food services operations	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>2,125</u>	<u>17,716</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-	1,065
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,065</u>

(cont'd; 3 of 5)

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

	Special Revenue Funds			
	Breakfast for Elementary Students <u>Fund #27155</u>	New Mexico Grown <u>Fund #27183</u>	Parent Advocacy <u>Fund #27193</u>	Total Nonmajor Special Revenue Funds
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	-	638,099
Intergovernmental - state grants	-	776	-	71,682
Charges for services	-	-	-	<u>47,749</u>
Total revenues	<u>-</u>	<u>776</u>	<u>-</u>	<u>757,530</u>
Expenditures:				
Current:				
Instruction	-	-	-	299,293
Support services:				
Students	-	-	-	148,091
Instruction	-	-	-	17,716
General Administration	-	-	-	500
Operation & Maintenance of Plant	-	-	-	-
Food services operations	-	776	-	326,849
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>776</u>	<u>-</u>	<u>792,449</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	(34,919)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,461</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,542</u>

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STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

	<u>Capital Projects Funds</u>				Total Nonmajor Governmental Funds
	Capital Improvements SB-9 <u>Fund #31700</u>	Ed Technology Equipment Act <u>Fund #31900</u>	Total Nonmajor Capital Projects <u>Funds</u>	Ed Tech Debt Service <u>Fund #43000</u>	
Revenues:					
Taxes:					
Property	\$ 211,352	\$ -	211,352	\$ 2,075	\$ 213,427
Intergovernmental - federal grants	-	-	-	-	638,099
Intergovernmental - state grants	74,180	-	74,180	-	145,862
Charges for services	-	-	-	-	47,749
Total revenues	<u>285,532</u>	<u>-</u>	<u>285,532</u>	<u>2,075</u>	<u>1,045,137</u>
Expenditures:					
Current:					
Instruction	-	-	-	-	299,293
Support services:					
Students	-	-	-	-	148,091
Instruction	-	-	-	-	17,716
General Administration	2,219	-	2,219	24	2,743
Operation & Maintenance of Plant	324,162	-	324,162	-	324,162
Food services operations	-	-	-	-	326,849
Capital outlay	<u>19,749</u>	<u>-</u>	<u>19,749</u>	<u>-</u>	<u>19,749</u>
Total expenditures	<u>346,130</u>	<u>-</u>	<u>346,130</u>	<u>24</u>	<u>1,138,603</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(60,598)	-	(60,598)	2,051	(93,466)
Fund balance at beginning of the year	<u>325,481</u>	<u>91</u>	<u>325,572</u>	<u>49,083</u>	<u>425,116</u>
Fund balance at end of the year	<u>\$ 264,883</u>	<u>\$ 91</u>	<u>\$ 264,974</u>	<u>\$ 51,134</u>	<u>\$ 331,650</u>

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NONMAJOR GOVERNMENTAL FUNDS
BUDGETARY PRESENTATION

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 20,000	\$ 20,000	\$ 265,466	\$ 245,466
Charges for services	<u>362,500</u>	<u>297,500</u>	<u>3,899</u>	<u>(293,601)</u>
Total revenues	382,500	317,500	269,365	(48,135)
Expenditures:				
Current:				
Food Services Operations	<u>436,467</u>	<u>351,605</u>	<u>303,309</u>	<u>48,296</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(53,967)	(34,105)	(33,944)	161
<i>Beginning cash balance budgeted</i>	53,967	34,105	-	(34,105)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>36,313</u>	<u>36,313</u>
Fund balance at end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>2,369</u>	<u><u>\$ 2,369</u></u>
RECONCILIATION TO GAAP BASIS:				
Change in inventory			<u>(1,942)</u>	
Fund balance at end of the year (GAAP basis)			<u><u>\$ 427</u></u>	

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Charges for services	\$ 25,000	\$ 42,684	\$ 43,850	\$ 1,166
Expenditures:				
Current:				
Instruction	45,590	56,832	43,948	12,884
<i>Excess (deficiency) of revenues over expenditures</i>	(20,590)	(14,148)	(98)	14,050
<i>Beginning cash balance budgeted</i>	20,590	14,148	-	(14,148)
Fund balance at beginning of the year	-	-	14,148	14,148
Fund balance at end of the year	\$ -	\$ -	14,050	\$ 14,050
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 14,050	

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - federal grants	\$ 249,398	\$ 281,146	\$ 287,560	\$ 6,414
Expenditures:				
Current:				
Instruction	170,518	199,043	138,505	60,538
Support services:				
Students	78,880	80,880	68,635	12,245
General Administration	<u>-</u>	<u>1,223</u>	<u>-</u>	<u>1,223</u>
Total expenditures	<u>249,398</u>	<u>281,146</u>	<u>207,140</u>	<u>74,006</u>
<i>Excess of revenues over expenditures</i>	-	-	80,420	80,420
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	80,420	<u>\$ 80,420</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(74,158)	
Change in payables			<u>(6,262)</u>	
Fund balance at end of the year (GAAP basis)			<u><u>\$ -</u></u>	

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

PRESCHOOL IDEA-B FUND - NO. 24109

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 11,190	\$ 12,270	\$ 11,432	\$ (838)
Expenditures:				
Current:				
Instruction	11,190	12,270	11,974	296
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(542)	(542)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(542)	\$ (542)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			542	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 36,910	\$ 39,369	\$ 44,948	\$ 5,579
Expenditures:				
Current:				
Instruction	36,910	39,369	18,195	21,174
<i>Excess of revenues over expenditures</i>	-	-	26,753	26,753
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	26,753	\$ 26,753
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(26,753)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

TITLE I SCHOOL IMPROVEMENT FUND - NO. 24162
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 23,636	\$ 23,157	\$ (479)
Expenditures:				
Current:				
Instruction	-	23,636	23,585	51
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(428)	(428)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(428)	\$ (428)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			428	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

USDA EQUIPMENT ASSIST FUND - NO. 24183

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ -	\$ 12,500	\$ 12,500
Expenditures:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	12,500	12,500
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	12,500	\$ 12,500
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(12,500)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 89,800	\$ 89,800	\$ 64,449	\$ (25,351)
Expenditures:				
Current:				
Instruction	40,813	40,263	5,197	35,066
Support services:				
Students	79,006	79,556	79,456	100
Total expenditures	<u>119,819</u>	<u>119,819</u>	<u>84,653</u>	<u>35,166</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(30,019)	(30,019)	(20,204)	9,815
<i>Beginning cash balance budgeted</i>	30,019	30,019	-	(30,019)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>(20,204)</u>	<u>\$ (20,204)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			5,362	
Change in deferred revenue			14,842	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 2,625	\$ 2,334	\$ (291)
Expenditures:				
Current:				
Instruction	-	2,625	2,125	500
<i>Excess of revenues over expenditures</i>	-	-	209	209
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	209	<u>\$ 209</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(209)	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

LIBRARIES GO BOND 2012 FUND - NO. 27107

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 39,010	\$ 39,010	\$ -	\$ (39,010)
Expenditures:				
Current:				
Support services:				
Instruction	39,010	39,010	17,716	21,294
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(17,716)	(17,716)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(17,716)	\$ (17,716)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			17,716	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

PARCC READINESS FUND - NO. 27108
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 89,775	\$ -	\$ (89,775)
Expenditures:				
Current:				
Support services:				
Instruction	-	89,775	-	89,775
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 50,000	\$ 50,000	\$ 46,982	\$ (3,018)
Expenditures:				
Current:				
Instruction	49,500	49,500	49,500	-
Support services:				
General Administration	500	500	500	-
Total expenditures	50,000	50,000	50,000	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(3,018)	(3,018)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(3,018)	\$ (3,018)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			3,018	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

BEGINNING TEACHER MENTORING FUND - NO. 27154
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			1,065	
Fund balance at end of the year (GAAP basis)			<u>\$ 1,065</u>	

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

BREAKFAST FOR ELEMENTARY STUDENTS FUND - NO. 27155

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ -	\$ 4,434	\$ 4,434
Expenditures:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	4,434	4,434
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	4,434	\$ 4,434
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(4,434)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 776	\$ 776	\$ -
Expenditures:				
Current:				
Food Services Operations	-	776	776	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

PARENT ADVOCACY FUND - NO. 27193

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ -	\$ 5,994	\$ 5,994
Expenditures:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	5,994	5,994
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	5,994	\$ 5,994
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(5,994)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

CAPITAL IMPROVEMENTS SB-9 FUND - NO. 31700

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 205,756	\$ 205,756	\$ 206,944	\$ 1,188
Intergovernmental - state grants	<u>74,180</u>	<u>119,837</u>	<u>74,180</u>	<u>(45,657)</u>
Total revenues	<u>279,936</u>	<u>325,593</u>	<u>281,124</u>	<u>(44,469)</u>
Expenditures:				
Current:				
Support services:				
General Administration	2,058	2,858	2,218	640
Operation & Maintenance of Plant	336,228	421,885	317,694	104,191
Capital outlay:				
Land and improvements	33,000	33,000	-	33,000
Equipment	2,000	42,000	16,696	25,304
Construction in progress	<u>12,000</u>	<u>147,399</u>	<u>3,053</u>	<u>144,346</u>
Total expenditures	<u>385,286</u>	<u>647,142</u>	<u>339,661</u>	<u>307,481</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(105,350)	(321,549)	(58,537)	263,012
<i>Beginning cash balance budgeted</i>	105,350	321,549	-	(321,549)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>325,481</u>	<u>325,481</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>266,944</u>	<u>\$ 266,944</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			41,897	
Change in due from other governments			6,087	
Change in payables			(6,469)	
Change in deferred property taxes			<u>(43,576)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 264,883</u>	

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

ED TECHNOLOGY EQUIPMENT ACT FUND - NO. 31900
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	91	91
Fund balance at end of the year	\$ -	\$ -	91	\$ 91
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 91	

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

ED TECH DEBT SERVICE FUND - NO. 43000

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 3,100	\$ 3,100	\$ 2,369	\$ (731)
Expenditures:				
Current:				
Support services:				
General Administration	50	50	24	26
Debt service:				
Reserves	<u>51,515</u>	<u>51,515</u>	-	<u>51,515</u>
Total expenditures	<u>51,565</u>	<u>51,565</u>	<u>24</u>	<u>51,541</u>
<i>over expenditures</i>	(48,465)	(48,465)	2,345	50,810
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>49,083</u>	<u>49,083</u>
Fund balance at end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>51,428</u>	<u><u>\$ 51,428</u></u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			14,269	
Change in due from other governments			40	
Change in deferred property taxes			<u>(14,603)</u>	
Fund balance at end of the year (GAAP basis)			<u><u>\$ 51,134</u></u>	

OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

Activity		Balance			Transfers	Balance
<u>Fund</u>	<u>ASSETS</u>	<u>June 30, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>In / (Out)</u>	<u>June 30, 2016</u>
23103	Dist-Library Funds	\$ 424	\$ -	\$ -	\$ -	\$ 424
23104	Dist-Exceptional Programs	373	515	-	-	888
23105	Espresso	825	-	-	-	825
23111	Evlc--Grants/Donations	100	250	-	-	350
23203	EHS-Library Fund	1,044	13	16	-	1,041
23205	EHS-Drama	496	-	-	-	496
23212	EHS-Class Of 2012	526	-	-	-	526
23213	EHS-Class Of 2013	488	-	-	-	488
23214	EHS-Class Of 2014	768	-	768	-	-
23215	EHS-Class Of 2015	5,580	769	1,481	-	4,868
23216	EHS-Class Of 2016	9,367	1,313	8,669	-	2,011
23217	EHS-Class Of 2017	3,808	24,800	21,393	-	7,215
23218	EHS-Class Of 2018	2,653	2,087	-	-	4,740
23219	EHS-Class Of 2019	840	141	349	-	632
23220	EHS-Football	1,676	37,792	34,316	-	5,152
23221	EHS-Boys Basketball	1,232	-	-	-	1,232
23222	EHS-Dance Team	101	-	-	-	101
23223	EHS-Bvc	(1,669)	4,895	-	-	3,226
23224	EHS-Cross Country	275	-	-	-	275
23225	EHS-Ski Club	1,139	9,300	9,409	-	1,030
23226	EHS-Track	1,586	-	-	-	1,586
23227	EHS-Volleyball	480	5,929	5,275	-	1,134
23229	EHS-Cheer	1,022	2,570	1,802	-	1,790
23230	EHS-Baseball	1,121	1,751	1,819	-	1,053
23231	EHS-Softball	399	-	-	-	399
23232	EHS-Textbooks	468	-	-	-	468
23234	EHS-Mesa	381	-	-	-	381
23235	CNM Making Money Work	666	-	-	-	666
23253	EHS-Band	2	-	-	-	2
23254	EHS-Bpa	326	11,859	10,935	-	1,250
23255	EHS-Financial Literacy	2,250	-	-	-	2,250
23256	EHS-Bear Bucks	1,284	1,974	1,222	-	2,036
23258	EHS-El Oso	9,555	8,401	13,243	-	4,713
23259	EHS-Ffa	8,563	28,197	29,469	-	7,291
23262	EHS-Hs General	1,873	571	365	-	2,079
23265	EHS-National Honor Society	267	1,229	1,153	-	343
23267	EHS-Industrial Arts	1,271	-	-	-	1,271
23269	EHS-Student Council	5,678	3,389	3,920	-	5,147
23270	District 3Aa Chair	6,423	-	6,423	-	-
23300	EMS-Boys Track	93	-	-	-	93
23301	EMS-Teens Need Teens	7,480	7,827	7,374	-	7,933
23302	EMS-Yearbook	4,839	6,626	6,120	-	5,345
23304	EMS-Ms General	\$ 622	\$ 2,716	\$ 2,079	\$ -	\$ 1,259

(cont'd; 1 of 2)

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

Activity		Balance			Transfers		Balance
<u>Fund</u>	<u>ASSETS</u>	<u>June 30, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>In / (Out)</u>		<u>June 30, 2016</u>
23305	EMS-National Jr. Honor Society	\$ 236	\$ 1,580	\$ 426	\$ -		\$ 1,390
23307	EMS-Youth Challenge Program	450	-	-	-		450
23308	EMS-Student Council	152	-	-	-		152
23309	EMS-Football	151	-	-	-		151
23310	EMS-Volleyball	-	200	-	-		200
23311	EMS-Cheer	49	-	49	-		-
23312	EMS-Boys Basketball	620	-	-	-		620
23314	EMS-Textbooks	804	-	-	-		804
23319	EMS-Library Funds	2,850	24	-	-		2,874
23400	EES-Pto	4,399	-	-	-		4,399
23401	EES-Student Council	924	-	-	-		924
23403	EES-Elem General	19,290	21,312	21,818	-		18,784
23404	EES-Bilingual Fund	50	58	-	-		108
23406	EES-Library Funds	926	2,163	1,882	-		1,207
23407	EES-(Ecc)-Energy Conservation	1,199	-	-	-		1,199
23408	EES-Elementary Art	411	-	-	-		411
23520	EHS-Class Of 2020	-	5,657	4,975	-		682
23521	EHS-Class Of 2021	-	170	-	-		170
	Pooled cash and investments	119,206	196,078	196,750	-		118,534
	Due from District funds	160	-	-	-		160
		<u>\$ 119,366</u>	<u>\$ 196,078</u>	<u>\$ 196,750</u>	<u>\$ -</u>		<u>\$ 118,694</u>
 <u>LIABILITIES</u>							
	Deposits held for others	<u>\$ 119,206</u>	<u>\$ 196,078</u>	<u>\$ 196,750</u>	<u>\$ -</u>		<u>\$ 118,534</u>

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STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

SCHEDULE OF PLEDGED COLLATERAL
June 30, 2016

	Wells Fargo <u>Bank</u>
Cash on deposit at June 30, 2015:	
Checking and savings	\$ 3,480,851
Less: FDIC coverage	<u>(250,000)</u>
Uninsured funds	<u>\$ 3,230,851</u>
 Amount requiring pledged collateral:	
50% collateral requirement	\$ 1,615,426
Pledged collateral	<u>2,132,203</u>
Excess (deficiency) of pledged collateral	<u>\$ 516,777</u>

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

<u>Wells Fargo Bank:</u>	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
FNMA	5/1/2043	3138WQAY8	\$ 2,072,971
FNMA	5/1/2031	3140F2P53	59,232
			<u>\$ 2,132,203</u>

The above securities are held at Bank of New York Mellon, New York, NY.

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

CASH RECONCILIATION
Year Ended June 30, 2016

	<u>Beginning Cash</u>	<u>Receipts</u>	<u>Distributions</u>	<u>Other</u>	<u>Net Cash End of Period</u>	<u>Adjustments to the report</u>	<u>Total Cash on Report</u>
Operations	\$ 727,302	\$ 6,953,295	\$ 6,732,788	\$ 38,609	\$ 986,418	\$ -	\$ 986,418
Transportation	5,773	384,039	377,481	-	12,331	-	12,331
Instructional Materials	22,508	46,752	48,922	-	20,338	-	20,338
Food Services	34,105	269,365	303,309	-	161	-	161
Athletics	14,148	43,850	43,948	-	14,050	-	14,050
Federal Flowthrough Funds	-	501,791	447,724	(54,065)	2	-	2
Federal Direct Funds	14,842	64,449	84,653	5,362	-	-	-
State Flowthrough Funds	1,065	60,519	70,616	10,098	1,066	-	1,066
Local/State	623,662	238,900	441,532	-	421,030	-	421,030
Bond Building	128,539	1,120,078	164,480	-	1,084,137	-	1,084,137
Capital Improvements SB-9	321,549	281,124	339,662	-	263,011	-	263,011
Ed Technology Equipment Act	3	-	-	-	3	-	3
Debt Service	47,490	551,241	558,087	-	40,644	-	40,644
Ed Tech Debt Service	48,685	2,369	23	-	51,031	-	51,031
Agency Funds	<u>119,206</u>	<u>196,077</u>	<u>196,749</u>	<u>-</u>	<u>118,534</u>	<u>-</u>	<u>118,534</u>
Total	<u>\$ 2,108,877</u>	<u>\$ 10,713,849</u>	<u>\$ 9,809,974</u>	<u>\$ 4</u>	<u>\$ 3,012,756</u>	<u>\$ -</u>	<u>\$ 3,012,756</u>

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>	<u>Adjustments to cash:</u>	
Operational	Checking - Non-Interest	Wells Fargo Bank	\$ 3,342,977	Bank Balance	\$ 3,480,851
Athletics	Checking - Non-Interest	Wells Fargo Bank	13,840	Cash on hand	-
Activities	Checking - Non-Interest	Wells Fargo Bank	<u>124,034</u>	Outstanding deposits	-
			<u>\$ 3,480,851</u>	Outstanding checks	(468,095)
				Errors	-
				Total adjusted cash	<u>\$ 3,012,756</u>

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

Prepared by (Agency Staff Name): Marla Lovato Title: Business Manager Date: October 3, 2016

<u>RFB/RFP #</u>	<u>Type of Procurement</u>	<u>Awarded To</u>	<u>Amount of Awarded Contract</u>	<u>Amount of Amended Contract</u>	<u>Name and Physical Address of All Respondents</u>	<u>In-State / Out-of-State Vendor</u>	<u>Veteran's Preference N/A for Federal Funds</u>	<u>Scope of Work</u>
RFP# 2015-001	Competitive (RFP or Long Horn Construction RFB)		\$ 607,401	\$ 607,401	9208 Lona Lane, NE, Albuquerque, MN 87111	Yes	Yes	Replaced the Roof on Central Office, Cafeteria, High School Wing 100 and Wong 300, Ag/Shop Building and the EVLC Building.

COMPLIANCE SECTION

Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

§

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

§

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

§

Summary Schedule of Prior Year Audit Findings

§

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

§

Required Disclosure

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

INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor
The Board of Education and
The Audit Committee of Estancia Municipal School District No. 7

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Estancia Municipal School District No. 7 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Estancia Municipal School District No. 7's basic financial statements, and the combining and individual funds and related budgetary comparisons of Estancia Municipal School District No. 7, presented as supplemental information, and have issued our report thereon dated October 12, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered Estancia Municipal School District No. 7's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Estancia Municipal School District No. 7's internal control. Accordingly, we do not express an opinion on the effectiveness of Estancia Municipal School District No. 7's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Estancia Municipal School District No. 7'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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Tim Keller, State Auditor
The Board of Education and
The Audit Committee of Estancia Municipal School District No. 7

Compliance and other matters

As part of obtaining reasonable assurance about whether Estancia Municipal School District No. 7's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. We also noted certain other matters that are required to be reported pursuant to Government Auditing Standards and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as finding 2014-002 and 2016-001.

Estancia Municipal School District No. 7's Response to Findings

Estancia Municipal School District No. 7 responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Estancia Municipal School District No. 7's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Estancia Municipal School District No. 7's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accounting & Financial Solutions, LLC
Farmington, New Mexico
October 12, 2016

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

INDEPENDENT AUDITOR'S REPORT

Tim Keller, State Auditor
The Board of Education and
The Audit Committee of Estancia Municipal School District No. 7

Report on Compliance for Each Major Federal Program

We have audited Estancia Municipal School District No. 7's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Estancia Municipal School District No. 7's major federal programs for the year ended June 30, 2016. Estancia Municipal School District No. 7's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Estancia Municipal School District No. 7's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Estancia Municipal School District No. 7's 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 Estancia Municipal School District No. 7's compliance.

Opinion on Each Major Federal Program

In our opinion, Estancia Municipal School District No. 7 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Tim Keller, State Auditor
The Board of Education and
The Audit Committee of Estancia Municipal School District No. 7

Report on Internal Control Over Compliance

Management of Estancia Municipal School District No. 7 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Estancia Municipal School District No. 7's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Estancia Municipal School District No. 7's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Accounting & Financial Solutions, LLC
Farmington, New Mexico
October 12, 2016

SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

STATE OF NEW MEXICO
ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

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

Federal Grantor/Pass - Through <u>Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	Pass-Through Entity Identifying <u>Number</u>	Passed To <u>Subrecipients</u>	<u>Cluster Programs</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:					
Direct Program:					
Forest Reserve	10.670	11000	\$ -		\$ <u>32,137</u>
Pass-Through Program From:					
New Mexico Department of Education:					
<u>Child Nutrition Cluster:</u>					
USDA National School Lunch Program	10.555	21000	-	\$ 193,804	
USDA School Breakfast Program	10.553	21000	-	<u>71,662</u>	
Total Child Nutrition Cluster					265,466
Pass-Through Program From:					
New Mexico Human Service Department:					
USDA Commodities Program	10.550	21000	-		<u>20,822</u>
<i>Subtotal Pass-Through Programs</i>					<u>286,288</u>
<i>Total U.S. Department of Agriculture</i>					<u>318,425</u>
U.S. Department of Education:					
Pass-Through Programs From:					
New Mexico Department of Education:					
<u>Special Education (IDEA) Cluster:</u>					
Entitlement IDEA-B	84.027	24106	-	186,828	
Preschool IDEA-B	84.173	24109	-	<u>11,974</u>	
Total Special Education (IDEA) Cluster					198,802
Title I	84.010	24101	-		213,403
Title II Teacher Quality	84.367	24154	-		18,195
Title I School Improvement	84.010	24162	-		<u>23,586</u>
<i>Total U.S. Department of Education</i>					<u>453,986</u>
U.S. Department of Health and Human Services:					
Pass-Through Program From:					
New Mexico Department of Health:					
Title XIX Medicaid	93.778	25153	-		<u>84,653</u>
Total Expenditures of Federal Awards			<u>\$ -</u>		<u>\$ 857,064</u>

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

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

1. Scope of audit pursuant to OMB Uniform Grant Guidance

All federal grant operations of Estancia Municipal School District No. 7 (the “District”) are included in the scope of the Office of management and Budget (“OMB”) Uniform Grant Guidance audit (the “Single Audit”). The Single Audit was performed in accordance with the provisions of the OMB Circular Compliance Supplement (Revised August 2016 the “Compliance Supplement”). Compliance testing of all requirements are described in the Compliance Supplement, was performed for the grants programs noted below. These programs represent all federal award programs and other grants with fiscal year 2016 cash and non-cash expenditures to ensure coverage of at least 40% (HIGH risk auditee) of federally granted funds. Actual coverage is approximately 50% of total cash and non-cash federal award program expenditures. Total cash expenditures were in the amount of \$836,242 and all non-cash expenditures amounted to \$20,822.

<u>Major Federal Award Program Description</u>	<u>CFDA#</u>	<u>Fiscal 2016 Expenditure</u>
Cash assistance:		
Title I	84.010	\$ 236,989
Special Education (IDEA) Cluster	84.027 & 84.173	<u>198,802</u>
Total		<u>\$ 435,791</u>

The District did not have any Type A programs for the 2016.

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

2. Summary of significant accounting policies

Basis of presentation

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

Accrued and deferred reimbursements

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

3. Reconciliation of Federal Awards to Expenditure of Federal Awards

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

Federal sources	\$ 857,064
Indirect costs from federal programs	-
Unexpended federal sources from current year	-
Prior year federal sources expended	<u>-</u>
Total expenditures of federal awards	<u>\$ 857,064</u>

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

4. Federal Awards Receivable

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

	<u>CFDA#</u>	<u>Fund#</u>		
Title I	84.010	24101	\$	60,188
Entitlement IDEA-B	84.027	24106		88,909
Preschool IDEA-B	84.173	24109		2,994
Title II Teacher Quality	84.367	24154		1,376
Title I School Improvement	84.010	24162		428
Title XIX Medicaid	93.778	25153		<u>5,362</u>
			\$	<u>159,257</u>

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

I. SUMMARY OF AUDIT RESULTS

	<u>Yes</u>	<u>No</u>	<u>Occurrences</u>
FINANCIAL STATEMENTS:			
Type of auditor's report issued: <u>Unmodified</u>			
Internal control over financial reporting:			
Material weakness(es) identified?	—	✓	—
Significant Deficiency(ies) identified?	—	✓	—
Noncompliance material to financial statements noted?	—	✓	—
FEDERAL AWARDS:			
Internal control over major programs:			
Material weakness(es) identified?	—	✓	—
Significant Deficiency(ies) identified?	—	✓	—
Type of auditor's report issued on compliance with major programs: <u>Unmodified</u>			
Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance?	—	✓	—
The programs treated as major programs include:			
<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>		
Title I	84.010		
Special Education (IDEA) Cluster	84.027 & 84.173		
The threshold for distinguishing types A and B programs: <u>\$750,000</u>			
Auditee qualified as low-risk auditee?	—	✓	

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

II. FINDINGS RELATED TO FINANCIAL STATEMENTS

2014-002– PURCHASES MADE PRIOR TO APPROVAL

Other Non-Compliance

Condition: Of the thirty disbursements tested, two purchases totaling \$279 were made prior to the approval of purchase orders. The invoices are dated 6/16/15 and 7/1/15, but the purchase orders were not approved until 8/5/15 and 8/25/15, respectively. This is a significant improvement over the prior year which had \$85,392 of expenditures tested that were made prior to purchase order approval. Management gave indications of working towards educating District staff in the requirements over purchasing. Purchase orders are used to control cash and to authorize the purchases in accordance with the authorized budget.

Criteria: Authorization for a purchase is acquired through the completion of a purchase order, which is signed by a person given authority over purchase control. The purchase order must be approved prior to the purchase or ordering of goods as per PSAB Supplement 13.

Cause: Personnel initiated and/or completed purchases prior to obtaining approval for the purchase in accordance with established policies and regulations.

Effect of condition: Any purchases made without prior authorization have the potential to cause cash deficits in the funds from which they are made or violations of the approved budget.

Recommendation: The importance of cash controls and adequate planning need to be made clear to all personnel that will be making purchases for the school.

Management's response: The District has implemented a purchasing flow chart in the purchasing procedures for better understanding of the purchasing/procurement and conducted trainings at the beginning of the year for all Administrators. The Finance Director position is responsible of this implementation and it was completed on August 1, 2016.

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

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2016-001 – MISSING OR INCOMPLETE FORM I-9

Other Non-Compliance

Condition: Eight out of forty-two employee files selected for testing had missing or incomplete I-9 forms.

Criteria: In accordance with the federal Immigration and Nationality Act Section 274A, employees are required to prove their citizenship or legal immigrant status prior to employment.

Cause: The District did not complete the I-9's form correctly.

Effect of condition: The District is out of compliance with requirements for the Immigration and Nationality Act.

Recommendation: The District should not employ any individual without prior completion and verification of the Form I-9.

Management's response: The District has redistributed the Human Resources duties in Central Office to give additional controls to making sure that all personnel document's in personnel files are properly completed along with a new checklist. Accounts Payable/ Human Resource Position will be responsible for completing this task. We implemented this plan September 1, 2016.

III. AUDIT FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were not any findings required to be reported relating to federal awards.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2016

I. NOT RESOLVED

2014-002– PURCHASES MADE PRIOR TO APPROVAL

Other Non-Compliance

Current Status: Not resolved. Repeated in the current year.

II. RESOLVED

2014-001 Capital Assets (other)

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

2015-001 Overspent Budget (other)

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

2015-002 Request for Reimbursement of Grant Funds FYE June 30, 2015 NSLP CFDA#10.555 US Department of Agriculture passed thru the New Mexico Public Education Department (other)

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

2015-003 Commodities Inventory FYE June 30,. 2015 Commodities CFDA#10.565 US Department of Agriculture passed thru the New Mexico Public Education Department (other)

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

REQUIRED DISCLOSURES

Year Ended June 30, 2016

The financial statements were prepared by the independent public accountants.

An exit conference was held October 12, 2016 during which the audit findings were discussed. The exit conference was attended by the following individuals:

ESTANCIA MUNICIPAL SCHOOL DISTRICT NO. 7

Kendra Otis	Member, Board of Education / Audit Committee
Stella Chavez	Member, Audit Committee
Audie Brown	Superintendent; Member, Audit Committee
Marla Lovato	Business Manager; Member, Audit Committee
Patty Gutierrez	Payroll Specialist
Brenda Blaisure	Accounts Payable Specialist
Kelly Jimenez	Administrative Assistant

ACCOUNTING & FINANCIAL SOLUTIONS, LLC

Terry Ogle, CPA	Partner
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