

STATE OF NEW MEXICO
ANNUAL FINANCIAL REPORT
JUNE 30, 2016



Fort Sumner Municipal Schools
Academic and Athletic Excellence

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INTRODUCTORY SECTION

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

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Fort Sumner Municipal Schools
For the Fiscal Year Ended June 30, 2016
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OFFICIAL ROSTER
June 30, 2016

Name

Board of Education

Title

Cody West

President

Scott Lewis

Vice President

Tom Wilton

Secretary

Brent Moyer

Member

Scot Stinnett

Member

School Officials

Freda Daugherty

Superintendent
(July 2015 to February 2016)

Matt Moyer

Acting Superintendent
(March 16 to June 2016)

Angela Allred

Business Manager

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fort Sumner Municipal Schools' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fort Sumner Municipal Schools' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our report and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fort Sumner Municipal Schools, as of June 30, 2016, and the respective changes in financial position where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the

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respective financial position of each nonmajor governmental fund of the Fort Sumner Municipal Schools as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project funds, debt service funds and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 13-18, the *Schedule of Proportionate Share of the Net Pension Liability* on page 115, the *Schedule of Contributions* on page 117, and the notes to the required supplementary information on page 119 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the Fort Sumner Municipal Schools' financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules as required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The other schedules required by 2.2.2 NMAC are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules as required by 2.2.2 NMAC are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2016 on our consideration of the Fort Sumner Municipal Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fort Sumner Municipal Schools' internal control over financial reporting and compliance.

Precision Accounting, LLC
Precision Accounting, LLC
Albuquerque, New Mexico
September 29, 2016

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

June 30, 2016

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

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

Financial Highlights

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

- The assets of the District exceeded its liabilities at the end of the fiscal year by \$10,576,441 (net position and deferred inflows of resources). Of this amount, \$14,195,226 is invested in capital assets, \$1,107,921 is restricted for Capital Projects, \$655,140 is restricted for Debt Service, \$531,040 for Special Revenue Funds, \$88 is restricted for General Fund, and \$(5,912,974) is unrestricted and may be used to meet the District's ongoing obligations. The deferred inflows of resources related to property taxes and the net pension liability is \$905,639.
- The District's total net position decreased by \$578,887 which is reflected in the District's Statement of Activities.
- The District's liabilities decreased by \$289,353 in fiscal year 2015 – 2016.

At June 30, 2016, the unreserved and undesignated fund balance for the general fund was \$423,645, which reflects an increase of \$46,981 from the previous fiscal year.

- As part of the implementation of GASB 34, total accumulated depreciation on capital assets as of June 30, 2016 is \$8,160,342. This includes current year depreciation in the amount of \$684,998.
- Capital Outlay expenditures were \$282,299 in the year ending June 30, 2016. The increase in capital outlay expenditures was associated with the district having ongoing construction projects within the district for this school year.
- The District's general obligation bond debt balance is \$2,410,000. No new bonds were issued in the fiscal year 2016.

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

June 30, 2016

Basic Financial Statements

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

Government-wide financial statements

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

June 30, 2016

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

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

Fiduciary Funds

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

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

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

**FORT SUMNER MUNICIPAL SCHOOLS DISTRICT'S NET POSITION
COMPARATIVE DATA**

	Current Year	Prior Year
Assets	2016	2015
Cash and Other Equivalents	\$ 2,405,923	\$ 1,909,807
Current and Other Assets	125,562	242,429
Capital Assets, Net	16,492,527	19,110,496
Deferred Outflows of Resources	<u>312,249</u>	<u>309,554</u>
TOTAL ASSETS	19,336,261	21,572,286
Liabilities		
Current Liabilities	686,980	355,176
Noncurrent Liabilities	<u>7,167,201</u>	<u>7,209,652</u>
TOTAL LIABILITIES	7,854,181	7,564,828
Deferred Inflows of Resources	905,639	636,860
Net Position		
Net Investment in Capital Assets	14,195,226	16,410,496
Restricted:		
Debt Services	655,140	357,178
Capital Projects	1,107,921	400,883
Special Revenue Funds	531,040	-
General Funds	88	-
Unrestricted	<u>(5,912,974)</u>	<u>(3,797,959)</u>
TOTAL NET POSITION	\$ <u>10,576,441</u>	\$ <u>13,370,598</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ <u>19,336,261</u>	\$ <u>9,572,286</u>

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

June 30, 2016

As noted in the schedule above, the District has \$88 in unrestricted funds in the current year. Unrestricted funds can be used at the *discretion* of the District and to meet ongoing obligations to creditors and stakeholders. .56% is restricted for the stated purposes. The remaining .12% of the District's net position is net investment in capital assets.

Governmental activities decreased the District's overall net position by \$606,572. This decrease was due to loss of fund from the Homeless Education Grant and change in depreciation expense.

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

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

	2016	2015
Revenues:		
Program Revenues		
Charges for Services	\$ 148,031	\$ 94,068
Operating Grants & Contributions	1,020,751	1,152,617
Capital Grants & Contributions	<u>20,530</u>	<u>-</u>
Total Program Revenues	1,189,312	1,246,685
General Revenues:		
Property Taxes		
General Purpose	30,093	30,620
Debt Service	354,947	351,027
Capital Projects	126,823	129,464
Grants & Contributions, not restricted	3,445,337	3,418,240
Unrestricted Investment Earnings	5,710	5,328
Miscellaneous	-	100,517
Revenue in Lieu of Taxes	<u>90,165</u>	<u>-</u>
Total General Revenues	<u>4,053,075</u>	<u>4,035,196</u>
TOTAL REVENUES	5,242,387	5,281,881
Expenditures:		
Direct Instruction	(2,895,347)	(2,306,851)
Students	(436,744)	(245,811)
Instruction	(52,924)	(125,181)
General Administration	(197,578)	(127,042)
School Administration	(218,478)	(158,870)
Central Services	(84,339)	(107,531)
Operation & Maintenance of Plant	(693,434)	(580,968)
Student Transportation	(17,627)	(2,578)
Other Support Services	(3,775)	(18,232)
Food Services	(20,477)	(8,316)
Capital Outlay	15,132	-
Interest on Long term debt	<u>(54,056)</u>	<u>(66,995)</u>
TOTAL EXPENDITURES	<u>(5,821,274)</u>	<u>(3,748,375)</u>
Change in Net Position	(578,887)	286,821
Net Position, Beginning of Year	<u>13,370,598</u>	<u>18,304,303</u>
Restatement	-	(5,220,526)
Restatement for Accumulated Depreciation	<u>(2,215,270)</u>	<u>=</u>
Net Position, End of Year	\$ <u>10,576,441</u>	\$ <u>13,370,598</u>

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

June 30, 2016

As noted above, the District is heavily dependent on federal and state aid, which comprises 66% of its total revenues. Correspondingly, the District spends 56% of total revenues on direct instruction and instructional support the two primary functions that indicate direct school spending.

General Fund Budgetary Highlights

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

The original expenditure budget for the District's general fund was \$3,876,110. The final general fund expenditure budget was \$3,897,200 of which \$3,501,255 was expended in the current year. Budgets were not exceeded in any of the functions in the general fund.

Of the \$3,499,155 total District revenue budget, the District received .98% more in actual revenue for an increase of \$71,581 in actual revenue received over budgeted revenue

Capital Assets and Debt Administration

Capital Assets

The District's current year investment in capital assets as of June 30, 2016 is \$14,195,226. The District's assets include land and land improvements, building and building improvements, equipment and furniture, and vehicles.

Depreciation calculated as a result of GASB 34 implementation resulted in an accumulated depreciation balance of \$8,160,342, of which \$684,998 is for depreciation in the current year. Additional information of the District's capital assets is presented in Note 7 on page 52 of the financial statements.

Long-term obligations

At the end of the current year, the district had \$2,410,000 in long-term debt related to governmental activities. Of this debt, 100% was related to general obligation bonds still outstanding at the end of the year. The debt position of the District is summarized below and is more fully analyzed in Note 8 on page 53 of the financial statements.

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

June 30, 2016

FORT SUMNER MUNICIPAL SCHOOL DISTRICT'S LONG-TERM OBLIGATION

Governmental Activities:

General Obligation Debt

	Balance at 6/30/15	Additions	Deletions	Balance at 6/30/16	Due within One Year
<i>TOTAL</i>	\$ 2,700,000	\$ -	\$ 290,000	\$ 2,410,000	\$ 320,000

During the fiscal year, the District reduced total bond debt principle by \$290,000 in accordance with schedule bond payments.

Relevant Current Economic Factors, Decisions and Conditions

Fort Sumner Schools continues to strive to provide the students of our district with a quality education, preparing them for the future. We have worked diligently to fill administrative and teaching positions with highly qualified administrators and teachers during a time when across the state there is an administrator and teacher shortage. The recent budget crisis has also caused great concern for our district. We had to leave teaching positions vacant because of the worry of a lack of funding. The recent Special legislative session was of great concern because of reports that the legislature would sweep cash balances. After the dust settled it looks like Fort Sumner Municipal Schools will lose about \$53,000 in SEG funds. What is even more troubling is the fact that in January during the regular legislative session the district could see deeper cuts coming our way.

The Fort Sumner School Board and the Faculty will continue to work to provide a cutting edge education for the Students of the District.

Request for Information

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

Janet Sanchez, Business Manager
(575) 355-3340 Direct Line
(575) 355-7716 Fax
Physical and Mailing Address:
PO BOX 387/1001 E. Sumner Ave.
Fort Sumner, NM 88119
e-mail: jsanchez@ftsumnerk12.com

**BASIC
FINANCIAL STATEMENTS**

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

Exhibit A-1
(Page 1 of 2)

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,405,923
Taxes Receivable	9,951
Due from other Governments	113,154
Inventory	2,457
Total current assets	<u>2,531,485</u>
Noncurrent assets:	
Capital assets:	
Other capital assets	24,652,869
Less accumulated depreciation	(8,160,342)
Total Capital assets	<u>16,492,527</u>
Total noncurrent assets	<u>16,492,527</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Post Measurement Date Contributions-Employer	312,249
Change in Assumptions in Net Pension Liability	174,532
Total deferred outflows of resources	<u>486,781</u>
Total assets and deferred outflows of resources	<u><u>\$ 19,510,793</u></u>

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

Exhibit A-1
(Page 2 of 2)

	<u>Governmental Activities</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 49,317
Accrued salaries and benefits	295,428
Accrued interest	22,235
Current portion of long-term debt	320,000
Total current liabilities	<u>686,980</u>
Noncurrent liabilities:	
Accrued compensated absences	7,178
Net Pension Liability	5,074,290
Bonds, loans and other payables:	
Due in more than one year	2,090,000
Total noncurrent liabilities	<u>7,171,468</u>
Total liabilities	7,858,448
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue-Property Taxes	-
Actuarial Experience for Net Pension Liability	94,073
Investment Experience for Net Pension Liability	22,841
Reallocation for Net Pension Liability	273,389
Change in Proportion for Net Pension Liability	84,251
Total deferred inflows of resources	<u>474,554</u>
NET POSITION	
Net Investment in Capital Assets	14,082,527
Unrestricted	(5,198,925)
Restricted for General Funds	88
Restricted for Special Revenue Funds	531,040
Restricted for Capital Projects Funds	1,107,921
Restricted for Debt Service Funds	655,140
Total net position	<u>11,177,791</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 19,510,793</u></u>

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Service</u>
Governmental activities:		
Instruction:		
Direct instruction	\$ 2,735,099	\$ 91,701
Support services:		
Students	457,274	-
Instruction	52,924	-
General Administration	197,578	-
School Administration	218,478	-
Central Services	113,300	28,961
Operation & Maintenance of Plant	693,434	-
Student Transportation	525,276	-
Other Support Services	3,775	-
Food Services	179,595	27,369
Capital Outlay	(15,132)	-
Interest on long-term debt	54,056	-
Total governmental activities	<u>\$ 5,215,657</u>	<u>\$ 148,031</u>

Program Revenues		Net
Operating Grants and Contributions	Capital Grants and Contributions	(Expenses) Revenues and Changes in Net Position
\$ 381,353	\$ -	\$ (2,262,045)
-	20,530	(436,744)
-	-	(52,924)
-	-	(197,578)
-	-	(218,478)
-	-	(84,339)
-	-	(693,434)
507,649	-	(17,627)
-	-	(3,775)
131,749	-	(20,477)
-	-	15,132
-	-	(54,056)
<u>\$ 1,020,751</u>	<u>\$ 20,530</u>	<u>(4,026,345)</u>

General Revenues:

Property taxes:	
Levied for general purposes	30,093
Levied for debt service	354,947
Levied for capital projects	126,823
State aid not restricted	3,445,337
Revenue in lieu of taxes	90,165
Unrestricted investment earnings	5,710
	<u>4,053,075</u>
Change in net position	26,730
Net position - beginning	13,370,598
Restatement for Accumulated Depreciation	(2,215,270)
Net position - beginning	<u>11,155,328</u>
Net position - ending	<u>\$ 11,182,058</u>

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

	General Fund		
	Operational	Transportation	Instructional Materials
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 639,934	\$ 20	\$ 68
Investments	-	-	-
Accounts receivable			
Taxes	589	-	-
Due from other governments	-	-	-
Other accounts receivable	-	-	-
Interfund receivable	113,154	-	-
Inventory	-	-	-
<i>Total assets</i>	<u>\$ 753,677</u>	<u>\$ 20</u>	<u>\$ 68</u>
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	\$ 34,604	\$ -	-
Accrued salaries and benefits	295,428	-	-
Interfund payable	-	-	-
Unearned revenue	-	-	-
<i>Total liabilities</i>	<u>330,032</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	-	-
<i>Total deferred inflow of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>			
Fund Balance			
Non-spendable	-	-	-
Restricted for:			
General Fund	-	-	68
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	423,645	20	-
<i>Total fund balances</i>	<u>423,645</u>	<u>20</u>	<u>68</u>
<i>Total liabilities deferred inflows of resources and fund balances</i>	<u>\$ 753,677</u>	<u>\$ 20</u>	<u>\$ 68</u>

Wind Farms	Bond Building	Capital Improvements SB-9	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 329,323	\$ 469,196	\$ 392,787	\$ 376,816	\$ 187,450	\$ 2,395,594
-	-	-	-	-	-
-	-	-	6,881	-	7,470
-	-	2,481	-	113,154	115,635
-	-	-	-	-	-
-	-	-	-	-	113,154
-	-	-	-	2,457	2,457
<u>\$ 329,323</u>	<u>\$ 469,196</u>	<u>\$ 395,268</u>	<u>\$ 383,697</u>	<u>\$ 303,061</u>	<u>\$ 2,634,310</u>
\$ 5,354	\$ -	\$ 331	\$ -	\$ 9,028	\$ 49,317
-	-	-	-	-	295,428
-	-	-	-	113,154	113,154
-	-	-	-	-	-
<u>5,354</u>	<u>-</u>	<u>331</u>	<u>-</u>	<u>122,182</u>	<u>457,899</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2,457	2,457
-	-	-	-	-	68
-	-	-	-	178,422	178,422
323,969	469,196	-	-	-	793,165
-	-	394,937	383,697	-	778,634
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	423,665
<u>323,969</u>	<u>469,196</u>	<u>394,937</u>	<u>383,697</u>	<u>180,879</u>	<u>2,176,411</u>
<u>\$ 329,323</u>	<u>\$ 469,196</u>	<u>\$ 395,268</u>	<u>\$ 383,697</u>	<u>\$ 303,061</u>	<u>\$ 2,634,310</u>

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

Exhibit B-1
(Page 2 of 2)

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

Fund balances - total governmental funds	\$ 2,176,411
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position	16,492,527
Other liabilities are not due and payable in the current period and therefore are not reported in the funds -	
accrued interest payable	(22,235)
Long-term liabilities, including bonds payable, compensated absences, and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds	<u>(7,464,645)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 11,182,058</u>

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

	General Fund		
	Operational	Transportation	Instructional Materials
<i>Revenues:</i>			
Taxes			
Taxes levied/assessed	\$ 31,931	\$ -	-
Local sources			
Revenue in lieu of taxes	-	-	-
Investment income	2,284	-	-
Food services	-	-	-
District activities	37,127	-	-
Other revenue	54,487	20	67
State sources			
Unrestricted Grants	3,445,337	-	-
Restricted Grants	-	507,649	21,017
Federal sources			
Unrestricted Grants	-	-	-
Unrestricted -state passthrough	-	-	-
Restricted Grants	-	-	-
Restricted -state passthrough	-	-	-
Department of Interior	-	-	-
Other items	-	-	-
<i>Total revenues</i>	<u>3,571,166</u>	<u>507,669</u>	<u>21,084</u>
<i>Expenditures:</i>			
Current:			
Instruction	2,079,300	-	23,421
Support Services			
Students	279,429	-	-
Instruction	48,326	-	-
General Administration	183,015	-	-
School Administration	218,478	-	-
Central Services	113,300	-	-
Operation & maintenance of plant	568,703	-	-
Student transportation	9,762	507,649	-
Other Support Services	3,775	-	-
Operation of Non-instructional Services			
Food services operations	20,154	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>3,524,242</u>	<u>507,649</u>	<u>23,421</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>46,924</u>	<u>20</u>	<u>(2,337)</u>
<i>Other financing sources (uses)</i>			
Transfers (In) Out	-	-	-
Proceeds from the Sale of Assets	-	-	-
Bond Proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	46,924	20	(2,337)
<i>Fund balances - beginning of year</i>	376,721	-	2,405
<i>Fund balances - end of year</i>	<u>\$ 423,645</u>	<u>\$ 20</u>	<u>\$ 68</u>

Wind Farms	Bond Building	Capital Improvements SB-9	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,713	\$ 134,406	\$ 377,103	\$ -	\$ 545,153
90,165	-	-	-	-	90,165
-	-	571	571	571	3,997
-	-	-	-	27,298	27,298
-	-	-	-	28,961	66,088
-	-	-	-	10,071	64,645
-	-	-	-	-	-
-	-	-	-	-	3,445,337
-	-	20,530	-	62,963	612,159
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	68,113	68,113
-	-	-	-	340,799	340,799
-	-	-	-	-	-
-	-	-	-	-	-
<u>90,165</u>	<u>1,713</u>	<u>155,507</u>	<u>377,674</u>	<u>538,776</u>	<u>5,263,754</u>
-	-	-	-	285,664	2,388,385
-	-	-	-	55,590	335,019
-	-	-	-	4,598	52,924
-	-	1,313	3,500	9,750	197,578
-	-	-	-	-	218,478
-	-	-	-	-	113,300
5,354	-	-	-	8,255	582,312
-	-	-	-	-	517,411
-	-	-	-	-	3,775
-	-	-	-	-	-
-	-	-	-	158,222	178,376
-	232,126	4,113	-	-	236,239
-	-	-	290,000	-	290,000
-	-	-	57,655	-	57,655
<u>5,354</u>	<u>232,126</u>	<u>5,426</u>	<u>351,155</u>	<u>522,079</u>	<u>5,171,452</u>
<u>84,811</u>	<u>(230,413)</u>	<u>150,081</u>	<u>26,519</u>	<u>16,697</u>	<u>92,302</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>84,811</u>	<u>(230,413)</u>	<u>150,081</u>	<u>26,519</u>	<u>16,697</u>	<u>92,302</u>
239,158	699,609	244,856	357,178	164,182	2,084,109
<u>\$ 323,969</u>	<u>\$ 469,196</u>	<u>\$ 394,937</u>	<u>\$ 383,697</u>	<u>\$ 180,879</u>	<u>\$ 2,176,411</u>

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

Exhibit B-2
(Page 2 of 2)

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

Net change in fund balances - total governmental funds	\$	92,302
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures:		
Current year capital expenditures		282,299
Depreciation expense		(684,998)

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

Change in deferred inflows		44,694
Decrease in accrued interest		2,433
Increase in compensated absences		(4,267)
Principal payments on bonds		<u>290,000</u>

Changes in Net Position of Governmental Activities	\$	<u><u>22,463</u></u>
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STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
OPERATIONAL FUND

Exhibit C-1

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

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ 52,391	\$ 52,391	123,115	\$ 70,724
State sources	3,416,019	3,446,764	3,445,337	(1,427)
Federal sources	-	-	-	-
Interest	-	-	2,284	2,284
<i>Total revenues</i>	<u>3,468,410</u>	<u>3,499,155</u>	<u>3,570,736</u>	<u>71,581</u>
<i>Expenditures:</i>				
Current:				
Instruction	2,386,163	2,273,508	2,081,666	191,842
Support Services				
Students	314,082	314,082	278,678	35,404
Instruction	90,933	90,933	48,326	42,607
General Administration	143,409	218,409	182,987	35,422
School Administration	208,013	266,758	218,478	48,280
Central Services	117,617	117,617	116,923	694
Operation & maintenance of plant	558,070	558,070	544,716	13,354
Student transportation	10,300	10,300	9,762	538
Other Support Services	19,156	19,156	3,775	15,381
Operation of Non-instructional Services				
Food services operations	28,367	28,367	20,154	8,213
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,876,110</u>	<u>3,897,200</u>	<u>3,505,465</u>	<u>391,735</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(407,700)</u>	<u>(398,045)</u>	<u>65,271</u>	<u>463,316</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Designated Cash	407,700	398,045	-	(398,045)
<i>Total other financing sources (uses)</i>	<u>407,700</u>	<u>398,045</u>	<u>-</u>	<u>(398,045)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>65,271</u>	<u>65,271</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>392,389</u>	<u>392,389</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 457,660</u>	<u>\$ 457,660</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ 65,271	
<i>Adjustment to revenue for accruals and other deferrals</i>			(1,408)	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			(16,939)	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ 46,924</u>	

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

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	20	\$ 20
State sources	465,906	507,649	507,649	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>465,906</u>	<u>507,649</u>	<u>507,669</u>	<u>20</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	465,906	507,649	507,649	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>465,906</u>	<u>507,649</u>	<u>507,649</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>20</u>	<u>20</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>20</u>	<u>20</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20.00</u>	<u>\$ 20.00</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ 20	
<i>Adjustment to revenue for accruals and other deferrals</i>			(125)	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			125	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ 20</u>	

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

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ 67	\$ 67
State sources	15,981	21,016	21,018	2
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>15,981</u>	<u>21,016</u>	<u>21,085</u>	<u>69</u>
<i>Expenditures:</i>				
Current:				
Instruction	21,972	23,421	23,421	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>21,972</u>	<u>23,421</u>	<u>23,421</u>	<u>-</u>
<i>Excess (deficiency) of revenues</i>				
<i>over (under) expenditures</i>	<u>(5,991)</u>	<u>(2,405)</u>	<u>(2,336)</u>	<u>69</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Designated Cash	5,991	2,405	-	(2,405)
<i>Total other financing sources (uses)</i>	<u>5,991</u>	<u>2,405</u>	<u>-</u>	<u>(2,405)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(2,336)</u>	<u>(2,336)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,405</u>	<u>2,405</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69</u>	<u>\$ 69</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ (2,336)	
<i>Adjustment to revenue for accruals and other deferrals</i>			-	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			-	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ (2,336)</u>	

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

Exhibit D

ASSETS

Current Assets

Cash \$ 144,149

Total assets \$ 144,149

LIABILITIES

Current Liabilities

Deposits held in trust for others \$ 144,149

Total liabilities \$ 144,149

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

NOTE 1. Summary of Significant Accounting Policies

Fort Sumner Municipal Schools (the District) has been in existence since the early nineteen hundreds and is currently operating under the provisions of the public school district code, Chapter 22, Article 5, Paragraph 4, New Mexico Statutes 1978. The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the State Board of Education and the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years. Fort Sumner Municipal Schools provides kindergarten, elementary, middle and secondary educational services to school age residents of the District.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of the Fort Sumner Municipal Schools' management who is responsible for their integrity and objectivity. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures. The more significant of the government's accounting policies are described below.

A. *Financial Reporting Entity*

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

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

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

NOTE 1. Summary of Significant Accounting Policies (continued)

B. *Government-wide and fund financial statements*

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

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

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

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

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

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

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

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

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

NOTE 1. Summary of Significant Accounting Policies (continued)

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

The government reports the following major governmental funds:

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

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

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

The *Wind Farm Projects Fund* is used to account for a local grant funded by a wind farm in lieu of paying property taxes, to teach the students about future wind farm technology, a growing industry in the area. The fund was created by grant provisions.

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

The *Capital Improvement (SB-9) Fund* is used to account for the expenditures of property taxes levied and state matching monies restricted to maintenance and capital improvement projects as adopted by school board resolution. Authority for the creation of this fund is NMSA 22-25-1 to 25-25-10.

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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.

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

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

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

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

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

<u>Assets</u>	<u>Years</u>
Land improvements	20-50
Building & building improvements	20-50
Furniture, fixtures and equipment	5-20
Vehicles	5-20

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

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

Compensated Absences: Twelve month employees will earn 10 days annual leave per contract year. The Superintendent will earn 15 days of annual leave per contract year. Twelve month employees may accumulate up to 20 days of annual leave. The Superintendent may accumulate up to 30 days of annual leave. Any leave beyond these limits must be used by June 30th of the current contract year or within 18 months after the granting of a special provision to extend the limits. Special provisions to extend the limits of annual leave by twelve month employees may be approved by the Superintendent. The Superintendent may extend the limits of accumulated annual leave by receiving the approval of the board of education. Upon cancellation of the employment contract, no payment shall be made for more than 20 days of unused annual leave for twelve month employee and 30 days of unused annual leave for the Superintendent.

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

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

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

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 1. Summary of Significant Accounting Policies (continued)

E. *Revenues*

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

A school district’s program costs are determined through the use of various formulas using ‘program units’ which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$3,445,337 in state equalization guarantee distributions during the year ended June 30, 2016.

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for operational, debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered ‘measurable’ and ‘available’ in the governmental fund financial statements. The District recognized \$543,440 in tax revenues in the governmental fund financial statements during the year ended June 30, 2016. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$507,649 in transportation distributions during the year ended June 30, 2016.

Instructional Materials: The District had allocations allowed by the State for the current year of \$21,017. Of the allocation, the District used \$21,017 to purchase textbooks during the year. Allocations received and utilized are reflected in revenue and expenditures of the General Fund.

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

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

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

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

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

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

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

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

NOTE 3. Cash and Temporary Investments

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

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

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

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

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

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

Deposits

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

Type		Citizens Bank of Clovis
Total Deposits	\$	2,464,488
Less: FDIC Coverage		<u>(250,000)</u>
Total uninsured public funds		2,214,488
Collateral requirement (50%)		1,107,244
Pledged Securities		<u>4,550,157</u>
(Over) Under collateralized	\$	<u>(3,442,913)</u>

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2016, \$2,214,488 of the District's bank balance of \$2,464,488 was exposed to custodial credit risk as follows:

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

NOTE 3. Cash and Temporary Investments (continued)

Custodial Credit Risk Deposits	
Account Balance	\$ 2,464,488
FDIC Insurance	250,000
Collateral held by pledging bank's trust department not in the District's name	4,550,157
Uninsured and uncollateralized	<u>(2,335,669)</u>
Total	<u>\$ 2,464,488</u>

Reconciliation of Cash and Temporary Investments

Governmental Funds - Balance Sheet

Cash and cash equivalents per Exhibit A-1	\$	2,405,923
Cash per Exhibit D-1		144,149
Less Investments in LGIP		-
Add outstanding checks and other reconciling items		<u>(85,584)</u>
Bank Balance of Deposits	\$	<u>2,464,488</u>

Custodial Credit Risk- Investments

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

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

The New MexiGrow Local Governmental Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The new Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 6-10-10-P and Section 6-10-10.1 A and E, NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 19078, as the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

Interest Rate Risk and Credit Rating- Investment in State Treasurer's LGIP

The District does not have a formal policy limiting investment maturities to manage its exposure to fair value losses from increasing interest rates. The District's investments at June 30, 2016 include the following:

State Treasurer LGIP	AAAm	44-days WAM (r)	\$ <u> -</u>
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STATE OF NEW MEXICO
Fort Sumner Municipal Schools
Notes to the Financial Statements
June 30, 2016

NOTE 4. Accounts Receivable

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

	Other Governmental Funds	Total
Property taxes	\$ 9,951-	\$ 9,951
Due from other governments:		
Title I	48,494	48,494
IDEA B Entitlement	27,626	27,626
IDEA B Preschool	1,022	1,022
IDEA B Risk Pool	59	59
Teacher Principal Training	6,694	6,694
GO Bonds Library Audio and Visual	9,820	9,820
NM Reads to Lead	11,931	11,931
Pre K Classrooms	7,508	7,508
	\$ 123,105	\$ 123,105

The above receivables are deemed 100% collectible.

NOTE 5. Accounts Payables

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

Payable to suppliers	\$ 49,317
Accrued salaries and benefits	291,161
Accrued interest	<u>22,235</u>
Total accounts payable and accrued expenses	<u>\$ 362,713</u>

NOTE 6. Interfund receivables, Payables, and Transfers

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

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

	Interfund Receivable	Interfund Payable
General Fund	\$ 113,154	\$ -
Nonmajor Funds:		
Title I Entitlement	-	48,494
IDEA B Entitlement	-	27,626
IDEA B Preschool	-	1,022
IDEA B Risk Pool	-	59
Teacher Principal Training	-	6,694
GO Bond Library Audio Visual	-	9,820
NM Reads to Lead	-	11,931
Pre K Classrooms	-	7,508
	\$ 113,154	\$ 113,154

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

NOTE 7. Capital Assets

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

	<u>Balance June 30, 2015</u>	<u>Additions, Adjustments and Transfers In</u>	<u>Deletions, Adjustments and Transfers Out</u>	<u>Balance June 30, 2016</u>
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets being depreciated:				
Buildings and improvements	22,113,336	211,262	-	22,324,598
Furniture, Fixtures, & Equipment	<u>2,257,234</u>	<u>71,037</u>	<u>-</u>	<u>2,328,271</u>
Total capital assets being depreciated	<u>24,370,570</u>	<u>282,299</u>	<u>-</u>	<u>24,652,869</u>
Total capital assets	<u>24,370,570</u>	<u>282,299</u>	<u>-</u>	<u>24,652,869</u>
Less accumulated depreciation:				
Buildings and improvements	(4,136,932)	(592,226)	(2,215,270)	(6,944,428)
Furniture, Fixtures, & Equipment	<u>(1,123,142)</u>	<u>(92,772)</u>	<u>-</u>	<u>(1,215,914)</u>
Total accumulated depreciation	<u>(5,260,074)</u>	<u>(684,998)</u>	<u>(2,215,270)</u>	<u>(8,160,342)</u>
Total capital assets, net of depreciation	\$ <u>19,110,496</u>	\$ <u>(402,689)</u>	\$ <u>(2,215,270)</u>	\$ <u>16,492,527</u>

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

Governmental activities	\$ 16,492,527
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Depreciation expense for the year ended June 30, 2016 was charged to the following functions and funds:

Governmental activities:	
Direct instruction	\$ 429,968
Instructional Support	15,606
Support Services-Central Services	106,649
Plant Operations and Maintenance	111,122
Student Transportation	7,865
Other Support Services	1,219
Capital Outlay	<u>12,569</u>
	<u>\$ 684,998</u>

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

NOTE 8. Long-term Debt

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2016 are for governmental activities. The following bonds were issued for the purpose of erecting, furnishing, remodeling and making additions to District buildings and improving District grounds. A tax is annually assessed, levied and collected upon all taxable property within the District for the purpose of providing the necessary funds to meet the interest and principal payments as they become due.

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

Series	Date of Issue	Original Amount	Interest Rate	Balance
Series 2007	11/16/2007	\$ 1,500,000	3.2% – 3.57%	\$ 400,000
Series 2010	05/21/2010	\$ 880,000	.479%-2.527%	520,000
Series 2014	06/27/2014	\$ 1,500,000	.376%-2.806%	1,490,000
Total				<u>\$ 2,410,000</u>

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

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
General obligation bonds					
General Obligation Bonds	\$2,700,000	\$ -	\$290,000	\$2,410,000	\$320,000
Compensated Absences	2,911	8,294	4,027	7,178	0
	<u>\$2,702,911</u>	<u>\$ 8,294</u>	<u>\$294,027</u>	<u>\$2,417,178</u>	<u>\$320,000</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 320,000	\$ 48,848	\$ 368,848
2018	345,000	39,444	384,444
2019	360,000	31,303	391,303
2020	275,000	25,104	300,104
2021	200,000	20,234	220,234
2022 and thereafter	910,000	39,284	1,219,616
Total	<u>\$ 2,410,000</u>	<u>\$ 204,216</u>	<u>\$ 2,614,216</u>

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

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

NOTE 9. Risk Management

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

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

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

NOTE 10. Other Required Individual Fund Disclosures

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

A. Deficit fund balance of individual funds.	
NM Reads to Lead	\$ (3,426)
IDEA B Risk Pool	\$ (59)
IDEA B Entitlement	\$ (27,859)

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

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

NOTE 11. Pension Plan – Educational Retirement Board (ERB)

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

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

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

NOTE 11. Pension Plan – Educational Retirement Board (ERB) (continued)

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

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

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

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

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

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

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

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

Contributions. The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2015 employers contributed 13.90% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. For fiscal year ended June 30, 2016 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$312,249 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015. At June 30, 2016, the District reported a liability of \$5,074,290 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2016. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2016, the District's proportion was 0.07834% percent, which was a decrease of 0.00578% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the District recognized pension expense of \$247,342. At the June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 94,073
Reallocation of Net Pension Liability	-	273,389
Changes of assumptions	174,532	-
Net difference between projected and actual earnings on pension plan investments	-	22,841
Changes in proportion and differences between District contributions and proportionate share of contributions		84,251
District contributions subsequent to the measurement date	<u>312,249</u>	<u>-</u>
Total	<u>\$ 486,781</u>	<u>\$ 474,554</u>

\$312,249 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (150,231)
2018	(142,078)
2019	(78,201)
2020	70,477
2021	\$ -

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

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

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

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 20, 2042
Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary Increases	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of age and service rates
Mortality	90% of RP-2000 Combined Mortality Table with White Collar Adjustment to 2014 using Scale AA (one year setback for females)

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan’s target asset allocation for 2014 and 2013 for 30-year return assumptions are summarized in the following table:

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

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

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

Discount rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2016, June 30, 2015 and June 30, 2014. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels.

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 6,827,797	\$ 5,074,290	\$ 3,601,163

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

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

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

NOTE 12. Post-Employment Benefits

Plan description: Fort Sumner Municipal Schools contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plan 3, 4 or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention office member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2016, the statute required each participating employer to contribute 2.0% of each employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15 (G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$45,384, 44,601, and \$46,785, respectively, which equal the required contributions for each year.

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

NOTE 13. Contingent Liabilities

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

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

NOTE 14. Surety Bond

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

NOTE 15. Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2016 was \$10,006.

NOTE 16. Memorandum of Understanding/Joint Powers Agreement

REC

Purpose: To allow the submission of a consolidated application to the State Department of Education for certain funds granted to the State of New Mexico by the USDE under the Education of the Handicapped Act, Part B, PL 94-142 among others.

Participants: Regional Education Cooperative (REC) and Fort Sumner Municipal Schools

Responsible Party for Operation and Audit: Regional Education Cooperative

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

Total Estimated Amount of Project and Actual Amount Contributed: The District paid the REC for services and costs totaling \$199,377.

NOTE 17. Commitments

At June 30, 2016, the District had previously entered into a contract with Tillery for the purchase of an activity us in November of 2015. The bus was not delivered until August 2016. The outstanding balance at June 30, 2016 was \$77,476.

NOTE 18. Related Party Transactions

The Fort Sumner Municipal Schools paid \$4,104 for advertising and supplies and materials to De Baca County News which is owned by a board member. The District paid a total of \$536 to Fred's Restaurant and Lounge which was owned by a board member.

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

NOTE 19. Restatement of Net Position

Net Position was restated to reflect a decrease of \$(2,215,270) for an adjustment to accumulated depreciation on Capital Assets.

Beginning Net Position	\$ 13,370,598
Restatement for Net Pension Liability	<u>(2,215,270)</u>
Beginning Net Position, restated	\$ 11,155,328

NOTE 20. Subsequent Events Review

The Fort Sumner Municipal Schools has evaluated subsequent events through September 29, 2016, which is the date the financial statements were available to be issued. Nothing additional is required to be reported.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

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STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOL
NONMAJOR GOVENMENTAL FUNDS
SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

Elementary School Counseling – The purpose of this fund is account for federal grant funded by the US Department of Education to provide staff and materials for elementary. School counseling programs serve schools by assisting students in reaching their academic, professional, personal, and developmental goals.

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STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOL
NONMAJOR GOVENMENTAL FUNDS
SPECIAL REVENUE FUNDS

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

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

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

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

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

School Buses – The objective is to provide funds to purchase buses for student transportation. Funding is provided by the New Mexico Public Education Department. No minimum balance required according to legislation.

School Based Health Center – The objective is to provide health services to students. The fund was created by state grant provisions.

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

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STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOL
NONMAJOR GOVENMENTAL FUNDS

CAPITAL PROJECTS FUNDS

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

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

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

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

	Food Service	Athletics	Title I
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 51,034	\$ 10,602	\$ -
Investments	-	-	-
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	48,494
Other accounts receivable	-	-	-
Interfund receivable	-	-	-
Inventory	2,457	-	-
<i>Total assets</i>	\$ 53,491	\$ 10,602	\$ 48,494
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	\$ 5,369	\$ -	\$ -
Accrued salaries and benefits	-	-	-
Interfund payable	-	-	48,494
Unearned Revenue	-	-	-
<i>Total liabilities</i>	5,369	-	48,494
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	-	-
<i>Total deferred inflow of resources</i>	-	-	-
<i>Fund Balances</i>			
Fund Balance			
Non-spendable	2,457	-	-
Restricted for:			
General Fund	-	-	-
Special Revenue Funds	45,665	10,602	-
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	-	-	-
<i>Total fund balances</i>	48,122	10,602	-
<i>Total liabilities deferred inflows of resources and fund balances</i>	\$ 53,491	\$ 10,602	\$ 48,494

IDEA-B Entitlement	IDEA-B Preschool	Homeless Education	IDEA-B Risk Pool
\$ -	\$ -	\$ -	-
-	-	-	-
27,626	1,022	-	59
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>27,626</u>	\$ <u>1,022</u>	\$ <u>-</u>	\$ <u>59</u>
\$ 233	\$ -	\$ -	-
-	-	-	-
27,626	1,022	-	59
-	-	-	-
<u>27,859</u>	<u>1,022</u>	<u>-</u>	<u>59</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>(233)</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>27,626</u>	\$ <u>1,022</u>	\$ <u>-</u>	\$ <u>59</u>

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

	Teacher/ Principal Training	Elementary School Counseling	Rural Education Achievment Program
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ -	\$ -	-
Investments	-	-	-
Accounts receivable			
Taxes	-	-	-
Due from other governments	6,694	-	-
Other accounts receivable	-	-	-
Interfund receivable	-	-	-
Inventory	-	-	-
	-	-	-
<i>Total assets</i>	\$ 6,694	\$ -	-
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	\$ -	\$ -	-
Accrued salaries and benefits	-	-	-
Interfund payable	6,694	-	-
Unearned Revenue	-	-	-
	-	-	-
<i>Total liabilities</i>	6,694	-	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	-	-
	-	-	-
<i>Total deferred inflow of resources</i>	-	-	-
<i>Fund Balances</i>			
Fund Balance			
Non-spendable	-	-	-
Restricted for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	-	-	-
	-	-	-
<i>Total fund balances</i>	-	-	-
<i>Total liabilities deferred inflows of resources and fund balances</i>	\$ 6,694	\$ -	-

Dual Credit PED	GO Bond Library Audio & Visual	NM Reads to Lead	Pre K Calsrooms
\$ -	\$ -	\$ -	-
-	-	-	-
-	9,820	11,931	7,508
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ 9,820</u>	<u>\$ 11,931</u>	<u>\$ 7,508</u>
\$ -	\$ -	3,426	\$ -
-	-	-	-
-	9,820	11,931	7,508
-	-	-	-
-	9,820	15,357	7,508
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	(3,426)	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	(3,426)	-
-	-	-	-
<u>\$ -</u>	<u>\$ 9,820</u>	<u>\$ 11,931</u>	<u>\$ 7,508</u>

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

Statement A-1
(Page 3 of 3)

	School Busses	NM Grown FFV	School Based Health Centers	Total Nonmajor Governmental Funds
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ 125,814	\$ 187,450
Investments	-	-	-	-
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	-	113,154
Other accounts receivable	-	-	-	-
Interfund receivable	-	-	-	-
Inventory	-	-	-	2,457
	-	-	-	2,457
<i>Total assets</i>	\$ -	\$ -	\$ 125,814	\$ 303,061
LIABILITIES				
<i>Current Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ 9,028
Accrued salaries and benefits	-	-	-	-
Interfund payable	-	-	-	113,154
Unearned Revenue	-	-	-	-
	-	-	-	-
<i>Total liabilities</i>	-	-	-	122,182
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	-	-	-	-
	-	-	-	-
<i>Total deferred inflow of resources</i>	-	-	-	-
<i>Fund Balances</i>				
Fund Balance				
Non-spendable	-	-	-	2,457
Restricted for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	125,814	178,422
Capital Projects Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Committed for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Assigned for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Unassigned for:				
General Fund	-	-	-	-
	-	-	-	-
<i>Total fund balances</i>	-	-	125,814	180,879
<i>Total liabilities deferred inflows of resources and fund balances</i>	\$ -	\$ -	\$ 125,814	\$ 303,061

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

	Food Services	Athletics	Title I
<i>Revenues.</i>			
Taxes			
Taxes levied/assessed	\$ -	\$ -	-
Local sources			
Revenue in lieu of taxes	-	-	-
Investment income	571	-	-
Food services	27,298	-	-
District activities	-	28,961	-
Other revenue	71	-	-
State sources			
Unrestricted Grants	-	-	-
Restricted Grants	-	-	-
Federal sources			
Unrestricted Grants	-	-	-
Unrestricted -state passthrough	-	-	-
Restricted Grants	-	-	-
Restricted -state passthrough	131,749	-	103,273
Department of Interior	-	-	-
Other items	-	-	-
<i>Total revenues</i>	159,689	28,961	103,273
<i>Expenditures:</i>			
Current:			
Instruction	-	19,407	103,273
Support Services			
Students	-	-	-
Instruction	-	-	-
General Administration	-	-	-
School Administration	-	-	-
Central Services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other Support Services	-	-	-
Operation of Non-instructional Services			
Food services operations	158,140	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	158,140	19,407	103,273
<i>Excess (deficiency) of revenues over expenditures</i>	1,549	9,554	-
<i>Other financing sources (uses)</i>			
Transfers (In) Out	-	-	-
Proceeds from the Sale of Assets	-	-	-
Bond Proceeds	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-
<i>Net changes in fund balances</i>	1,549	9,554	-
<i>Fund balances - beginning of year</i>	46,573	1,048	-
<i>Fund balances - end of year</i>	\$ 48,122	\$ 10,602	\$ -

IDEA-B Entitlement	IDEA-B Preschool	Homeless Education	IDEA-B Risk Pool
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
79,867	4,087	-	59
-	-	-	-
-	-	-	-
<u>79,867</u>	<u>4,087</u>	<u>-</u>	<u>59</u>
63,049	4,087	-	59
12,453	-	-	-
4,598	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>80,100</u>	<u>4,087</u>	<u>-</u>	<u>59</u>
(233)	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(233)	-	-	-
-	-	-	-
<u>\$ (233)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Teacher/ Principal Training	Elementary School Counseling	Rural Education Achievement Program
<i>Revenues:</i>			
Taxes			
Taxes levied/assessed	\$ -	\$ -	\$ -
Local sources			
Revenue in lieu of taxes	-	-	-
Investment income	-	-	-
Food services	-	-	-
District activities	-	-	-
Other revenue	-	-	-
State sources			
Unrestricted Grants	-	-	-
Restricted Grants	-	-	-
Federal sources			
Unrestricted Grants	-	-	-
Unrestricted -state passthrough	-	-	-
Restricted Grants	-	52,887	15,226
Restricted -state passthrough	21,764	-	-
Department of Interior	-	-	-
Other items	-	-	-
<i>Total revenues</i>	<u>21,764</u>	<u>52,887</u>	<u>15,226</u>
<i>Expenditures:</i>			
Current:			
Instruction	21,764	-	15,226
Support Services			
Students	-	43,137	-
Instruction	-	-	-
General Administration	-	9,750	-
School Administration	-	-	-
Central Services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other Support Services	-	-	-
Operation of Non-instructional Services			
Food services operations	-	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>21,764</u>	<u>52,887</u>	<u>15,226</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>			
Transfers (In) Out	-	-	-
Proceeds from the Sale of Assets	-	-	-
Bond Proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Dual Credit PED	GO Bond Library Audio & Visual	NM Reads to Lead	Pre K Classrooms
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,066	9,820	43,487	7,508
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>2,066</u>	<u>9,820</u>	<u>43,487</u>	<u>7,508</u>
2,066	9,820	46,913	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	7,508
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>2,066</u>	<u>9,820</u>	<u>46,913</u>	<u>7,508</u>
-	-	(3,426)	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	(3,426)	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,426)</u>	<u>\$ -</u>

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

Statement A-2
 (Page 3 of 3)

	School Busses	NM Grown FFV	School Based Health Centers	Total Nonmajor Governmental Funds
<i>Revenues:</i>				
Taxes				
Taxes levied/assessed	\$ -	\$ -	\$ -	-
Local sources				
Revenue in lieu of taxes	-	-	-	-
Investment income	-	-	-	571
Food services	-	-	-	27,298
District activities	-	-	-	28,961
Other revenue	-	-	10,000	10,071
State sources				
Unrestricted Grants	-	-	-	-
Restricted Grants	-	82	-	62,963
Federal sources				
Unrestricted Grants	-	-	-	-
Unrestricted -state passthrough	-	-	-	-
Restricted Grants	-	-	-	68,113
Restricted -state passthrough	-	-	-	340,799
Department of Interior	-	-	-	-
Other items	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>82</u>	<u>10,000</u>	<u>538,776</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	285,664
Support Services				
Students	-	-	-	55,590
Instruction	-	-	-	4,598
General Administration	-	-	-	9,750
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	747	8,255
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	82	-	158,222
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>82</u>	<u>747</u>	<u>522,079</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>9,253</u>	<u>16,697</u>
<i>Other financing sources (uses)</i>				
Transfers (In) Out	-	-	-	-
Proceeds from the Sale of Assets	-	-	-	-
Bond Proceeds	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>9,253</u>	<u>16,697</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>116,561</u>	<u>164,182</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,814</u>	<u>\$ 180,879</u>

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 26,500	\$ 26,500	\$ 27,369	\$ 869
State sources	-	-	-	-
Federal sources	108,000	108,000	131,749	23,749
Interest	-	-	571	571
<i>Total revenues</i>	<u>134,500</u>	<u>134,500</u>	<u>159,689</u>	<u>25,189</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	161,669	161,669	155,601	6,068
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>161,669</u>	<u>161,669</u>	<u>155,601</u>	<u>6,068</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(27,169)</u>	<u>(27,169)</u>	<u>4,088</u>	<u>31,257</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	27,169	27,169	-	(27,169)
<i>Total other financing sources (uses)</i>	<u>27,169</u>	<u>27,169</u>	<u>-</u>	<u>(27,169)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>4,088</u>	<u>4,088</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>46,946</u>	<u>46,946</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,034</u>	<u>\$ 51,034</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 4,088	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(2,539)	
Net change in fund balance (GAAP basis)			<u>\$ 1,549</u>	

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 20,000	\$ 20,000	\$ 28,961	\$ 8,961
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>20,000</u>	<u>20,000</u>	<u>28,961</u>	<u>8,961</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	27,016	27,016	19,407	7,609
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>27,016</u>	<u>27,016</u>	<u>19,407</u>	<u>7,609</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(7,016)</u>	<u>(7,016)</u>	<u>9,554</u>	<u>16,570</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	7,016	7,016	-	(7,016)
<i>Total other financing sources (uses)</i>	<u>7,016</u>	<u>7,016</u>	<u>-</u>	<u>(7,016)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>9,554</u>	<u>9,554</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,048</u>	<u>1,048</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,602</u>	<u>\$ 10,602</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 9,554	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ 9,554</u>	

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

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	93,346	103,273	105,855	2,582
Interest	-	-	-	-
<i>Total revenues</i>	<u>93,346</u>	<u>103,273</u>	<u>105,855</u>	<u>2,582</u>
<i>Expenditures:</i>				
Current:				
Instruction	93,346	103,273	103,273	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>93,346</u>	<u>103,273</u>	<u>103,273</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>2,582</u>	<u>2,582</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>2,582</u>	<u>2,582</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(51,076)</u>	<u>(51,076)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (48,494)</u>	<u>\$ (48,494)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 2,582	
Adjustment to revenue for accruals and other deferrals			(2,582)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

Statement A-6

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	80,183	92,241	76,560	(15,681)
Interest	-	-	-	-
<i>Total revenues</i>	<u>80,183</u>	<u>92,241</u>	<u>76,560</u>	<u>(15,681)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	51,031	63,089	62,814	275
Support Services				
Students	20,982	20,982	12,453	8,529
Instruction	8,170	8,170	4,598	3,572
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>80,183</u>	<u>92,241</u>	<u>79,865</u>	<u>12,376</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(3,305)</u>	<u>(3,305)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(3,305)</u>	<u>(3,305)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(24,321)</u>	<u>(24,321)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,626)</u>	<u>\$ (27,626)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (3,305)	
Adjustment to revenue for accruals and other deferrals			3,305	
Adjustment to expenditures for payables, prepaids and other accruals			(233)	
Net change in fund balance (GAAP basis)			<u>\$ (233)</u>	

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

Statement A-7

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	5,129	5,129	5,165	36
Interest	-	-	-	-
<i>Total revenues</i>	<u>5,129</u>	<u>5,129</u>	<u>5,165</u>	<u>36</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	5,129	5,129	4,087	1,042
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>5,129</u>	<u>5,129</u>	<u>4,087</u>	<u>1,042</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>1,078</u>	<u>1,078</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>1,078</u>	<u>1,078</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(2,100)</u>	<u>(2,100)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,022)</u>	<u>\$ (1,022)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 1,078	
Adjustment to revenue for accruals and other deferrals			(1,078)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	541	541
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>541</u>	<u>541</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues</i>				
<i>over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>541</u>	<u>541</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>541</u>	<u>541</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(541)</u>	<u>(541)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 541	
Adjustment to revenue for accruals and other deferrals			(541)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	59	61	2
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>59</u>	<u>61</u>	<u>2</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	59	59	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>59</u>	<u>59</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(61)</u>	<u>(61)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (59)</u>	<u>\$ (59)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 2	
Adjustment to revenue for accruals and other deferrals			(2)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	14,070	46,256	16,020	(30,236)
Interest	-	-	-	-
<i>Total revenues</i>	<u>14,070</u>	<u>46,256</u>	<u>16,020</u>	<u>(30,236)</u>
<i>Expenditures:</i>				
Current:				
Instruction	14,070	46,256	21,764	24,492
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>14,070</u>	<u>46,256</u>	<u>21,764</u>	<u>24,492</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(5,744)</u>	<u>(5,744)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(5,744)</u>	<u>(5,744)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(950)</u>	<u>(950)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,694)</u>	<u>\$ (6,694)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (5,744)	
Adjustment to revenue for accruals and other deferrals			5,744	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

Statement A-11

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	161,344	161,344	-
Interest	-	-	-	-
<i>Total revenues</i>	-	161,344	161,344	-
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	151,344	43,137	108,207
Instruction	-	-	-	-
General Administration	-	10,000	9,750	250
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	161,344	52,887	108,457
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	108,457	108,457
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	108,457	108,457
<i>Cash balances - beginning of year</i>	-	-	(108,457)	(108,457)
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 108,457	
Adjustment to revenue for accruals and other deferrals			(108,457)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ -	

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

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	21,748	15,226	(6,522)
Interest	-	-	-	-
<i>Total revenues</i>	-	21,748	15,226	(6,522)
<i>Expenditures:</i>				
Current:				
Instruction	-	21,748	15,226	6,522
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	21,748	15,226	6,522
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Cash balances - beginning of year</i>	-	-	-	-
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ -	

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

Statement A-13

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	2,066	5,268	3,202
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>2,066</u>	<u>5,268</u>	<u>3,202</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	2,066	2,066	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>2,066</u>	<u>2,066</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>3,202</u>	<u>3,202</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>3,202</u>	<u>3,202</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(3,202)</u>	<u>(3,202)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 3,202	
Adjustment to revenue for accruals and other deferrals			(3,202)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

Statement A-14

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	9,906	9,906	-	(9,906)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>9,906</u>	<u>9,906</u>	<u>-</u>	<u>(9,906)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	9,906	9,906	9,820	86
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>9,906</u>	<u>9,906</u>	<u>9,820</u>	<u>86</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(9,820)</u>	<u>(9,820)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(9,820)</u>	<u>(9,820)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,820)</u>	<u>\$ (9,820)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (9,820)	
Adjustment to revenue for accruals and other deferrals			9,820	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	50,000	50,000	46,430	(3,570)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>50,000</u>	<u>50,000</u>	<u>46,430</u>	<u>(3,570)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	50,000	50,000	43,487	6,513
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>50,000</u>	<u>50,000</u>	<u>43,487</u>	<u>6,513</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>2,943</u>	<u>2,943</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>2,943</u>	<u>2,943</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(14,874)</u>	<u>(14,874)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,931)</u>	<u>\$ (11,931)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 2,943	
Adjustment to revenue for accruals and other deferrals			(2,943)	
Adjustment to expenditures for payables, prepaids and other accruals			(3,426)	
Net change in fund balance (GAAP basis)			<u>\$ (3,426)</u>	

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

Statement A-16

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	8,620	8,620	-	(8,620)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>8,620</u>	<u>8,620</u>	<u>-</u>	<u>(8,620)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	8,620	8,620	7,508	1,112
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>8,620</u>	<u>8,620</u>	<u>7,508</u>	<u>1,112</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(7,508)</u>	<u>(7,508)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(7,508)</u>	<u>(7,508)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,508)</u>	<u>\$ (7,508)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (7,508)	
Adjustment to revenue for accruals and other deferrals			7,508	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

Statement A-17

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	77,361	-	(77,361)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>77,361</u>	<u>-</u>	<u>(77,361)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	77,361	-	77,361
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>77,361</u>	<u>-</u>	<u>77,361</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

Statement A-18

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	10,000	10,000	10,000	-
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	126,561	126,561	747	125,814
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	126,561	126,561	747	125,814
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(116,561)	(116,561)	9,253	125,814
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	116,561	116,561	-	(116,561)
<i>Total other financing sources (uses)</i>	116,561	116,561	-	(116,561)
<i>Net change in fund balances</i>	-	-	9,253	9,253
<i>Cash balances - beginning of year</i>	-	-	116,561	116,561
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ 125,814	\$ 125,814
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 9,253	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ 9,253	

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

Statement A-19

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ 1,000	\$ 1,000	\$ 1,713	\$ 713
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>1,000</u>	<u>1,000</u>	<u>1,713</u>	<u>713</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	718,377	249,894	468,483
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>718,377</u>	<u>249,894</u>	<u>468,483</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>1,000</u>	<u>(717,377)</u>	<u>(248,181)</u>	<u>469,196</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	(1,000)	717,377	-	(717,377)
<i>Total other financing sources (uses)</i>	<u>(1,000)</u>	<u>717,377</u>	<u>-</u>	<u>(717,377)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(248,181)</u>	<u>(248,181)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>717,377</u>	<u>717,377</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 469,196</u>	<u>\$ 469,196</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (248,181)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			17,768	
Net change in fund balance (GAAP basis)			<u>\$ (230,413)</u>	

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

Statement A-20

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ 149,398	\$ 149,398	\$ 132,592	\$ (16,806)
State sources	-	10,343	20,530	10,187
Federal sources	-	-	-	-
Interest	-	-	571	571
<i>Total revenues</i>	<u>149,398</u>	<u>159,741</u>	<u>153,693</u>	<u>(6,048)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	1,600	1,600	1,313	287
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	402,330	3,782	398,548
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,600</u>	<u>403,930</u>	<u>5,095</u>	<u>398,835</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>147,798</u>	<u>(244,189)</u>	<u>148,598</u>	<u>392,787</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	(147,798)	244,189	-	(244,189)
<i>Total other financing sources (uses)</i>	<u>(147,798)</u>	<u>244,189</u>	<u>-</u>	<u>(244,189)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>148,598</u>	<u>148,598</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>244,189</u>	<u>244,189</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 392,787</u>	<u>\$ 392,787</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 148,598	
Adjustment to revenue for accruals and other deferrals			1,814	
Adjustment to expenditures for payables, prepaids and other accruals			(331)	
Net change in fund balance (GAAP basis)			<u>\$ 150,081</u>	

STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
DEBT SERVICE FUND

Statement A-21

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 347,472	\$ 347,472	372,084	\$ 24,612
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	571	571
<i>Total revenues</i>	<u>347,472</u>	<u>347,472</u>	<u>372,655</u>	<u>25,183</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	8,105	8,105	3,500	4,605
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plan	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Service:				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	650,403	694,563	290,000	404,563
Interest	365,008	409,408	57,655	351,753
<i>Total expenditures</i>	<u>1,023,516</u>	<u>1,112,076</u>	<u>351,155</u>	<u>760,921</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(676,044)</u>	<u>(764,604)</u>	<u>21,500</u>	<u>786,104</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	676,044	764,604	-	(764,604)
<i>Total other financing sources (uses)</i>	<u>676,044</u>	<u>764,604</u>	<u>-</u>	<u>(764,604)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>21,500</u>	<u>21,500</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>355,316</u>	<u>355,316</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 376,816</u>	<u>\$ 376,816</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 21,500	
Adjustment to revenue for accruals and other deferrals			(17,137)	
Adjustment to expenditures for payables, prepaids and other accruals			22,156	
Net change in fund balance (GAAP basis)			<u>\$ 26,519</u>	

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FIDUCIARY FUNDS

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STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS

FIDUCIARY FUNDS

Agency Funds

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

Fort Sumner Municipal Schools has the following funds classified as Agency Funds:

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

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

Schedule B

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS				
DRAW	50	-	50	-
ALL SCHOOL	40,748	5,571	8,962	37,357
LIBRARY	518	1,037	1,003	552
STUDENT COUNCIL	951	1,198	883	1,266
CORKERS	590	5,877	5,060	1,407
5TH GRADE FIELD TRIP	44	-	-	44
NATIONAL HONOR SOCIETY	1,465	792	1,368	888
HOME EC	-	500	480	20
ATHLETIC BOOSTER	12,000	39,758	42,107	9,652
VIXEN VOLLEYBALL	7,242	16,004	14,846	8,400
FOX BASKETBALL	593	242	835	-
VIXEN BASKETBALL	198	10,244	9,934	509
FOX FOOTBALL	2,960	4,895	4,137	3,718
HARLEY RAFFLE	5,272	-	-	5,272
BPA	3,499	14,336	14,666	3,170
GREENHOUSE	51,025	2,907	8,117	45,815
GATE	-	138	138	-
FFA	1,262	19,191	19,091	1,362
SCIENCE CLUB	6,282	-	238	6,044
DRAMA	824	-	-	824
MCMILLAN MEMORIAL FUND	247	-	-	247
VO-AG LUMBER	-	268	268	-
CHEERLEADERS	3,898	13,645	17,464	79
MUSIC	106	-	-	106
PROJECT GRADUATION	3,819	-	3,288	531
CLASS OF 2020	-	120	-	120
CLASS OF 2021	554	65	-	619
CLASS OF 2023	1,755	-	1,755	-
ELEMENTARY	6,726	100	76	6,751
CLASS OF 2018	191	496	-	687
CLASS OF 2017	869	2,331	1,790	1,411
ANNUAL	2,415	7,944	2,678	7,682
FCA	40	-	-	40
ROBIN SIMMONS ART SCHOLARSHIP	430	2,335	297	2,468
Total Assets	\$ <u>156,577</u>	\$ <u>149,994</u>	\$ <u>159,530</u>	\$ <u>147,041</u>
LIABILITIES				
Deposits held for others	156,577	149,994	159,530	147,041
Total Liabilities	\$ <u>156,577</u>	\$ <u>149,994</u>	\$ <u>159,530</u>	\$ <u>147,041</u>

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PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION

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

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

	2016	2015
District's proportion of net pension liability (asset)	0.078340%	0.084120%
District's proportionate share of the net pension liability (asset)	\$ 5,074,290	\$ 4,799,654
District's covered-employee payroll	\$ 2,138,933	\$ 2,208,493
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	237.23%	217.33%
Plan fiduciary net position as a percentage of total pension liability	63.97%	66.54%

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

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

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

	2016	2015
Contractually required contribution	\$ 312,249	\$ 309,554
Contributions in relation to the contractually required contribution	\$ 312,249	\$ 309,554
Contribution deficiency (excess)	\$ -	\$ -
District's Covered-employee payroll	\$ 2,138,933	\$ 2,208,493
Contributions as a percentage of covered-employee payroll	14.60%	13.35%

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

Note: Employee contributions are not included in this schedule.

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

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

Changes of assumptions.

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

1. Fiscal year 2015 valuation assumptions that changed based on this study:
 - a. Lower wage inflation from 4.25% to 3.75%
 - b. Minor changes to demographic assumptions
 - c. Remove population growth assumptions for porjections

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

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

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SUPPORTING SCHEDULES

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

Schedule I

Name of Depository	Description of Pledged Collateral	Market Value June 30, 2016	Name and Location of Safekeeper
Citizens Bank of Clovis	GNMA II Pool # MA 0844 36179M5D8, 3.0%, 3/20/2043	\$ 1,566,289	Texas Independent Bank Dallas, TX
Citizens Bank of Clovis	SBIC 2015-10A 831641FC4, 2.517%, 3/10/2025	2,035,495	Texas Independent Bank Dallas, TX
Citizens Bank of Clovis	GNR 2013-47E 38378JZD7, 1.5%, 12/20/2040	<u>948,373</u>	Texas Independent Bank Dallas, TX
	Total Collateral Pledged	<u>\$ 4,550,157</u>	

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

Schedule II

Deposit or Investment Account Type	Citizens Bank of Clovis	Total
Operational Checking- Non-Interest Bearing	\$ 2,318,932	\$ 2,318,932
Activity Checking- Non-Interest Bearing	145,437	145,437
Federal Draw Checking- Non-Interest Bearing	<u>119</u>	<u>119</u>
Total On Deposit	2,464,488	2,464,488
Reconciling Items	<u>85,585</u>	<u>85,585</u>
Reconciled Balance June 30, 2016	<u>\$ 2,550,073</u>	<u>\$ 2,550,073</u>

Reconciliation to financial statements:

Cash and cash equivalents:

Total cash and cash equivalents per Statement of Net Position	\$ 2,405,923
Total cash and cash equivalents per Fiduciary Statement of Assets and	<u>144,149</u>
Total Cash & Cash Equivalents	\$ <u>2,550,073</u>

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

	Operational Account	Transportation Account	Instructional Materials Account	Food Services Account	Athletics Account	Federal Flowthrough Fund
Cash per June 30, 2015 audit report	\$ 392,389	\$ -	\$ 2,405	\$ 46,946	\$ 1,048	\$ (79,049)
Interfund loans	-	-	-	-	-	-
	<u>392,389</u>	<u>-</u>	<u>2,405</u>	<u>46,946</u>	<u>1,048</u>	<u>(79,049)</u>
Add:						
2015-16 revenues	<u>3,570,922</u>	<u>507,669</u>	<u>21,084</u>	<u>159,689</u>	<u>28,961</u>	<u>204,204</u>
Total cash available	3,963,311	507,669	23,489	206,635	30,009	125,155
Less:						
2015-16 expenditures	(3,501,263)	(507,649)	(23,421)	(155,601)	(19,408)	(209,050)
Reinstate cash for payroll liabilities	<u>291,161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash June 30, 2016	<u>\$ 753,209</u>	<u>\$ 20</u>	<u>\$ 68</u>	<u>\$ 51,034</u>	<u>\$ 10,601</u>	<u>\$ (83,895)</u>
Bank balance end of year	\$ 666,357	\$ -	\$ 68	\$ 51,034	\$ 10,601	\$ (83,895)
Adjustments for held checks for payroll	291,161	-	-	-	-	-
Outstanding Checks	<u>(204,289)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash June 30, 2016	<u>\$ 753,229</u>	<u>\$ -</u>	<u>\$ 68</u>	<u>\$ 51,034</u>	<u>\$ 10,601</u>	<u>\$ (83,895)</u>

Schedule III
 (Page 1 of 2)

Federal Direct Fund	State Flowthrough Fund	Local Fund	Bond Building Fund
\$ (108,457)	\$ (18,076)	\$ 355,719	\$ 717,377
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(108,457)	(18,076)	355,719	717,377
<u>176,570</u>	<u>61,989</u>	<u>100,165</u>	<u>1,713</u>
68,113	43,913	455,884	719,090
(68,113)	(62,963)	(747)	(249,894)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 0</u>	<u>\$ (19,050)</u>	<u>\$ 455,137</u>	<u>\$ 469,196</u>
\$ -	\$ (19,050)	\$ 455,137	\$ 469,196
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ (19,050)</u>	<u>\$ 455,137</u>	<u>\$ 469,196</u>

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

Schedule III
(Page 2 of 2)

	<u>Capital Improv</u>	<u>Debt Service</u>	<u>Total</u>
	<u>SB9</u>	<u>Fund</u>	
Cash per June 30, 2015 audit report	\$ 244,189	\$ 355,316	\$ 1,909,807
Interfund loans	-	-	-
	<u>244,189</u>	<u>355,316</u>	<u>1,909,807</u>
Add:			
2015-16 revenues	<u>153,693</u>	<u>372,655</u>	<u>5,359,315</u>
Total cash available	397,882	727,971	7,269,122
Less:			
2015-16 expenditures	(5,095)	(351,155)	(5,154,350)
Reinstate cash for payroll liability	<u>-</u>	<u>-</u>	<u>291,161</u>
Cash June 30, 2016	<u>\$ 392,787</u>	<u>\$ 376,816</u>	<u>\$ 2,405,933</u>
Bank balance end of year	\$ 392,787	\$ 376,816	\$ 2,319,051
Adjustments for voided checks	-	-	291,161
Outstanding Checks	<u>-</u>	<u>-</u>	<u>(204,289)</u>
Cash June 30, 2016	<u>\$ 392,787</u>	<u>\$ 376,816</u>	<u>\$ 2,405,923</u>

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

RFP# RFB#/RFP# /State-Wide Price Agreement	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address of ALL Vendors that responded	In-State/ Out-of- State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N)	Brief Description of the Scope of Work
					None			

The accompanying notes are an integral part of these financial statements

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COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons of the General fund and Special Revenue funds, of the Fort Sumner Municipal Schools as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Fort Sumner Municipal Schools' basic financial statements, and the combining and individual and related budgetary comparisons of the Fort Sumner Municipal Schools, presented as supplemental information, and have issued our report thereon dated September 29, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. The significant deficiency is described as 2013-002, 2014-004, 2016-001, 2016-002, 2016-004.

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Compliance and Other Matters

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

Fort Sumner Municipal Schools' Responses to Findings

Fort Sumner Municipal Schools' responses to the finding identified in our audit is described in the accompanying schedule of findings and responses. Fort Sumner Municipal Schools' responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Precision Accounting LLC

Precision Accounting LLC
Albuquerque, New Mexico
September 29, 2016

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

A. FINDINGS-FINANCIAL STATEMENT AUDIT

2013 - 002 Cash Reconciliations Not Agreeing to the General Ledger (Control Deficiency)

CONDITION: During our test work of cash; we noted discrepancies between the reconciled bank balances and the cash by fund reported in the Visions system. The Visions system reflected an understatement of \$98 in the operational fund, an understatement of \$69 in the federal draw fund and an overstatement of \$2,860 in the All Schools activity fund. The District did not make progress with this due to a change in Business Managers at year end.

CRITERIA: . NMAC 6.20.2.14 states that: "School districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the office of management and budget (OMB) Circular A-102, and applicable state and federal laws and regulations.

CAUSE OF CONDITION: Unknown. These discrepancies were traced back to the ending fiscal year 2015 audited balances and carried through each bank reconciliation of the fiscal year.

EFFECT OF CONDITION: Discrepancies between reconciled bank balances and the cash reported in the Visions system.

RECOMMENDATION: The District should reconcile the bank balances and the cash by fund reported in the Visions system on a regular basis to ensure that the District is in accordance with NMAC 6.20.2.14. Along with reconciling the bank balances and the cash reported in the Visions system, the District should identify, and correct, any discrepancies if they arise.

CLIENT RESPONSE : The Business Manager will reconcile the bank statements and the cash fund reported in Visions on a monthly basis. The Business Manager will also identify and correct any discrepancies when they arise within 10 working days. The Business Manager will put this into action during the 2016-2017 school year.

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

2014-004 Noncompliance with Payroll (Significant Deficiency), Revised

CONDITION: During our test work of forty (40) payroll employees, we noted one (1) employee that was paid in excess of the board approved contract by \$1880.00. The calculated error rate is 2.50%, and when projected to the population of 65 employees it could have resulted in two (2) errors. The previous payroll issue was resolved however, we noted a separate instance of noncompliance with payroll.

CRITERIA: NMAC 6.20.2.11 C-Internal Control structure standards: "An internal control structure is required to demonstrate the school district's ability to record, process, summarize and report financial data consistent with the following financial statement assertions: 1) rights and ownership, 2) existence and occurrence, 3) valuation and allocations, 4) completeness, and 5) presentation and disclosure," and NMAC 6.20.2.14.C. Cash Control Standards.

CAUSE: The previous Superintendent instructed the business department to change her pay in the Visions System for the same amount agreed upon for the other staff.

EFFECT: The District made inaccurate payroll disbursements, resulting in the district over paying for services.

RECOMMENDATION: Approved, written documentation for changes in payroll should be required and mandatory to ensure accurate reporting

CLIENT RESPONSE: The Central Office will be provided with written documentation form the board for changes in payroll relating to the Superintendent. The Business Manager will double check with the Board president to make sure that the Board approved any such change to the Superintendent's contract in open session and a Special or Regular Board meeting. This process will go into effect 2016-2017 school year.

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

2016-001 Controls over Inventory (Significant Deficiency)

CONDITION: During our test work over inventory, we noted that the District was not maintaining an inventory for their non-commodity food items.

CRITERIA: NMAC 6.20.2.16. states that “At fiscal year end, each school district shall take a physical inventory of remaining goods and materials of an expendable nature (items that are consumed in the normal course of operating the district). School districts shall establish adequate internal accounting control procedures over supplies inventory in accordance with GAAP.”

CAUSE: It appears that the District is not in compliance with NMAC 6.20.2.16. The District is not adequately maintaining inventory for non-commodity food items.

EFFECT: By not maintaining an inventory listing it leaves the District’s assets susceptible to misappropriation and does not provide an audit trail for these items..

RECOMMENDATION: We recommend that the District establishes policies and procedures to ensure that all assets are inventoried and maintained and accounted for on a monthly basis. In addition, the District should monitor the procedures to ensure NMAC 6.20.2.16 is being followed.

CLIENT RESPONSE:

Fort Sumner Schools will create an excel spreadsheet to keep a monthly inventory of supplies used in the Cafeteria. The Cafeteria Supervisor/Manager will be in charge of overseeing and making sure that the inventory list is up to date. The Cafeteria Supervisor will report to the Superintendent by email and verbally within 3 working days when there are items missing from inventory list. The superintendent’s designee will investigate to find the reason for any discrepancies within five working days. The inventory list will start September 30, 2016.

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

2016 – 002 Activity Funds – Controls over Cash Receipts (Control Deficiency)

CONDITION: During our test work of activity cash receipts we noted eleven (11) exceptions, totaling \$1,818.90. These transactions did not contain adequate supporting documentation to be able to ascertain if the deposits were made timely, within 24 hours. This results in a error rate of 27.5% percent, projected over the entire population this can result in ninety (90) potential errors.

CRITERIA: PSAB18 Student Activities and NMAC 6.20.2.11 Section B part C states: “An internal control structure is required to demonstrate the school district's ability to record, process, summarize and report financial data consistent with the following financial statement assertions:(1) rights and ownership;(2) existence and occurrence;(3) valuation and allocations;(4) completeness; and, (5) presentation and disclosure and/or NMAC 6.20.2.14C Cash Control Standards state that deposits received must be made within 24 hours.”

CAUSE OF CONDITION: The internal controls required by PSAB 18 were not being properly followed. It appears it may be an due unfamiliarity with the internal control requirements of PSAB 18.

EFFECT OF CONDITION: The District is not in compliance with PSAB 18 and inadequate controls in cash management of the activity funds could result in over spent accounts and/or have monies for activity funds that are not properly accounted for.

RECOMMENDATION: The District should evaluate and ensure that internal controls on activities fund accounts are in accordance with PSAB 18. All personnel and staff involved in the Activity Funds should be trained on the procedures and the district’s responsibilities under PSAB 18.

CLIENT RESPONSE: The Business Manager and Superintendent will train all staff on the procedures and the district’s responsibilities under PSAB 18. The BUiness Manager and Superintendent will double check to make sure all documents are filled out completely with dates and times. This will be implemented October 1,2016.

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

2016-003 Personnel Policy for Personal Use of Vehicles (Other Matter)

CONDITION: During our test work we noted that the District did not have a personnel policy in place regarding the personal use of District vehicles.

CRITERIA: NMSBA, Chapter 2 Section F - Policies are guidelines adopted by the board to chart a course of action. They should be broad enough to permit discretionary action by the administration in meeting day-to-day problems, and yet be specific enough to give clear guidance. Policy - making is the board's major task and primary responsibility. It is essential, therefore, for the board to think through the principles by which it wants the school district to be governed and to record them in the form of comprehensive written policies. The board creates, reinforces or negates policy every time it makes a decision. If a district has no written policies, or if they are not kept up-to-date, the board's direction of the operation of the district will be inconsistent and probably inequitable to the staff and the public. Ideally, policy should be consistent with, and a natural outgrowth of, the goals of the district. It then becomes a tool for effective management of the schools. Since one of the purposes of policy is to promote equitable treatment of students, employees, and members of the public, deviation from established board policy should be infrequent.

CAUSE OF CONDITION: The District does not currently have a policy establishing the guidelines regarding the personal use of District vehicles.

EFFECT OF THE CONDITION: Without a written policy in place the District may not be able to address its intentions and practices, causing ambiguity when trying to determine the rules and regulations for the personal use of District vehicles.

RECOMMENDATION: A policy should be drafted, tailored to fit the District's intentions and guidelines. The policy should be reviewed and approved by the Board.

CLIENT RESPONSE: The Superintendent will draft a policy concerning the use of school vehicles by school personnel for personal use. The Superintendent will work with the board to adopt a policy by January 2017.

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

2016 – 004 Noncompliance with the Procurement Process of Cash Disbursements

CONDITION: In the test work of cash disbursements, and activity cash disbursements, we noted ten (10) payment vouchers that contained exceptions. These vouchers totaled \$3,375.20. The exception contained the following:

- We noted four (4) instances where the payment voucher did not contain an invoice for the payment.
- We noted one (1) instance where the purchase order was created after the purchases had been made.
- We noted five (5) instances where the payment vouchers did not contain itemized receipts to support the purchases.

The total exceptions results in an error rate of 2.6% percent. When projected across the entire population, (1000 transactions), this resulted in 26 potential errors.

CRITERIA: NMSA 1978 section 6-5-2 the NM Procurement Code (13-1-28 to 13-1-199 NMSA 1978) require that 1) all invoicing must be performed in a timely manner and 2) support documents must accompany all expenses, be reviewed, and signed off by management prior to payment.

CAUSE OF CONDITION: It appears that this may be due to an oversight in the review and approval of expenditures.

EFFECT OF CONDITION: Without adequate supporting documentation on the approval for purchases, there can be risks for unsupported or improper purchases with public funding and the potential to negatively affect fund budgets.

RECOMMENDATION: The District is encouraged to have all personnel in charge of preparing, reviewing, and approving disbursements perform a review of all supporting documents to ensure accuracy and appropriate payments for purchases and reimbursements.

CLIENT RESPONSE: The Business Manager and Superintendent will require all staff to provide an itemized receipt for all purchases. In the event that a staff member makes a purchase without prior approval and a purchase order, the District will not cover the staff member's private purchase. The Business Manager and Superintendent will oversee this process. This will be implemented October 1, 2016.

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

C. PRIOR YEAR AUDIT FINDINGS

2013-001 Expenditures over Budget-Compliance and Internal Control- Significant Deficiency- Cleared
2013-002 PED Cash Reports- Compliance and Internal Control- Significant Deficiency- Repeated and Revised
2014-004 Payroll- Compliance and Internal Control- Significant Deficiency- Repeated and Revised
2015-001 Cash Appropriations in Excess of Available Cash Balances- Compliance and Internal Control Deficiency- Cleared

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STATE OF NEW MEXICO
FORT SUMNER MUNICIPAL SCHOOLS
OTHER DISCLOSURES
Year Ended June 30, 2016

A. AUDITOR PREPARED FINANCIAL STATEMENTS

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

B. EXIT CONFERENCE

The contents of this report were discussed on September 29, 2016. The following individuals were in attendance.

Fort Sumner Municipal Schools

Matt Moyer, Superintendent (Effective 07/01/2016)
Janet Sanchez, Business Manager (Effective 07/01/2016)
Tom Wilton, Audit Committee
Scott Lewis, Board Member

Precision Accounting LLC

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