



State of New Mexico  
**Jal Public Schools**

**Annual Financial Report**  
June 30, 2016

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



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State of New Mexico  
**Jal Public Schools**  
Official Roster  
June 30, 2016

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**Board of Education**

Jim Gross	President
Ricky Miller	Vice-President
Jamie Earp	Secretary
Jenny Edwards	Member
Kayla Lujan	Member

**School Officials**

Brian Snider	Superintendent
Gretchen Garcia	Business Manager

Independent Auditor's Report

Mr. Tim Keller  
State Auditor of the State of New Mexico  
Board Members of the Jal Public Schools

Mr. Keller and Members of the Board

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general funds and major special revenue funds of Jal Public Schools (District), as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, and the budgetary comparisons for the major capital projects, debt service and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

#### Opinions

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

#### Other Matters

##### *Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that the Schedules of Required Supplementary Information for the Pension Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

##### *Other Information*

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 5, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

*De'Ann Willoughby CPA PC*

Clovis, New Mexico  
October 5, 2016



## **Financial Section**

State of New Mexico  
**Jal Public Schools**  
Government-Wide Statement of Net Position  
June 30, 2016

	<u>Governmental Activities</u>
<b>Assets</b>	
Current Assets	
Cash and Cash Equivalents	\$ 11,404,462
Taxes Receivable	232,143
Due From Grantor	96,751
Inventory	7,912
Total Current Assets	<u>11,741,268</u>
Noncurrent Assets	
Capital Assets	29,209,195
Less: Accumulated Depreciation	<u>(19,910,518)</u>
Total Noncurrent Assets	<u>9,298,677</u>
Total Assets	<u>21,039,945</u>
Deferred Outflows of Resources	
Deferred Outflows Related to Pensions	
Changes of Assumptions	194,070
Contributions Subsequent to Measurement Date	<u>375,541</u>
Total Deferred Outflows of Resources	<u>569,611</u>
<b>Liabilities</b>	
Current Liabilities	
Accounts Payable	49,844
Accrued Interest	63,500
Current Amount Due of Long-Term Debt	1,400,000
Compensated Absences	25,781
Total Current Liabilities	<u>1,539,125</u>
Long-Term Liabilities	
Bonds	8,100,000
Pension Liability	<u>5,642,336</u>
Total Long-Term Liabilities	<u>13,742,336</u>
Total Liabilities	<u>15,281,461</u>
Deferred Inflows of Resources	
Deferred Inflows Related to Pensions	
Actuarial Experience	104,604
Investment Experience	25,398
Changes in Proportion	<u>473,059</u>
Total Deferred Inflows of Resources	<u>603,061</u>
<b>Net Position</b>	
Net Investment in Capital Assets	0
Restricted for Capital Projects	9,565,676
Restricted for Debt Service	1,385,522
Unrestricted	<u>(5,226,164)</u>
Total Net Position	<u>\$ 5,725,034</u>

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

State of New Mexico  
**Jal Public Schools**  
Government-Wide Statement of Activities  
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
Instruction	\$ 3,492,117	\$ 48,370	\$ 279,316	\$ 0	\$ (3,164,431)
Support Services					
Students	260,514	0	80,933	0	(179,581)
Instruction	119,627	0	5,400	0	(114,227)
General Administration	293,121	0	10,542	0	(282,579)
School Administration	312,527	0	2,367	0	(310,160)
Central Services	55,824	0	5,200	0	(50,624)
Operation & Maintenance of Plant	1,014,259	16,800	0	0	(997,459)
Student Transportation	166,847	0	157,400	0	(9,447)
Other	433	0	0	0	(433)
Food Services	195,457	17,934	119,975	0	(57,548)
Community Service	15,389	0	0	0	(15,389)
Interest Expense	259,778	0	0	0	(259,778)
<b>Total Governmental Activities</b>	<b>\$ 6,185,893</b>	<b>\$ 83,104</b>	<b>\$ 661,133</b>	<b>\$ 0</b>	<b>(5,441,656)</b>
<b>General Revenues</b>					
Taxes					
Property Taxes, Levied for General Purposes					443,387
Property Taxes, Levied for Capital Projects					1,776,377
Federal and State aid not restricted to specific purpose					1,492,599
General					3,786,513
Capital					0
Interest and investment earnings					1,548
Miscellaneous					30,360
Subtotal, General Revenues					<u>7,530,784</u>
Change in Net Position					2,089,128
Net Position - Beginning					<u>3,635,906</u>
Net Position - Ending					<u>\$ 5,725,034</u>

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

State of New Mexico  
**Jal Public Schools**  
 Governmental Funds  
 Balance Sheet  
 June 30, 2016

	General		
	Operational 11000	Teacherage 12000	Transportation 13000
<b>Assets</b>			
Cash and Cash Equivalents	\$ 539,570	\$ 7,030	\$ 26,935
Receivables			
Property Taxes	23,528	0	0
Due From Grantor	0	0	0
Interfund Balance	96,751	0	0
Inventory	0	0	0
<b>Total Assets</b>	<b>\$ 659,849</b>	<b>\$ 7,030</b>	<b>\$ 26,935</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 23,854	\$ 0	\$ 1,576
Interfund Balance	0	0	0
<b>Total Liabilities</b>	<b>23,854</b>	<b>0</b>	<b>1,576</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	544	0	0
<b>Total Deferred Inflows of Resources</b>	<b>544</b>	<b>0</b>	<b>0</b>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Unassigned	635,451	7,030	25,359
<b>Total Fund Balances</b>	<b>635,451</b>	<b>7,030</b>	<b>25,359</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 659,305</b>	<b>\$ 7,030</b>	<b>\$ 26,935</b>

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

State of New Mexico  
**Jal Public Schools**  
Governmental Funds  
Balance Sheet  
June 30, 2016

	General		Special Revenue	
	Instructional Material 14000		Title I 24101	IDEA B Entitlement 24106
<b>Assets</b>				
Cash and Cash Equivalents	\$ 4,793	\$	0	\$ 0
Receivables				
Property Taxes	0		0	0
Due From Grantor	0		19,126	60,792
Interfund Balance	0		0	0
Inventory	0		0	0
<b>Total Assets</b>	<b>\$ 4,793</b>	<b>\$</b>	<b>19,126</b>	<b>\$ 60,792</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 0	\$	0	\$ 0
Interfund Balance	0		19,126	60,792
<b>Total Liabilities</b>	<b>0</b>		<b>19,126</b>	<b>60,792</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue	0		0	0
<b>Total Deferred Inflows of Resources</b>	<b>0</b>		<b>0</b>	<b>0</b>
<b>Fund Balances</b>				
Nonspendable-Inventory	0		0	0
Restricted for:				
Special Revenue	0		0	0
Capital Projects	0		0	0
Debt Service	0		0	0
Unassigned	4,793		0	0
<b>Total Fund Balances</b>	<b>4,793</b>		<b>0</b>	<b>0</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,793</b>	<b>\$</b>	<b>19,126</b>	<b>\$ 60,792</b>

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

State of New Mexico  
**Jal Public Schools**  
 Governmental Funds  
 Balance Sheet  
 June 30, 2016

	Capital Projects		
	Bond Building 31100	Senate Bill Nine 31700	Debt Service 41000
<b>Assets</b>			
Cash and Cash Equivalents	\$ 7,564,440	\$ 1,932,115	\$ 1,274,006
Receivables			
Property Taxes	0	94,685	113,930
Due From Grantor	0	0	0
Interfund Balance	0	0	0
Inventory	0	0	0
<b>Total Assets</b>	<b>\$ 7,564,440</b>	<b>\$ 2,026,800</b>	<b>\$ 1,387,936</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 22,899	\$ 0
Interfund Balance	0	0	0
<b>Total Liabilities</b>	<b>0</b>	<b>22,899</b>	<b>0</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	0	2,665	2,414
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>2,665</b>	<b>2,414</b>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	0	0
Capital Projects	7,564,440	2,001,236	0
Debt Service	0	0	1,385,522
Unassigned	0	0	0
<b>Total Fund Balances</b>	<b>7,564,440</b>	<b>2,001,236</b>	<b>1,385,522</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,564,440</b>	<b>\$ 2,024,135</b>	<b>\$ 1,385,522</b>

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

State of New Mexico  
**Jal Public Schools**  
 Governmental Funds  
 Balance Sheet  
 June 30, 2016

	Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 55,573	\$ 11,404,462
Receivables		
Property Taxes	0	232,143
Due From Grantor	16,833	96,751
Interfund Balance	0	96,751
Inventory	7,912	7,912
Total Assets	<u>\$ 80,318</u>	<u>\$ 11,838,019</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 1,515	\$ 49,844
Interfund Balance	16,833	96,751
Total Liabilities	<u>18,348</u>	<u>146,595</u>
<b>Deferred Inflows of Resources</b>		
Unavailable Revenue	<u>0</u>	<u>5,623</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>5,623</u>
<b>Fund Balances</b>		
Nonspendable-Inventory	7,912	7,912
Restricted for:		
Special Revenue	54,058	54,058
Capital Projects	0	9,565,676
Debt Service	0	1,385,522
Unassigned	0	672,633
Total Fund Balances	<u>61,970</u>	<u>11,685,801</u>
Total Liabilities and Fund Balances	<u>\$ 80,318</u>	<u>\$ 11,832,396</u>

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

State of New Mexico  
**Jal Public Schools**  
 Reconciliation of the Governmental Funds  
 Balance Sheet to the Statement of Net Position  
 June 30, 2016

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Total Fund Balance - Governmental Funds \$ 11,685,801

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

Property taxes receivable will be collected after the period of availability, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 5,623

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

Capital Assets	\$ 29,209,195	
Accumulated Depreciation	<u>(19,910,518)</u>	9,298,677

Deferred Outflows and Inflows Related to Pensions are the results of differences in expected and actual experience

Deferred Outflows Related to Pensions	569,611	
Deferred Inflows Related to Pensions	<u>(603,061)</u>	(33,450)

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

Accrued Interest	(63,500)	
Compensated Absences	(25,781)	
Bond Payable	(9,500,000)	
Pension Liability	<u>(5,642,336)</u>	<u>(15,231,617)</u>

Total Net Position - Governmental Activities \$ 5,725,034

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



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

	General		
	Operational 11000	Teachorage 12000	Transportation 13000
<b>Revenues</b>			
Property Taxes	\$ 442,843	\$ 0	\$ 0
Interest Income	1,548	0	0
Fees	21,641	16,800	0
State and Local Grants	3,786,513	0	157,400
Federal Grants	0	0	0
Miscellaneous	24,494	400	0
<b>Total Revenues</b>	<b>4,277,039</b>	<b>17,200</b>	<b>157,400</b>
<b>Expenditures</b>			
Current			
Instruction	2,504,037	0	0
Support Services			
Students	178,271	0	0
Instruction	114,227	0	0
General Administration	236,077	0	0
School Administration	317,593	0	0
Central Services	59,810	0	0
Operation of Plant	762,416	10,739	0
Student Transportation	1,179	0	169,308
Other	433	0	0
Food Service	52,592	0	0
Community Services	15,389	0	0
Capital Outlay	0	0	0
Debt Service			
Interest	0	0	0
<b>Total Expenditures</b>	<b>4,242,024</b>	<b>10,739</b>	<b>169,308</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>35,015</b>	<b>6,461</b>	<b>(11,908)</b>
<b>Fund Balances at Beginning of Year</b>	<b>600,436</b>	<b>569</b>	<b>37,267</b>
<b>Fund Balances End of Year</b>	<b>\$ 635,451</b>	<b>\$ 7,030</b>	<b>\$ 25,359</b>

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

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

	General	Special Revenue	
	Instructional Material 14000	Title I 24101	IDEA B Entitlement 24106
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Interest Income	0	0	0
Fees	0	0	0
State and Local Grants	33,169	0	0
Federal Grants	0	88,177	132,880
Miscellaneous	0	0	0
<b>Total Revenues</b>	<u>33,169</u>	<u>88,177</u>	<u>132,880</u>
<b>Expenditures</b>			
Current			
Instruction	66,998	88,177	49,247
Support Services			
Students	0	0	78,433
Instruction	0	0	0
General Administration	0	0	0
School Administration	0	0	0
Central Services	0	0	5,200
Operation of Plant	0	0	0
Student Transportation	0	0	0
Other	0	0	0
Food Service	0	0	0
Community Services	0	0	0
Capital Outlay	0	0	0
Debt Service			
Interest	0	0	0
<b>Total Expenditures</b>	<u>66,998</u>	<u>88,177</u>	<u>132,880</u>
Excess (Deficiency) of Revenues Over Expenditures	(33,829)	0	0
Fund Balances at Beginning of Year	<u>38,622</u>	<u>0</u>	<u>0</u>
Fund Balances End of Year	<u>\$ 4,793</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

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

	Capital Projects		
	Bond Building 31100	Senate Bill Nine 31700	Debt Service 41000
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 1,773,712	\$ 1,490,185
Interest Income	0	0	0
Fees	0	0	0
State and Local Grants	0	0	0
Federal Grants	0	0	0
Miscellaneous	0	5,466	0
Total Revenues	<u>0</u>	<u>1,779,178</u>	<u>1,490,185</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	0	37,912	0
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	48,305	3,091	3,468
School Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	237,916	0
Student Transportation	0	0	0
Other	0	0	0
Food Service	0	0	0
Community Services	0	0	0
Capital Outlay	1,934,229	2,267,546	0
Debt Service			
Interest	0	0	196,278
Total Expenditures	<u>1,982,534</u>	<u>2,546,465</u>	<u>199,746</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,982,534)	(767,287)	1,290,439
Fund Balances at Beginning of Year	<u>9,546,974</u>	<u>2,768,523</u>	<u>95,083</u>
Fund Balances End of Year	<u>\$ 7,564,440</u>	<u>\$ 2,001,236</u>	<u>\$ 1,385,522</u>

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

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

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	Other Governmental Funds	Total Governmental Funds
Revenues		
Property Taxes	\$ 0	\$ 3,706,740
Interest Income	0	1,548
Fees	44,663	83,104
State and Local Grants	56,969	4,034,051
Federal Grants	192,538	413,595
Miscellaneous	0	30,360
Total Revenues	<u>294,170</u>	<u>8,269,398</u>
Expenditures		
Current		
Instruction	131,562	2,877,933
Support Services		
Students	2,500	259,204
Instruction	5,400	119,627
General Administration	10,542	301,483
School Administration	2,367	319,960
Central Services	0	65,010
Operation of Plant	0	1,011,071
Student Transportation	0	170,487
Other	0	433
Food Service	146,076	198,668
Community Services	0	15,389
Capital Outlay	0	4,201,775
Debt Service		
Interest	0	196,278
Total Expenditures	<u>298,447</u>	<u>9,737,318</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,277)	(1,467,920)
Fund Balances at Beginning of Year	<u>66,247</u>	<u>13,153,721</u>
Fund Balances End of Year	<u>\$ 61,970</u>	<u>\$ 11,685,801</u>

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

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

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Excess (Deficiency) of Revenues Over Expenditures \$ (1,467,920)

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

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

Property Taxes Receivable, June 30, 2015	\$	0	
Property Taxes Receivable, June 30, 2016		<u>5,623</u>	5,623

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

Depreciation expense	(707,049)	
Capital Outlays	<u>4,201,775</u>	3,494,726

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

Accrued Interest, June 30, 2015	0	
Accrued Interest, June 30, 2016	<u>(63,500)</u>	(63,500)

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

Compensated Absences, June 30, 2015	15,874	
Compensated Absences, June 30, 2016	<u>(25,781)</u>	(9,907)

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

Pension Contributions	375,541	
Pension Expense	<u>(245,435)</u>	<u>130,106</u>

Change in Net Position	\$	<u><u>2,089,128</u></u>
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The notes to the financial statements are an integral part of this statement.

State of New Mexico

**Jal Public Schools**

General Fund-Operational-11000

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 391,621	\$ 391,621	\$ 445,606	\$ 53,985
Interest Income	0	0	1,548	1,548
Fees	0	0	21,641	21,641
State Grant	3,638,480	3,638,480	3,786,513	148,033
Miscellaneous	0	0	24,494	24,494
Total Revenues	<u>4,030,101</u>	<u>4,030,101</u>	<u>4,279,802</u>	<u>249,701</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	1,759,060	1,790,510	1,742,943	47,567
Employee Benefits	649,674	618,124	589,788	28,336
Professional & Tech Services	17,000	21,900	19,471	2,429
Purchased Property Services	0	3,650	3,476	174
Other Purchased Services	55,000	61,350	44,466	16,884
Supplies	118,429	125,569	86,729	38,840
Supply Assets	2,000	7,000	5,313	1,687
Total Instruction	<u>2,601,163</u>	<u>2,628,103</u>	<u>2,492,186</u>	<u>135,917</u>
<b>Support Services</b>				
<b>Students</b>				
Personnel Services	104,762	92,612	88,165	4,447
Employee Benefits	38,224	26,724	23,873	2,851
Professional & Tech Services	47,775	59,705	56,898	2,807
Purchased Property Services	300	300	0	300
Other Purchased Services	1,281	1,781	549	1,232
Supplies	7,000	10,200	8,786	1,414
Total Students	<u>199,342</u>	<u>191,322</u>	<u>178,271</u>	<u>13,051</u>
<b>Instruction</b>				
Personnel Services	53,311	53,961	53,961	0
Employee Benefits	24,000	24,145	23,613	532
Professional & Tech Services	15,500	4,600	2,480	2,120
Other Purchased Services	3,000	880	0	880
Supplies	30,000	30,000	29,386	614
Supply Assets	4,000	4,000	3,722	278
Total Instruction	<u>129,811</u>	<u>117,586</u>	<u>113,162</u>	<u>4,424</u>
<b>General Administration</b>				
Personnel Services	145,392	146,692	146,692	0
Employee Benefits	40,590	36,340	33,009	3,331
Professional & Tech Services	26,935	44,335	40,586	3,749
Other Purchased Services	10,000	2,275	1,819	456
Supplies	17,000	16,000	14,067	1,933
Total General Administration	<u>\$ 239,917</u>	<u>\$ 245,642</u>	<u>\$ 236,173</u>	<u>\$ 9,469</u>

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>School Administration</b>				
Personnel Services	\$ 221,861	\$ 224,721	\$ 224,511	\$ 210
Employee Benefits	85,090	92,890	87,233	5,657
Professional & Tech Services	6,000	3,720	3,327	393
Other Purchased Services	2,000	0	0	
Supplies	3,600	2,800	2,686	114
Total School Administration	<u>318,551</u>	<u>324,131</u>	<u>317,757</u>	<u>6,374</u>
<b>Central Services</b>				
Personnel Services	34,625	35,275	35,275	0
Employee Benefits	8,680	8,690	8,458	232
Professional & Tech Services	12,000	14,500	11,230	3,270
Other Purchased Services	3,000	0	0	0
Supplies	5,000	4,615	4,614	1
Total Central Services	<u>63,305</u>	<u>63,080</u>	<u>59,577</u>	<u>3,503</u>
<b>Operation of Plant</b>				
Personnel Services	274,113	278,113	270,766	7,347
Employee Benefits	113,545	118,195	112,324	5,871
Professional & Tech Services	10,000	1,250	732	518
Purchased Property Services	214,500	220,960	187,516	33,444
Other Purchased Services	188,000	186,400	185,144	1,256
Supplies	9,600	12,500	11,074	1,426
Supply Assets	1,000	0	0	0
Total Operation of Plant	<u>810,758</u>	<u>817,418</u>	<u>767,556</u>	<u>49,862</u>
<b>Transportation</b>				
Personnel Services	1,500	1,500	710	790
Employee Benefits	160	175	158	17
Purchased Property Services	1,000	995	312	683
Total Transportation	<u>2,660</u>	<u>2,670</u>	<u>1,180</u>	<u>1,490</u>
<b>Other</b>				
Other Purchased Services	<u>28,597</u>	<u>28,597</u>	<u>433</u>	<u>28,164</u>
Total Other	<u>28,597</u>	<u>28,597</u>	<u>433</u>	<u>28,164</u>
Total Support Services	<u>1,792,941</u>	<u>1,790,446</u>	<u>1,674,109</u>	<u>116,337</u>
<b>Food Service</b>				
Personnel Services	28,288	30,581	30,538	43
Employee Benefits	27,320	23,077	22,054	1,023
Other Purchased Services	0	0	0	0
Supplies	4,000	3,135	0	3,135
Total Food Service	<u>\$ 59,608</u>	<u>\$ 56,793</u>	<u>\$ 52,592</u>	<u>\$ 4,201</u>

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Community Service				
Personnel Services	\$ 11,000	\$ 13,815	\$ 13,813	\$ 2
Employee Benefits	<u>2,660</u>	<u>2,660</u>	<u>1,577</u>	<u>1,083</u>
Total Community Service	<u>13,660</u>	<u>16,475</u>	<u>15,390</u>	<u>1,085</u>
Total Expenditures	<u>4,467,372</u>	<u>4,491,817</u>	<u>4,234,277</u>	<u>257,540</u>
Excess (Deficiency) of Revenues Over Expenditures	(437,271)	(461,716)	45,525	507,241
Cash Balance Beginning of Year	<u>590,796</u>	<u>590,796</u>	<u>590,796</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 153,525</u>	<u>\$ 129,080</u>	<u>\$ 636,321</u>	<u>\$ 507,241</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 45,525	
Net Change in Taxes Receivable			(2,220)	
Net Change in Payables			(7,746)	
Net Change in Deferred Revenue			<u>(544)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 35,015</u>	

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



State of New Mexico  
**Jal Public Schools**  
 General Fund-Teacherage-12000  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Rents	\$ 12,000	\$ 12,000	\$ 16,800	\$ 4,800
Other	0	0	400	400
Total Revenues	<u>12,000</u>	<u>12,000</u>	<u>17,200</u>	<u>5,200</u>
Expenditures				
Support Services				
Operation of Plant				
Purchased Property Services	7,500	7,125	6,475	650
Other Purchased Services	0	675	675	0
Supplies	3,000	200	20	180
Supply Assets	3,000	5,500	5,500	
Total Operation of Plant	<u>13,500</u>	<u>13,500</u>	<u>12,670</u>	<u>830</u>
Total Support Services	<u>13,500</u>	<u>13,500</u>	<u>12,670</u>	<u>830</u>
Total Expenditures	<u>13,500</u>	<u>13,500</u>	<u>12,670</u>	<u>830</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,500)	(1,500)	4,530	6,030
Cash Balance Beginning of Year	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 7,030</u>	<u>\$ 6,030</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 4,530	
Net Change in Payables			1,931	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 6,461</u>	

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

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 16,916	\$ 157,400	\$ 157,400	\$ 0
Total Revenues	<u>16,916</u>	<u>157,400</u>	<u>157,400</u>	<u>0</u>
<b>Expenditures</b>				
<b>Support Services</b>				
<b>Student Transportation</b>				
Personnel Services	85,941	86,822	86,526	296
Employee Benefits	39,650	35,910	34,506	1,404
Professional & Tech Services	4,000	2,050	2,044	6
Other Purchased Services	1,740	1,275	1,272	3
Supplies	28,085	31,343	24,750	6,593
Other	1,500	18,634	18,634	0
Total Student Transportation	<u>160,916</u>	<u>176,034</u>	<u>167,732</u>	<u>8,302</u>
Total Support Services	<u>160,916</u>	<u>176,034</u>	<u>167,732</u>	<u>8,302</u>
Total Expenditures	<u>160,916</u>	<u>176,034</u>	<u>167,732</u>	<u>8,302</u>
Excess (Deficiency) of Revenues Over Expenditures	(144,000)	(18,634)	(10,332)	8,302
Cash Balance Beginning of Year	<u>37,267</u>	<u>37,267</u>	<u>37,267</u>	<u>0</u>
Cash Balance End of Year	<u>\$ (106,733)</u>	<u>\$ 18,633</u>	<u>\$ 26,935</u>	<u>\$ 8,302</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (10,332)	
Net Change in Payables			<u>(1,576)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (11,908)</u>	

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

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 25,390	\$ 33,169	\$ 33,169	\$ 0
Total Revenues	<u>25,390</u>	<u>33,169</u>	<u>33,169</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	25,390	71,791	66,998	4,793
Total Instruction	<u>25,390</u>	<u>71,791</u>	<u>66,998</u>	<u>4,793</u>
Total Expenditures	<u>25,390</u>	<u>71,791</u>	<u>66,998</u>	<u>4,793</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(38,622)	(33,829)	4,793
Cash Balance Beginning of Year	<u>38,622</u>	<u>38,622</u>	<u>38,622</u>	<u>0</u>
Cash Balance End of Year	\$ <u>38,622</u>	\$ <u>0</u>	\$ <u>4,793</u>	\$ <u>4,793</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>(33,829)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(33,829)</u>	

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

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 91,465	\$ 108,448	\$ 82,799	\$ (25,649)
<b>Total Revenues</b>	<u>91,465</u>	<u>108,448</u>	<u>82,799</u>	<u>(25,649)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	59,725	60,798	57,100	3,698
Employee Benefits	16,835	19,985	18,924	1,061
Other Purchased Services	0	7,810	7,806	4
Supplies	1,156	6,106	4,346	1,760
<b>Total Instruction</b>	<u>77,716</u>	<u>94,699</u>	<u>88,176</u>	<u>6,523</u>
<b>Total Expenditures</b>	<u>77,716</u>	<u>94,699</u>	<u>88,176</u>	<u>6,523</u>
Excess (Deficiency) of Revenues Over Expenditures	13,749	13,749	(5,377)	(19,126)
Cash Balance Beginning of Year	<u>(13,749)</u>	<u>(13,749)</u>	<u>(13,749)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (19,126)</u>	<u>\$ (19,126)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (5,377)	
Net Change in Due from Grantor			5,377	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

State of New Mexico

**Jal Public Schools**

Special Revenue Fund-IDEA B Entitlement-24106

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 159,200	\$ 193,530	\$ 119,312	\$ (74,218)
Total Revenues	<u>159,200</u>	<u>193,530</u>	<u>119,312</u>	<u>(74,218)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	35,700	35,203	34,376	827
Employee Benefits	22,540	23,037	14,871	8,166
Total Instruction	<u>58,240</u>	<u>58,240</u>	<u>49,247</u>	<u>8,993</u>
<b>Support Services</b>				
<b>Students</b>				
Personnel Services	3,100	9,200	7,646	1,554
Employee Benefits	820	1,490	1,084	406
Other Purchased Services	0	0	69,703	(69,703)
Total Students	<u>3,920</u>	<u>10,690</u>	<u>78,433</u>	<u>(67,743)</u>
<b>General Administration</b>				
Other Purchased Services	44,844	72,108	0	72,108
Total General Administration	<u>44,844</u>	<u>72,108</u>	<u>0</u>	<u>72,108</u>
<b>Central Services</b>				
Personnel Services	4,211	4,221	4,211	10
Employee Benefits	760	1,046	988	58
Total Central Services	<u>4,971</u>	<u>5,267</u>	<u>5,199</u>	<u>68</u>
Total Support Services	<u>53,735</u>	<u>88,065</u>	<u>83,632</u>	<u>4,433</u>
Total Expenditures	<u>111,975</u>	<u>146,305</u>	<u>132,879</u>	<u>13,426</u>
Excess (Deficiency) of Revenues Over Expenditures	47,225	47,225	(13,567)	(60,792)
Cash Balance Beginning of Year	<u>(47,225)</u>	<u>(47,225)</u>	<u>(47,225)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (60,792)</u>	<u>\$ (60,792)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (13,567)	
Net Change in Due from Grantor			13,567	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

State of New Mexico  
**Jal Public Schools**  
Statement of Fiduciary Net Position - Agency Funds  
June 30, 2016

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	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 166,011
Total Assets	<u>\$ 166,011</u>
Liabilities	
Deposits Held for Others	\$ 166,011
Total Liabilities	<u>\$ 166,011</u>

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

**Summary of Significant Accounting Policies**

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

**Financial Reporting Entity**

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

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

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

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

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

***Governmental Funds***

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

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

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

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

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

***Fiduciary Fund Type***

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

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

**Major Funds**

The District reports the following major governmental funds:

**General Fund (11000)(12000)(13000)(14000).** The General Fund consist of four sub funds. The first is the operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The second is the Teacherage fund of the District and accounts for rental properties that are rented to teachers and administrators that work at the school. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide text books for students in the District.

**Major Special Revenue Funds**

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

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

**Bond Building (31100).** The revenues are derived from a School Building Bond Issue. The expenditures are restricted to major capital improvements.

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

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

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

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



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

#### Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues include: 1) charges for services to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions, Transportation, Food Service, Special Revenue Funds such as special education as well as others., and 3) program specific capital grants and contributions.

### ***Fund Financial Statements (FFS)***

#### Governmental Funds

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

#### Revenues

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

Grants. Government mandated nonexchange transaction and voluntary nonexchange transactions. Recipients should recognize revenues in the period when all applicable eligibility requirements have been met and the resources are available.

#### Revenue Recognition for Grants

Eligibility requirements for government-mandated and voluntary nonexchange transaction comprise one or more of the following:

1. Required characteristics of recipients. The recipient has the characteristics specified by the provider (are required to be school districts).
2. Time requirements. Time requirements specified by enabling legislation or the provider have been met (period when the resources are required to be used).
3. Reimbursements. The provider offers resources on a reimbursement ("expenditure-driven") basis and the recipient has incurred allowable costs under the applicable program.

4. Contingencies. The providers offer of resources is contingent upon a specified action of the recipient and that action has occurred (the recipient has raised the matching funds).

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

Expenditures

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

Other Financing Sources (Uses)

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

Basis of Budgeting

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

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

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

1. Prior to April 15, (unless a later date is fixed by the Secretary of Education) the local school board submits to the School Budget and Finance Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1st. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.
2. Prior to June 20th, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAU.
5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.

6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the SBFAU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

#### Cash and Cash Equivalents

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

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

#### Investments

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

- (a) bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
- (b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.
- (c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

#### Receivables and Payables

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

Property Taxes

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

Elimination and Reclassifications of Certain Receivables and Payables

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

Inventories and Prepaid Items

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Food Services Fund consists of purchased food and non-food items and United States Department of Agriculture (USDA) commodities. Commodities are shown at the USDA procurement cost. Costs are recorded as expenditures at the time individual inventory items are used (consumption method). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both District-wide and fund financial statements.

Capital Assets

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

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

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

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

Capital Leases

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

Short -Term Debt

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

Long-Term Liabilities

Long-Term Liabilities include bonds, pension liabilities and compensated absences that are paid for over several years. Long-Term Liabilities are included in the government wide financial statements but not in the fund financial statements. Only the current portion due within 30 days is included in the fund financial statements.

Restricted Net Position

For the Government-Wide Statement of Net Position, net positions are reported as restricted when constraints placed on net positions use are either:

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

Imposed by law through constitutional provisions or enabling legislation.

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

Fund Balances of Fund Financial Statements

Nonspendable fund balance indicates that portion of fund equity is not spendable such as inventory.

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resources providers, or through enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance is the residual amount that is not restricted or committed.

Interfund Transfers

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

Deferred Inflow of Resources

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

Compensated Absences

Administrative Personnel will receive two weeks of vacation time per year. After five years of experience, the vacation time will increase to three weeks, and after ten years, four weeks a year will be given. Employees who have been working in other positions in the school system will be given credit for this experience. Vacation time not used will be credited to the next year up to a maximum of 50 days. Employees retiring from the district may be compensated for up to 240 hours of unused vacation time. This limit is set by the Education Retirement Board.

The District's recognition and measurement criteria for compensated absences follow:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both the following conditions are met:

- (a) The employees' right to receive compensation is attributable to services already rendered.
- (b) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

Estimates

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

**A. Deposits and Investments**

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

<u>Name of Account</u>	Balance Per Bank 6/30/16	Reconciled Balance	<u>Type</u>	
Operational Activity Account	\$ 11,621,898	\$ 11,404,463	Checking	Non-Interest
	169,588	166,010	Checking	Non-Interest
TOTAL Deposited	<u>11,791,486</u>	<u>\$ 11,570,473</u>		
Less: FDIC Coverage	<u>(250,000)</u>			
Uninsured Amount	11,541,486			
50% collateral requirement	5,770,743			
Pledged securities	7,507,066			
Over (Under) requirement	<u>\$ 1,736,323</u>			

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

The following securities are pledged at **Wells Fargo**:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FNMA FNMS	31417DAD5	\$ 7,507,066	09/01/2026	Mellon Bank, NY
		<u>\$ 7,507,066</u>		

**Custodial Credit Risk-Deposits**

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 250,000
Collateralized:	
Collateral held by the pledging bank in District's name	7,507,066
Uninsured and uncollateralized	4,034,420
Total Deposits	<u>\$ 11,791,486</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2016 \$4,034,420 of the District's bank balance of \$11,791,486 was exposed to custodial credit risk.

**B. Receivables**

Following is a schedule of property taxes receivable as of June 30, 2016:

	<u>General 11000</u>	<u>Title I 24101</u>	<u>IDEA B Entitlement 24106</u>	<u>Senate Bill Nine 31700</u>
Property Taxes Receivable:				
Available	\$ 22,984	\$ 0	\$ 0	\$ 92,020
Unavailable	544	0	0	2,665
Due from Grantors				
State	0	0	0	0
Federal	0	19,126	60,792	0
Total Receivables	<u>\$ 23,528</u>	<u>\$ 19,126</u>	<u>\$ 60,792</u>	<u>\$ 94,685</u>
		<u>Debt Service 41000</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property Taxes Receivable:				
Available		\$ 111,516	\$ 0	\$ 226,520
Unavailable		2,414		5,623
Due from Grantors				
State		0	5,400	5,400
Federal		0	11,433	91,351
Total Receivables		<u>\$ 113,930</u>	<u>\$ 16,833</u>	<u>\$ 328,894</u>

**C. Interfund Receivables, Payables and Transfers**

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Funds</u>		
	<u>Title I 24101</u>	<u>IDEA B Entitlement 24106</u>	<u>Other Governmental Funds</u>
General Fund	\$ 19,126	\$ 60,792	\$ 16,833
Totals	<u>\$ 19,126</u>	<u>\$ 60,792</u>	<u>\$ 16,833</u>

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

**D. Capital Assets**

Capital Assets Balances and Activity for the Year Ended June 30, 2016, is as follows:

	Balance 6/30/15	Increases	Decreases	Balance 6/30/16
<b>Governmental Activities</b>				
Capital Assets, not being Depreciated				
Land	\$ 529,477	\$ 301,760	\$ 0	\$ 831,237
Construction in Progress	0	1,687,493	0	1,687,493
Total Capital Assets, not being Depreciated	<u>529,477</u>	<u>1,989,253</u>	<u>0</u>	<u>2,518,730</u>
Capital Assets, being Depreciated				
Buildings & Improvements	22,370,582	2,085,407	0	24,455,989
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>2,107,361</u>	<u>127,115</u>	<u>0</u>	<u>2,234,476</u>
Total Capital Assets, being Depreciated	<u>24,477,943</u>	<u>2,212,522</u>	<u>0</u>	<u>26,690,465</u>
Total Capital Assets	<u>25,007,420</u>	<u>4,201,775</u>	<u>0</u>	<u>29,209,195</u>
<b>Less Accumulated Depreciation</b>				
Buildings & Improvements	17,766,554	405,613	0	18,172,167
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>1,436,915</u>	<u>301,436</u>	<u>0</u>	<u>1,738,351</u>
Total Accumulated Depreciation	<u>18,893,037</u>	<u>707,049</u>	<u>0</u>	<u>19,910,518</u>
Capital Assets, net	<u>\$ 5,194,702</u>	<u>\$ 3,494,726</u>	<u>\$ 0</u>	<u>\$ 9,298,677</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 707,049
Total depreciation expenses	<u>\$ 707,049</u>

**E. Long-Term Debt and Other Liabilities**

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

	Balance 6/30/15	Additions	Reductions	Balance 6/30/16	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 9,500,000	\$ 0	\$ 0	\$ 9,500,000	\$ 1,400,000
Total Bonds	<u>9,500,000</u>	<u>0</u>	<u>0</u>	<u>9,500,000</u>	<u>1,400,000</u>
<b>Other Liabilities</b>					
Compensated					
Absences	\$ 15,874	\$ 29,243	\$ 19,336	\$ 25,781	\$ 25,781
Total Other Liabilities	<u>\$ 15,874</u>	<u>\$ 29,243</u>	<u>\$ 19,336</u>	<u>\$ 25,781</u>	<u>\$ 25,781</u>



Payments on the general obligation bonds are made by the Debt Service Funds. The compensated absences liability will ultimately be liquidated by several of the District's governmental funds, with most being paid by the General Fund.

**General Obligation Bonds.**

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

<u>Series</u>	<u>Date of Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance</u>
2015	4/1/15	9,500,000	3%	\$ 9,500,000
				\$ 9,500,000

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,400,000	\$ 196,144	\$ 1,596,144
2018	300,000	240,000	540,000
2019	200,000	223,000	423,000
2020	100,000	218,000	318,000
2021	300,000	214,500	514,500
2022-2026	1,700,000	954,000	2,654,000
2027-2031	5,500,000	650,000	6,150,000
Total	\$ 9,500,000	\$ 2,695,644	\$ 2,877,144

**F. Commitments**

The District has several large construction projects ongoing and planned. They will be financed with bond issues.

**G. Retirement Plan**

**Summary of Significant Accounting Policies**

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

**General Information about the Pension Plan**

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

ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at [www.nmerb.org](http://www.nmerb.org).

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

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

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

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

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.

The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For fiscal year ended June 30, 2015 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 \$578,776 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015. At June 30, 2016, the District reported a liability of \$5,642,336 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2015. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2015, the District proportion was 0.08711 percent, which was an decrease of 0.01134 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$245,435. At the June 30, 2016, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 0	\$ 104,604
Changes of assumptions	194,070	0
Net difference between projected and actual earnings on pension plan investments	0	25,398
Changes in proportion and differences between the District's contributions and proportionate share of contributions	0	473,059
District's contributions subsequent to the measurement date	375,541	0
Total	<u>\$ 569,611</u>	<u>\$ 603,061</u>

State of New Mexico  
**Jal Public Schools**  
Notes to the Financial Statements  
June 30, 2016

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\$375,541 reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (196,602)
2018	(186,276)
2019	(104,472)
2020	78,359
Total	<u>\$ (408,991)</u>

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

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

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

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

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

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

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

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary Increases	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of age and service rates

Mortality	90% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2014 using Scale AA (one year setback for females)
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**Rate of Return:** The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic objections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.).

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The Districts' proportionate share of the net pension liability	\$ 7,592,154	\$ 5,642,336	\$ 4,004,305

**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, 2014 and 2013 which are publicly available at [www.nmerb.org](http://www.nmerb.org).

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

#### **H. Retiree Health Care**

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

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 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 \$54,061, \$49,526, and \$52,217 respectively, which equal the required contributions for each year.

**I. Reconciliation of Budgetary Basis to GAAP Basis Statements**

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

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

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

**J. Risk Management**

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

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

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

**K. Joint Powers Agreements**

Jal Public School is part of a joint powers agreement with the Lea Regional Education Cooperation # 7 (REC). The REC administers the following programs listed below for the District. The financial statements for these funds have been prepared separately and are available at the REC.

The agreement is to remain in effect until the end of any fiscal year during which the District gives notice of intent to terminate.

The REC is responsible for their audit. The information is available at the Lea Regional Education Cooperation, 315 East Clinton, Hobbs, New Mexico 88240.

Jal Public School is a member of the Lea County Distance Education Consortium. Other members include all school districts in Lea County, Eastern New Mexico University and New Mexico Junior College. The purpose of the Consortium is to purchase and maintain a two-way interactive television network to provide educational services between each of the members. The District contributed \$15,875 this fiscal year.

This agreement shall continue as mutually agreeable by all parties.

The New Mexico Junior College is responsible for their audit. The information is available at the New Mexico Junior College, 5317 N Lovington Hwy, Hobbs, New Mexico 88240.

**L. Subsequent Events**

Subsequent events were evaluated through October 5, 2016 which is the date the financial statements were available to be issued.

**M. Budget Violations**

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

The following funds had budget violations as of June 30, 2016.

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<u>Nonmajor Fund</u>				
Improving Teacher Quality-24154				
Instruction	\$ 0	\$ 0	4,024 \$	(4,024)



**Supplemental Information Related to  
Major Funds**

State of New Mexico  
**Jal Public Schools**  
 Capital Projects Fund-Bond Building-31100  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest Income	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Capital Outlay				
Bond Issue Costs	26,935	44,335	48,304	(3,969)
Construction	9,486,250	9,243,250	1,687,494	7,555,756
Land	<u>0</u>	<u>243,000</u>	<u>246,736</u>	<u>(3,736)</u>
Total Capital Outlay	<u>9,513,185</u>	<u>9,530,585</u>	<u>1,982,534</u>	<u>7,548,051</u>
Total Expenditures	<u>9,513,185</u>	<u>9,530,585</u>	<u>1,982,534</u>	<u>7,548,051</u>
Excess (Deficiency) of Revenues Over Expenditures	(9,513,185)	(9,530,585)	(1,982,534)	7,548,051
Cash Balance Beginning of Year	<u>9,546,974</u>	<u>9,546,974</u>	<u>9,546,974</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 33,789</u>	<u>\$ 16,389</u>	<u>\$ 7,564,440</u>	<u>\$ 7,548,051</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,982,534)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (1,982,534)</u>	

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

State of New Mexico

**Jal Public Schools**

Capital Projects Fund-Senate Bill Nine-31700

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 1,568,789	\$ 1,568,789	\$ 1,784,760	\$ 215,971
Interest Income	1,375	1,375	0	(1,375)
State Grant	0	0	5,466	5,466
Other	54,305	54,305	12,071	(42,234)
Total Revenues	<u>1,624,469</u>	<u>1,624,469</u>	<u>1,802,297</u>	<u>177,828</u>
<b>Expenditures</b>				
<b>Support Services</b>				
<b>General Administration</b>				
Professional & Tech Services	0	3,936	3,091	845
Total General Administration	<u>0</u>	<u>3,936</u>	<u>3,091</u>	<u>845</u>
Total Support Services	<u>0</u>	<u>3,936</u>	<u>3,091</u>	<u>845</u>
<b>Capital Outlay</b>				
Maintenance & Repairs	708,052	1,905,052	214,900	1,690,152
Supplies	315,944	242,087	138,607	103,480
Fixed Assets	1,100,000	2,262,904	2,267,546	(4,642)
Supply Assets	0	0	21,708	(21,708)
Total Capital Outlay	<u>2,123,996</u>	<u>4,410,043</u>	<u>2,642,761</u>	<u>1,767,282</u>
Total Expenditures	<u>2,123,996</u>	<u>4,413,979</u>	<u>2,645,852</u>	<u>1,768,127</u>
Excess (Deficiency) of Revenues Over Expenditures	(499,527)	(2,789,510)	(843,555)	1,945,955
Cash Balance Beginning of Year	<u>2,775,670</u>	<u>2,775,670</u>	<u>2,775,670</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,276,143</u>	<u>\$ (13,840)</u>	<u>\$ 1,932,115</u>	<u>\$ 1,945,955</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (843,555)	
Net Change in Taxes Receivable			(8,383)	
Net Change in Due from Grantor			(12,071)	
Net Change in Accounts Payable			99,387	
Net Change in Deferred Revenue			(2,665)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (767,287)</u>	

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

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 196,144	\$ 196,144	\$ 1,378,669	\$ 1,182,525
Total Revenues	<u>196,144</u>	<u>196,144</u>	<u>1,378,669</u>	<u>1,182,525</u>
<b>Expenditures</b>				
<b>Support Services</b>				
<b>General Administration</b>				
Professional & Tech Services	1,961	8,961	3,468	5,493
Total General Administration	<u>1,961</u>	<u>8,961</u>	<u>3,468</u>	<u>5,493</u>
Total Support Services	<u>1,961</u>	<u>8,961</u>	<u>3,468</u>	<u>5,493</u>
<b>Debt Service</b>				
Principal	0	0	0	0
Interest	196,278	196,278	196,278	0
Total Debt Service	<u>196,278</u>	<u>196,278</u>	<u>196,278</u>	<u>0</u>
Total Expenditures	<u>198,239</u>	<u>205,239</u>	<u>199,746</u>	<u>5,493</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,095)	(9,095)	1,178,923	1,188,018
Cash Balance Beginning of Year	<u>95,083</u>	<u>95,083</u>	<u>95,083</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 92,988</u>	<u>\$ 85,988</u>	<u>\$ 1,274,006</u>	<u>\$ 1,188,018</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,178,923	
Net Change in Taxes Receivable			113,930	
Net Change in Deferred Revenue			(2,414)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 1,290,439</u>	

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

**Supplemental Information Related to  
Nonmajor Funds**

**Nonmajor Special Revenue Funds**

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

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

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

**IDEA B (24120)(24132).** To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

**Improving Teacher Quality (24154).** To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. Elementary and Secondary Education Act of 1965, as amended, Title II, Part A (PL 107-110).

**Rural Education Achievement Program (REAP) (25233).** To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

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

**GO Student Library (27107).** To account for revenues and expenditures from a state grant to provide for public school and juvenile detention libraries. The funding made available to update and expand library collections in order to circulate and provide access of materials to students and teachers. Funding provided by the State of New Mexico.

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

State of New Mexico  
**Jal Public Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2016

	Special Revenue		
	Food Service 21000	Athletics 22000	IDEA Preschool 24109
<b>Assets</b>			
Cash and Cash Equivalents	\$ 50,529	\$ 5,044	\$ 0
Receivables			
Due From Grantor	0	0	3,579
Inventory	7,912	0	0
Total Assets	<u>\$ 58,441</u>	<u>\$ 5,044</u>	<u>\$ 3,579</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 1,515	\$ 0	\$ 0
Interfund Balance	0	0	3,579
Total Liabilities	<u>1,515</u>	<u>0</u>	<u>3,579</u>
<b>Fund Balance</b>			
Nonspendable-Inventory	7,912	0	0
Restricted for:			
Special Revenue Funds	49,014	5,044	0
Debt Service	0	0	0
Total Fund Balance	<u>56,926</u>	<u>5,044</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 58,441</u>	<u>\$ 5,044</u>	<u>\$ 3,579</u>

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

State of New Mexico  
**Jal Public Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2016

	Special Revenue		
	IDEA B Risk Pool 24120	IDEA B Results Plan 24132	Improving Teacher Quality 24154
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	82	7,772	0
Inventory	0	0	0
<b>Total Assets</b>	<b>\$ 82</b>	<b>\$ 7,772</b>	<b>\$ 0</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	82	7,772	0
<b>Total Liabilities</b>	<b>82</b>	<b>7,772</b>	<b>0</b>
<b>Fund Balance</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Debt Service	0	0	0
<b>Total Fund Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 82</b>	<b>\$ 7,772</b>	<b>\$ 0</b>

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



State of New Mexico  
**Jal Public Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2016

	Special Revenue		
	REAP 25233	Duel Credits Instructional Materials 27103	GO Student Library 27107
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Due From Grantor	0	0	5,400
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,400</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	5,400
Total Liabilities	<u>0</u>	<u>0</u>	<u>5,400</u>
<b>Fund Balance</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Debt Service	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,400</u>

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

State of New Mexico  
**Jal Public Schools**  
 Nonmajor Funds  
 Combining Balance Sheet  
 June 30, 2016

	<u>Special Revenue</u>	
	NM Reads to Lead 27114	Total
	<u>          </u>	<u>          </u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 0	\$ 55,573
Receivables		
Due From Grantor	0	16,833
Inventory	0	7,912
Total Assets	<u>\$ 0</u>	<u>\$ 80,318</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 0	\$ 1,515
Interfund Balance	<u>0</u>	<u>16,833</u>
Total Liabilities	<u>0</u>	<u>18,348</u>
<b>Fund Balance</b>		
Nonspendable-Inventory	0	7,912
Restricted for:		
Special Revenue Funds	0	54,058
Debt Service	<u>0</u>	<u>0</u>
Total Fund Balance	<u>0</u>	<u>61,970</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 80,318</u>

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

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

	Special Revenue		
	Food Service 21000	Athletics 22000	IDEA Preschool 24109
Revenues			
Fees	17,934	26,729	\$ 0
State and Local Grants	0	0	0
Federal Grants	119,975	0	13,696
Total Revenues	<u>137,909</u>	<u>26,729</u>	<u>13,696</u>
Expenditures			
Current			
Instruction	0	22,839	5,583
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	0	8,113
School Administration	0	0	0
Food Service	146,076	0	0
Total Expenditures	<u>146,076</u>	<u>22,839</u>	<u>13,696</u>
Excess (Deficiency) of Revenues Over Expenditures	(8,167)	3,890	0
Fund Balances at Beginning of Year	<u>65,093</u>	<u>1,154</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 56,926</u>	<u>\$ 5,044</u>	<u>\$ 0</u>

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

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

	Special Revenue		
	IDEA B Risk Pool 24120	IDEA B Results Plan 24132	Improving Teacher Quality 24154
Revenues			
Fees	\$ 0	\$ 0	\$ 0
State and Local Grants	0	0	0
Federal Grants	82	15,427	10,953
Total Revenues	<u>82</u>	<u>15,427</u>	<u>10,953</u>
Expenditures			
Current			
Instruction	82	15,060	4,024
Support Services			
Students	0	0	2,500
Instruction	0	0	0
General Administration	0	0	2,429
School Administration	0	367	2,000
Food Service	0	0	0
Total Expenditures	<u>82</u>	<u>15,427</u>	<u>10,953</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

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

	Special Revenue		
	REAP 25233	Duel Credits Instructional Materials 27103	GO Student Library 27107
<b>Revenues</b>			
Fees	\$ 0	\$ 0	\$ 0
State and Local Grants	0	1,570	5,400
Federal Grants	32,405	0	0
Total Revenues	<u>32,405</u>	<u>1,570</u>	<u>5,400</u>
<b>Expenditures</b>			
Current			
Instruction	32,405	1,570	0
Support Services			
Students	0	0	0
Instruction	0	0	5,400
General Administration	0	0	0
School Administration	0	0	0
Food Service	0	0	0
Total Expenditures	<u>32,405</u>	<u>1,570</u>	<u>5,400</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

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

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	<u>Special Revenue</u>	
	NM Reads to Lead 27114	Total
	<u>                    </u>	<u>                    </u>
Revenues		
Fees	\$ 0	\$ 44,663
State and Local Grants	49,999	56,969
Federal Grants	0	192,538
Total Revenues	<u>49,999</u>	<u>294,170</u>
Expenditures		
Current		
Instruction	49,999	131,562
Support Services		
Students	0	2,500
Instruction	0	5,400
General Administration	0	10,542
School Administration		2,367
Food Service	0	146,076
Total Expenditures	<u>49,999</u>	<u>298,447</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(4,277)
Fund Balances at Beginning of Year	<u>0</u>	<u>66,247</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 61,970</u>

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

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Fees	\$ 23,113	\$ 23,113	\$ 17,934	\$ (5,179)
Federal Grant	125,000	125,000	109,406	(15,594)
Total Revenues	<u>148,113</u>	<u>148,113</u>	<u>127,340</u>	<u>(20,773)</u>
<b>Expenditures</b>				
<b>Food Service</b>				
Personnel Services	53,747	53,847	52,400	1,447
Employee Benefits	4,000	4,000	3,421	579
Professional & Tech Services	100	705	691	14
Other Purchased Services	2,000	1,950	1,278	672
Supplies	143,763	143,108	78,212	64,896
Total Food Service	<u>203,610</u>	<u>203,610</u>	<u>136,002</u>	<u>67,608</u>
Total Expenditures	<u>203,610</u>	<u>203,610</u>	<u>136,002</u>	<u>67,608</u>
Excess (Deficiency) of Revenues Over Expenditures	(55,497)	(55,497)	(8,662)	46,835
Cash Balance Beginning of Year	<u>59,191</u>	<u>59,191</u>	<u>59,191</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 3,694</u>	<u>\$ 3,694</u>	<u>\$ 50,529</u>	<u>\$ 46,835</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (8,662)	
Net Change in Inventory			2,010	
Net Change in Accounts Payable			(1,515)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (8,167)</u>	

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

State of New Mexico

**Jal Public Schools**

Special Revenue Fund-Athletics-22000

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Fees	\$ 25,000	\$ 25,000	\$ 26,729	\$ 1,729
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>26,729</u>	<u>1,729</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	6,000	6,130	6,126	4
Employee Benefits	1,330	1,426	1,410	16
Professional & Tech Services	0	2,763	2,763	0
Other Purchased Services	14,670	11,966	9,310	2,656
Supplies	3,000	3,230	3,230	0
Supply Assets	756	241	0	241
Total Instruction	<u>25,756</u>	<u>25,756</u>	<u>22,839</u>	<u>2,917</u>
Total Expenditures	<u>25,756</u>	<u>25,756</u>	<u>22,839</u>	<u>2,917</u>
Excess (Deficiency) of Revenues Over Expenditures	(756)	(756)	3,890	4,646
Cash Balance Beginning of Year	<u>1,154</u>	<u>1,154</u>	<u>1,154</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 398</u>	<u>\$ 398</u>	<u>\$ 5,044</u>	<u>\$ 4,646</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 3,890	
Net Change in Accounts Payable			<u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 3,890</u>	

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



State of New Mexico

**Jal Public Schools**

Special Revenue Fund-IDEA Preschool-24109

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 17,113	\$ 19,243	\$ 15,608	\$ (3,635)
Total Revenues	<u>17,113</u>	<u>19,243</u>	<u>15,608</u>	<u>(3,635)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	0	200	200	0
Employee Benefits	0	49	46	3
Other Purchased Services	3,456	5,337	5,337	0
Supplies	0	0	0	0
Total Instruction	<u>3,456</u>	<u>5,586</u>	<u>5,583</u>	<u>3</u>
<b>Support Services</b>				
<b>General Administration</b>				
Personnel Services	6,567	6,572	6,567	5
Employee Benefits	1,600	1,595	1,547	48
Other Purchased Services	0	0	0	0
Total General Administration	<u>8,167</u>	<u>8,167</u>	<u>8,114</u>	<u>53</u>
Total Support Services	<u>8,167</u>	<u>8,167</u>	<u>8,114</u>	<u>53</u>
Total Expenditures	<u>11,623</u>	<u>13,753</u>	<u>13,697</u>	<u>56</u>
Excess (Deficiency) of Revenues Over Expenditures	5,490	5,490	1,911	(3,579)
Cash Balance Beginning of Year	<u>(5,490)</u>	<u>(5,490)</u>	<u>(5,490)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (3,579)</u>	<u>\$ (3,579)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,911	
Net Change in Due from Grantor			(1,911)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

State of New Mexico

**Jal Public Schools**

Special Revenue Fund-IDEA B Risk Pool-24120

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

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 91	\$ 173	\$ 91	\$ (82)
Total Revenues	<u>91</u>	<u>173</u>	<u>91</u>	<u>(82)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Other Purchased Services	<u>0</u>	<u>82</u>	<u>82</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>82</u>	<u>82</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>82</u>	<u>82</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	91	91	9	(82)
Cash Balance Beginning of Year	<u>(91)</u>	<u>(91)</u>	<u>(91)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (82)</u>	<u>\$ (82)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 9	
Net Change in Due From Grantor			<u>(9)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

State of New Mexico

**Jal Public Schools**

Special Revenue Fund-IDEA B Results Plan-24132

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 20,000	\$ 20,000	\$ 7,655	\$ (12,345)
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>7,655</u>	<u>(12,345)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	0	2,300	2,300	0
Employee Benefits	0	514	512	2
Professional & Tech Services	18,957	12,248	12,248	0
Supplies	1,043	4,368	0	4,368
Total Instruction	<u>20,000</u>	<u>19,430</u>	<u>15,060</u>	<u>4,370</u>
<b>Support Services</b>				
<b>School Administration</b>				
Personnel Services	0	450	300	150
Employee Benefits	0	120	67	53
Total School Administration	<u>0</u>	<u>570</u>	<u>367</u>	<u>203</u>
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>15,427</u>	<u>4,573</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(7,772)	(7,772)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (7,772)</u>	<u>\$ (7,772)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (7,772)	
Net Change in Due From Grantor			<u>7,772</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

State of New Mexico

**Jal Public Schools**

Special Revenue Fund-Improving Teacher Quality-24154

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 4,312	\$ 26,737	\$ 15,265	\$ (11,472)
Total Revenues	<u>4,312</u>	<u>26,737</u>	<u>15,265</u>	<u>(11,472)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Other Purchased Services	<u>0</u>	<u>0</u>	<u>4,024</u>	<u>(4,024)</u>
Total Instruction	<u>0</u>	<u>0</u>	<u>4,024</u>	<u>(4,024)</u>
<b>Support Services</b>				
<b>Students</b>				
Other Purchased Services	<u>0</u>	<u>0</u>	<u>2,500</u>	<u>(2,500)</u>
Total Students	<u>0</u>	<u>0</u>	<u>2,500</u>	<u>(2,500)</u>
<b>General Administration</b>				
Other Purchased Services	<u>0</u>	<u>22,425</u>	<u>2,429</u>	<u>19,996</u>
Total General Administration	<u>0</u>	<u>22,425</u>	<u>2,429</u>	<u>19,996</u>
<b>School Administration</b>				
Other Purchased Services	<u>0</u>	<u>0</u>	<u>2,000</u>	<u>(2,000)</u>
Total School Administration	<u>0</u>	<u>0</u>	<u>2,000</u>	<u>(2,000)</u>
Total Support Services	<u>0</u>	<u>22,425</u>	<u>6,929</u>	<u>15,496</u>
Total Expenditures	<u>0</u>	<u>22,425</u>	<u>10,953</u>	<u>11,472</u>
Excess (Deficiency) of Revenues Over Expenditures	4,312	4,312	4,312	0
Cash Balance Beginning of Year	<u>(4,312)</u>	<u>(4,312)</u>	<u>(4,312)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 4,312	
Net Change in Due From Grantor			<u>(4,312)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

State of New Mexico

**Jal Public Schools**

Special Revenue Fund-Rural Education Achievement Program-25233

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 0	\$ 34,055	\$ 32,405	\$ (1,650)
Total Revenues	<u>0</u>	<u>34,055</u>	<u>32,405</u>	<u>(1,650)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	0	20,670	19,197	1,473
Employee Benefits	<u>0</u>	<u>13,385</u>	<u>13,208</u>	<u>177</u>
Total Instruction	<u>0</u>	<u>34,055</u>	<u>32,405</u>	<u>1,650</u>
Total Expenditures	<u>0</u>	<u>34,055</u>	<u>32,405</u>	<u>1,650</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

State of New Mexico

**Jal Public Schools**

Special Revenue Fund-Duel Credit Instructional Materials-27103

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 0	\$ 1,570	\$ 1,570	\$ 0
Total Revenues	<u>0</u>	<u>1,570</u>	<u>1,570</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	0	1,570	1,570	0
Total Instruction	<u>0</u>	<u>1,570</u>	<u>1,570</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>1,570</u>	<u>1,570</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Net Change in Due from Grantor			<u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

State of New Mexico

**Jal Public Schools**

Special Revenue Fund-GO Student Library-27107

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

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 10,260	\$ 10,260	\$ 0	\$ (10,260)
Total Revenues	<u>10,260</u>	<u>10,260</u>	<u>0</u>	<u>(10,260)</u>
<b>Expenditures</b>				
<b>Support Services</b>				
<b>Instruction</b>				
Supplies	10,260	10,260	5,400	4,860
Total Instruction	<u>10,260</u>	<u>10,260</u>	<u>5,400</u>	<u>4,860</u>
Total Support Services	<u>10,260</u>	<u>10,260</u>	<u>5,400</u>	<u>4,860</u>
Total Expenditures	<u>10,260</u>	<u>10,260</u>	<u>5,400</u>	<u>4,860</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(5,400)	(5,400)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (5,400)</u>	<u>\$ (5,400)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (5,400)	
Net Change in Due From Grantor			<u>5,400</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

State of New Mexico

**Jal Public Schools**

Special Revenue Fund-NM Reads to Lead-27114

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

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 97,513	\$ 97,513	\$ 97,512	\$ (1)
Total Revenues	<u>97,513</u>	<u>97,513</u>	<u>97,512</u>	<u>(1)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	50,000	50,000	49,999	1
Total Instruction	<u>50,000</u>	<u>50,000</u>	<u>49,999</u>	<u>1</u>
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>49,999</u>	<u>1</u>
Excess (Deficiency) of Revenues Over Expenditures	47,513	47,513	47,513	0
Cash Balance Beginning of Year	<u>(47,513)</u>	<u>(47,513)</u>	<u>(47,513)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 47,513	
Net Change in Due From Grantor			<u>(47,513)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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



## **Required Supplemental Information**

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

Last 10 Fiscal Years\*

	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.09472%	0.08711%
District's proportionate share of the net pension liability	\$ 5,404,459	\$ 5,642,347
District's covered-employee payroll	\$ 2,476,004	\$ 2,378,382
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	218.27%	237.23%
Plan fiduciary net position as a percentage of the total pension liability	66.54%	63.97%

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

**Schedule of District's Contributions**

Last 10 Fiscal Years\*

	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 344,165	\$ 392,823
Contributions in relation to the contractually required contribution	\$ 344,165	\$ 344,207
Contribution deficiency (excess)	0	48,616
District's covered-employee payroll	\$ 2,476,004	\$ 2,378,382
Contributions as a percentage of covered-employee payroll	13.90%	16.52%

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

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

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

**Changes of assumptions.**

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

1. Fiscal year 2015 valuation assumptions that changed based on this study:
  - a. Lower wage inflation from 4.25% to 3.75%
  - b. Minor changes to demographic assumptions
  - c. Lower population growth from .50% to zero by removing population growth assumption for
  - d. Updated the mortality tables to incorporate generational improvements
  
2. Assumptions that were not changed:
  - a. Investment return will remain at 7.75%
  - b. Inflation will remain at 3.00%
  - c. COLA assumption of 2.00% per year
  - d. Retain net 4.75% real return assumption
  - e. Maintain current payroll growth assumption of 3.50%
  - f. Maintained experience-based rates for members who joined NMERB by June 30, 2010

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

## Other Supplemental Information

**Fiduciary Fund**

**Activity Trust Fund**

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

State of New Mexico  
**Jal Public Schools**  
 Agency Funds  
 Statement of Fiduciary Assets and Liabilities-Agency Funds  
 June 30, 2016

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	Beginning Balance <u>6/30/15</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>6/30/16</u>
<b>Assets</b>				
Activity Trust Fund	\$ 177,905	\$ 162,336	\$ 174,230	\$ 166,011
Total Assets	<u>\$ 177,905</u>	<u>\$ 162,336</u>	<u>\$ 174,230</u>	<u>\$ 166,011</u>
<b>Liabilities</b>				
Due to Student Groups	\$ 177,905	\$ 162,336	\$ 174,230	\$ 166,011
Total Liabilities	<u>\$ 177,905</u>	<u>\$ 162,336</u>	<u>\$ 174,230</u>	<u>\$ 166,011</u>

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

State of New Mexico  
**Jal Public Schools**  
Agency Funds - Activities  
Schedule of Fiduciary Assets and Liabilities-Agency Funds  
June 30, 2016

	Balance 6/30/15	Additions	Deductions	Balance 6/30/16
<b>Assets</b>				
<b>Elementary</b>				
Educational Enhancement	\$ 21,837	\$ 16,005	\$ 19,804	\$ 18,038
Annuals	160	120	0	280
Administration	1,789	2,723	0	4,512
Total Elementary	<u>23,786</u>	<u>18,848</u>	<u>19,804</u>	<u>22,830</u>
<b>Junior and Senior High School</b>				
Annual	289	825	1,114	0
Cheerleaders	3,498	12,257	14,807	948
Educational Enhancement	2,542	19,432	12,158	9,815
Football Clearing Account	0	1,550	1,550	0
Gas Capital Relays	539	1,343	645	1,237
Junior Class	1,600	19,067	20,667	0
National Honor Society	310	4,635	3,961	984
Senior Bash	0	370	370	0
Senior Class	35	3,802	675	3,162
Shop	923	0	0	923
Sports Booster	2,691	11,652	8,201	6,142
Sports Misc.	3,253	30,186	25,730	7,710
Student Council	946	4,247	2,266	2,928
Technology Fund	0	3,386	2,356	1,030
Culinary	152	619	119	652
Jr High Athletics	1,033	2,300	3,310	23
Jr High Cheerleaders	(0)	27,418	26,753	665
Pool	12,345	398	12,743	0
Total Jr. & Sr. High	<u>30,156</u>	<u>143,488</u>	<u>137,426</u>	<u>36,218</u>
<b>Scholarships</b>				
Woolworth Scholarship	13,758	0	3,470	10,288
Short Scholarship	27,391	0	2,000	25,391
Owen Scholarship	1,718	0	500	1,218
New Mexico Junior College	81,096	0	11,030	70,066
Total Scholarships	<u>123,963</u>	<u>0</u>	<u>17,000</u>	<u>106,963</u>
Total Assets	<u>\$ 177,905</u>	<u>\$ 162,336</u>	<u>\$ 174,230</u>	<u>\$ 166,011</u>
<b>Liabilities</b>				
Deposits Held for Others	<u>\$ 177,905</u>	<u>\$ 162,336</u>	<u>\$ 174,230</u>	<u>\$ 166,011</u>
Total Liabilities	<u>\$ 177,905</u>	<u>\$ 162,336</u>	<u>\$ 174,230</u>	<u>\$ 166,011</u>

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

State of New Mexico  
**Jal Public Schools**  
Cash Reconciliations - All Funds  
June 30, 2016

		Beginning Cash Balance 6/30/15	Revenue	Expenditures	Ending Cash Balance 6/30/16
Operational	11000	\$ 590,796	\$ 4,279,801	\$ 4,234,276	\$ 636,321
Teacherage	12000	2,500	17,200	12,670.00	7,030
Transportation	13000	37,267	157,400	167,732	26,935
Instructional Materials	14000	38,622	33,169	66,998	4,793
Food Services	21000	59,191	127,339	136,001	50,529
Athletics	22000	1,154	26,729	22,839	5,044
Federal Flowthrough	24000	(70,866)	240,730	261,215	(91,351)
Federal Direct	25000	0	32,405	32,405	0
State Flowthrough	27000	(47,513)	99,082	56,969	(5,400)
Bond Building	31100	9,546,974	0	1,982,534	7,564,440
Senate Bill Nine	31700	2,775,670	1,802,297	2,645,852	1,932,115
Debt Service	41000	95,083	1,378,669	199,746	1,274,006
Agency Funds		177,905	162,336	174,230	166,011
Total		\$ <u>13,206,783</u>	\$ <u>8,357,157</u>	\$ <u>9,993,467</u>	\$ <u>11,570,472</u>

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



State of New Mexico  
**Jal Public Schools**  
 Vendor Schedule  
 June 30, 2016

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of <u>ALL</u> Vendor(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
We did not engage in any RFP's except through CES or TIPPS; we did none on our own.								

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

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

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

Independent Auditor's Report

Mr. Tim Keller  
State Auditor of the State of New Mexico  
Board Members of the Jal Public Schools

Mr. Keller and Members of the Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of Jal Public Schools (District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplemental information, and have issued our report thereon dated October 5, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses, that we consider to be significant deficiencies. 2013-001, 2013-002, 2013-006, 2013-008, 2015-001, 2015-002

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses; 2013-001, 2013-002, 2013-006, 2013-008, 2015-001, 2015-002

#### District's Responses to Findings

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

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

De'Ann Willoughby, CPA PC

Clovis, New Mexico

October 5, 2016

State of New Mexico  
**Jal Public Schools**  
 Schedule of Findings and Responses  
 For the Year Ended June 30, 2016

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<b>Prior Year Audit Findings</b>	<b>Status</b>
<b>2013-001</b> Bank Reconciliations	Repeated & Modified
<b>2013-006</b> Payroll	Repeated & Modified
<b>2013-008</b> Cash Appropriations in Excess of Available Cash Balances	Repeated & Modified
<b>2015-001</b> Expenditures	Repeated & Modified
<b>2015-002</b> Budget Violation	Repeated & Modified
<b>2015-003</b> Payroll Clearing	Resolved
<b>2015-004</b> Certification of Inventory	Resolved

**Current Year Audit Findings**

**2013-001 Bank Reconciliations - Compliance and Internal Control-Significant Deficiency Condition**

As of June 30, 2016 the bank reconciliations for all two accounts show variances. Variances were as follows: Operational Account (\$672.17), and Activity \$245.07.

**Management has made great progress in this area.**

**Criteria**

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

**Cause**

It is not known why exactly why there are still variances other than there are still some issues that have not been identified causing the variances.

**Effect**

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

**Recommendation**

We recommend the bank statements are reconciled to the general ledger.

**Response**

The business office has attempted to find the cause of the variance. At times, it seems we have located the problem, but there always seems to be a variance. Part of the variance is due to liabilities, but it does not account for all of them. We have constructed spreadsheets to compare our cash report, trial balance, and bank statements. We will continue to search for the cause of the variances.

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

**2013-002 PED Cash Reports -Compliance and Internal Control-Significant Deficiency**

**Condition**

The audited cash balances did not agree to the cash balances on the final cash report submitted to PED. The audited balance difference was \$(2,366.27) less than reported to PED.

**Management has made progress in this area.**

**Criteria**

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

**Cause**

The failure of the bank reconciliation process prevents the amounts from agreeing.

**Effect**

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

**Recommendation**

The PED cash reports must agree with a reconciled general ledger.

**Response**

Solving bank reconciliation problem should resolve this finding as well.

The business manager is responsible for this finding and hopes to have this issue resolved before the current fiscal year end.

**2013-006 Payroll-Compliance and Internal Control-Significant Deficiency Condition**

( A )-The 941 Social Security and Medicare wages did not agree with each other and should have. The District has under reported Social Security wages by \$7,752.34 and under paid social security tax by \$961.29.

( B )-We could not determine if eight of fifteen employees who were non-exempt were pay correctly and if overtime should have been paid. There were time sheets that were hand written, not signed and the in and out times were always the same.

( C )-Three of the 15 background checks could not be located.

( D )-One had the incorrect amount withheld for ERB for a total underpayment of \$1,055.28.

**Management has not made progress in this area**

**Criteria**

NMAC 6.20.2.18 states the local board shall establish written policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. authorizations, pay or position change notices, and ERB plan application.

**Cause**

There is no review or oversight of the payroll process.

**Effect**

Employees may not have been paid what they should have be paid. The District is subject to penalties from the Internal Revenue Service for underpaying payroll taxes. As a safety measure, people with serious criminal records may not be fit to have responsibility for the safety and well being of children. The District owes ERB and will be subject to penalties.

**Recommendation**

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

**Response**

We will attend training and have a secondary review of all payroll reports, software settings and general ledger reports.

The business manager and payroll clerk are responsible and expect this finding to be resolved by the end of the current fiscal year.

**2013-008 Cash Appropriations in Excess of Available Cash Balances-Compliance and Internal Control-Significant Deficiency Condition**

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

	<u>Budgeted Revenue</u>	+	<u>Cash Balance as of July 1, 2016</u>	-	<u>Budgeted Expenditures</u>	=	<u>Cash Appropriations In Excess of Available Cash</u>
Senate Bill Nine	1,624,469		2,775,670		4,413,979		(13,840)

**Management has not made progress in this area**

**Criteria**

Section 2.2.2.10. (P) (1), NMAC, requires all school district funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the PED for approval. Cash balances budgeted to make up the deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end

**Cause**

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

**Effect**

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

**Recommendation**

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

**Response**

The District will correct cash balances as directed to ensure accuracy and build reports to compare budget to cash balance for administration and the board of directors to increase control on expenditures to prevent deficits. The business manager hopes to have this issue resolved before the fiscal year end.

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

**2015-001 Expenditures-Compliance-Significant Deficiency Condition**

Fund 11000 - Of the 50 expenditures tested totaling \$564,744.12, 13 had after fact PO's totaling \$259,796.38 or 46.00%, 1 expenditure to Lowe's Pay N Save was coded to the 21000 Fund in the amount of \$5,118.73 but the total amount \$5,171.31 was taken out of 11000 Fund.

Fund 12000 - Of the 7 expenditures tested totaling \$9,735.49, 3 had after fact PO's totaling \$6,947.97 or 71.37%

Fund 13000 - Of the 7 expenditures tested totaling \$43,520.86 , 2 had after fact PO's totaling \$1,944.44 or 4.47%

Fund 21000 - Of the 13 expenditures tested totaling \$20,471.71, 2 had after fact PO's totaling \$80.72 or .39%, 2 had no supporting documentation totaling \$102.03 to test sufficient accuracy of the bill package, of the two, check #119612 totaling \$58.03 was a payroll check and was not coded to the appropriate fund.

Fund 22000 - Of the 13 expenditures tested totaling \$7,776.13, 1 had an after fact PO totaling \$112.50 or 1.45%, 1 had no supporting documentation for a reimbursement totaling \$400.00

Fund 24101 - Of the 4 expenditures tested totaling \$9,574.88, 2 had after fact PO's totaling \$8,242.36 or 86.08%

Fund 24106 - Of the 3 expenditures tested totaling \$41,120.33, 1 had an after fact PO totaling \$16,185.78 or 39.36%

Fund 24109 - Of the 2 expenditures tested totaling \$546.28, 2 had after fact PO's totaling \$546.28 or 100%

Fund 24132-Of the 4 expenditures tested totaling \$12,357.50, 1 had an after fact PO totaling \$450.00 or 3.64%

Fund 31700 -Of the 24 expenditures sampled totaling \$2,096,086.88, 13 had after fact PO's totaling \$1,133,625.69 or 54.08%

Fund 31700 - Of the 62 expenditures totaling \$2,173,663.32, 6 had after fact PO's totaling \$70,387.82 or 3.24%.

**Management has not made progress in this area**

**Criteria**

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

**Cause**

Processes and procedures are in place but are not followed in all instances.

**Effect**

Without proper documentation and following the procurement act, there are not adequate controls over expenditures. Results could be over spending.

**Recommendation**

Staff meeting need to be held with training on the procurement process. The Superintendent needs to enforce the process and write up those who violate it. There should be consequences to violations.

**Response**

We will have staff meetings and stress the importance of following the procurement act.

The superintendent is responsible for enforcing the procurement process. It should be resolved this fiscal year.



**2015-002 Budget Violation-Compliance and Internal Control-Significant Deficiency Condition**

The District has maintained expenditures at the function level in which actual expenditures exceeded budgetary authority in the following funds:

	<u>Amount</u>
Improving Teacher Quality-24154	
Instruction	\$ (4,024)

**Management has not made progress in this area**

**Criteria**

Sound financial management and state regulation 6.20.2.9 (A), NMAC and state statutes 22-8-5 through 22-8-12.2, NMSA 1978, require that budgets not be exceeded at the legal level of control. For school district's, the expenditure function is the legal level of control.

**Cause**

The District did not make the appropriate budgetary adjustments requests which would alleviate over-expenditure within the functions prior to the year end.

**Effect**

As a result, the District is in noncompliance with New Mexico law, and the control established by the use of budgets has been compromised. Continued over-expenditure of budgeted balances may result in unnecessary usage of operating funds to absorb over-expenditures.

**Recommendation**

The District must establish a policy of budgetary review at year-end, and make the necessary budget adjustments.

**Response**

We will amend out budgets timely to avoid budget violations.

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

**Financial Statement Preparation**

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

**Exit Conference**

An exit conference was held on October 5, 2016 Brian Snider-Superintendent, Kayla Lujan-Board Member, Barbara Melancon-Audit Committee Member, Kim Harrison-Administrative Assistant, Leticia Segovia-Assistant Business Manager, Ron Verschueren-Administrator, Gretchen Garcia-Business Manager, and De'Aun Willoughby CPA.