

STATE OF NEW MEXICO
**RUIDOSO MUNICIPAL SCHOOL
DISTRICT NO. 3**

FINANCIAL ANNUAL REPORT
AND
SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2017
WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



ACCOUNTING & FINANCIAL
SOLUTIONS
CERTIFIED PUBLIC ACCOUNTANTS

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INTRODUCTORY SECTION

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OFFICIAL ROSTER

June 30, 2017

BOARD OF EDUCATION

Shane Holder	President
Gina Klinekole	Vice-President
Luther Light	Secretary
Gillian Baudo	Member
Marc Beatty	Member

SCHOOL OFFICIALS

George Bickert	Superintendent
Clint Taylor	Director of Business and Finance
Veronica Prieto	Procurement Officer
Ann Spence	AP
Sandra Ashcraft	Payroll

AUDIT COMMITTEE

Luther Light	Member
Marc Beatty	Member
Tom Rigsby	Member
Ben Byrd	Member
Dr. George Bickert	Member
Clint Taylor	Member

FINANCE COMMITTEE

Dr. George Bickert	Member
Clint Taylor	Member
Luther Light	Member
Marc Beatty	Member

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FINANCIAL SECTION

FISCAL YEAR 2017

JULY 1, 2016 THROUGH JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor,
The Board of Education and Audit Committee of
Ruidoso Municipal School District No. 3

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Ruidoso Municipal School District No. 3, as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise Ruidoso Municipal School District No. 3's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Ruidoso Municipal School District No. 3'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 Ruidoso Municipal School District No. 3, as of June 30, 2017, 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.

Tim Keller, State Auditor,
The Board of Education and Audit Committee of
Ruidoso Municipal School District No. 3

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Accounting principles generally accepted in the United States of America also require that the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions on page 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. Our opinion on the basic financial statements is not affected by this missing information.


Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ruidoso Municipal School District No. 3's basic financial statements. The other supplemental information such as the budgetary comparisons for the major capital project funds, major debt service fund, and the nonmajor special revenue funds, schedules required by 2.2.2.NMAC, and the other information, such as the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 16, 2017 on our consideration of the Ruidoso Municipal School District No. 3's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Ruidoso Municipal School District No. 3's internal control over financial reporting and compliance.


Farmington, New Mexico
October 16, 2017

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

STATEMENT OF NET POSITION
 June 30, 2017

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 26,092,340
Receivables:	
Delinquent property taxes receivable	158,901
Grant	293,539
Food inventory	6,827
Non-current:	
Non-depreciable assets	993,424
Depreciable capital assets, net	<u>53,538,917</u>
Total Assets	<u>81,083,948</u>
 Deferred Outflows of Resources:	
Contributions to pension subsequent to the measurement date	1,277,623
Difference between expected and actual experience	106,753
Net difference between projected and actual investment earnings on plan investments	1,468,819
Net change in pension assumptions	500,895
Net change in proportionate share of pension liability	<u>65,872</u>
Total Deferred Outflows of Resources	<u>3,419,962</u>
 Liabilities	
Accounts payable	128,991
Accrued interest	316,449
Compensated absences	88,262
Long-term liabilities other than pensions:	
Due within one year	3,085,000
Due in more than one year	38,357,959
Aggregate net pension liability	<u>24,606,765</u>
Total Liabilities	<u>66,583,426</u>
 Deferred Inflows of Resources	
Advances of federal, state, and local grants	8,756
Difference between expected and actual experience	234,041
Net change in proportionate share of pension liability	<u>508,493</u>
Total Deferred Inflows of Resources	<u>751,290</u>
 Net Position	
Net investment in capital assets	28,397,818
Restricted for:	
Inventories	6,827
Special revenue funds	686,898
Capital projects	1,718,076
Debt service	3,821,881
Unrestricted	<u>(17,462,306)</u>
Total Net Position	<u>\$ 17,169,194</u>

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

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

STATEMENT OF ACTIVITIES
 Year Ended June 30, 2017

	Program Revenues		Capital Grants and Contributions	Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Functions/Programs				
Primary governmental:				
Governmental activities:				
Instruction	\$ 10,716,607	71,276	\$ 1,215,321	\$ (9,327,862)
Support Services - Students	2,224,353	44,968	252,254	(1,927,131)
Support Services - Instruction	500,682	-	56,780	(443,902)
Support Services - General Administration	515,348	-	58,443	(456,255)
Support Services - School Administration	1,124,047	-	127,473	(996,574)
Central Services	607,432	-	75,690	(591,742)
Operations & Maintenance of Plant	4,310,021	-	488,780	(3,739,331)
Student Transportation	1,028,682	-	795,151	(233,531)
Food Services	1,225,734	100,330	1,132,759	7,355
Bond interest paid	<u>642,643</u>	<u>-</u>	<u>-</u>	<u>(642,643)</u>
Total governmental activities	\$ 22,955,549	\$ 216,574	\$ 4,202,651	\$ (18,351,616)

General revenues:

Taxes:

Property Taxes:	230,676
General purposes	1,359,389
Capital projects	3,918,286
Debt service	13,169,826
State equalization	83,039
Miscellaneous income	<u>18,761,216</u>
Total general revenues	<u>409,600</u>

Change in net position

Net position - beginning	17,509,556
Restatement	<u>(749,962)</u>
Net position - beginning as restated	16,759,594
Net position - ending	\$ 17,169,194

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

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

GOVERNMENTAL FUNDS

Balance Sheet
June 30, 2017

	General Fund	Title I Fund #24101	Entitlement IDEA-B Fund #24106	Bond Building Fund #31100
Assets				
Cash and cash equivalents	\$ 4,354,209	\$ -	\$ -	\$ 15,308,436
Receivables:				
Property taxes	7,193	-	-	-
Grant	-	61,014	85,079	-
Due from other funds	246,799	-	-	-
Food inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 4,608,201</u>	<u>\$ 61,014</u>	<u>\$ 85,079</u>	<u>\$ 15,308,436</u>
 Liabilities, deferred inflows, and fund balance				
Liabilities:				
Accounts payable	\$ 47,322	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>61,014</u>	<u>85,079</u>	<u>-</u>
Total liabilities	<u>47,322</u>	<u>61,014</u>	<u>85,079</u>	<u>-</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
Delinquent property taxes	<u>4,044</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>4,044</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	15,308,436
Debt service	-	-	-	-
Unassigned	<u>4,556,835</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>4,556,835</u>	<u>-</u>	<u>-</u>	<u>15,308,436</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 4,608,201</u>	<u>\$ 61,014</u>	<u>\$ 85,079</u>	<u>\$ 15,308,436</u>

(cont'd; 1 of 2)

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

GOVERNMENTAL FUNDS

Balance Sheet
June 30, 2017

	Capital Improvements SB-9 <u>Fund #31701</u>	Debt Service <u>Fund #41000</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Assets				
Cash and cash equivalents	\$ 1,714,653	\$ 4,018,142	\$ 696,900	\$ 26,092,340
Receivables:				
Property taxes	38,352	112,698	658	158,901
Grant	-	-	147,446	293,539
Due from other funds	46,740	-	-	293,539
Food inventory	<u>-</u>	<u>-</u>	<u>6,827</u>	<u>6,827</u>
Total assets	<u>\$ 1,799,745</u>	<u>\$ 4,130,840</u>	<u>\$ 851,831</u>	<u>\$ 26,845,146</u>
 Liabilities, deferred inflows, and fund balance				
Liabilities:				
Accounts payable	\$ 81,669	\$ -	\$ -	\$ 128,991
Due to other funds	<u>-</u>	<u>-</u>	<u>147,446</u>	<u>293,539</u>
Total liabilities	<u>81,669</u>	<u>-</u>	<u>147,446</u>	<u>422,530</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	8,756	8,756
Delinquent property taxes	<u>21,639</u>	<u>62,658</u>	<u>652</u>	<u>88,993</u>
Total deferred inflows of resources	<u>21,639</u>	<u>62,658</u>	<u>9,408</u>	<u>97,749</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	6,827	6,827
Restricted for:				
Special revenue funds	-	-	686,898	686,898
Capital projects funds	1,696,437	-	-	17,004,873
Debt service	-	4,068,182	6,838	4,075,020
Unassigned	<u>-</u>	<u>-</u>	<u>(5,586)</u>	<u>4,551,249</u>
Total fund balance	<u>1,696,437</u>	<u>4,068,182</u>	<u>694,977</u>	<u>26,324,867</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,799,745</u>	<u>\$ 4,130,840</u>	<u>\$ 851,831</u>	<u>\$ 26,845,146</u>

(2 of 2)

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STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

RECONCILIATION OF THE BALANCE SHEET - ALL GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
June 30, 2017

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

Fund balances - total governmental funds	\$	26,324,867
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		83,074,147
Accumulated depreciation		(28,541,806)
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable		88,993
Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Contributions to pension subsequent to the measurement date		1,277,623
Difference between expected and actual experience		106,753
Net difference between projected and actual investment earnings on plan investments		1,468,819
Net change in pension assumptions		500,895
Net change in proportionate share of pension liability		65,872
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		
Bonds payable		(40,200,000)
Accrued interest payable		(316,449)
Accrued vacation payable		(88,262)
Bond premiums		(1,242,959)
Net pension liability		(24,606,765)
Deferred inflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Difference between expected and actual experience		(234,041)
Net change in proportionate share of pension liability		(508,493)
Net position of governmental activities	\$	17,169,194

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2017

	General <u>Fund</u>	Title I <u>Fund #24101</u>	Entitlement IDEA-B <u>Fund #24106</u>	Bond Building <u>Fund #31100</u>
Revenues:				
Taxes:				
Property	\$ 234,189	\$ -	\$ -	\$ -
Intergovernmental - federal grants	313,561	453,529	500,293	-
Intergovernmental - state grants	14,102,793	-	-	-
Charges for services	71,276	-	-	-
Investment and interest income	26,981	-	-	45,135
Miscellaneous	<u>82,710</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>14,831,510</u>	<u>453,529</u>	<u>500,293</u>	<u>45,135</u>
Expenditures:				
Current:				
Instruction	8,277,300	71,321	295,092	-
Support services:				
Students	1,222,512	317,254	192,975	-
Instruction	414,454	24,460	-	-
General Administration	351,423	40,494	12,226	-
School Administration	981,960	-	-	-
Central Services	604,599	-	-	-
Operation & Maintenance of Plant	2,214,225	-	-	370,775
Student transportation	886,840	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	1,386,604
Debt service:				
Principal retirement	-	-	-	-
Bond interest paid	-	-	-	-
Bond issuance costs	-	-	-	62,733
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>14,953,313</u>	<u>453,529</u>	<u>500,293</u>	<u>1,820,112</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(121,803)</u>	<u>-</u>	<u>-</u>	<u>(1,774,977)</u>
Other financing sources and financing uses:				
Sale of bonds	-	-	-	15,100,000
Bond premium	-	-	-	877,574
Transfers In	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and financing	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,977,574</u>
<i>Net change in fund balance</i>	(121,803)	-	-	14,202,597
Fund balance at beginning of the year	<u>4,678,638</u>	<u>-</u>	<u>-</u>	<u>1,105,839</u>
Fund balance at end of the year	<u>\$ 4,556,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,308,436</u>

(cont'd; 1 of 2)

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

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2017

	Capital Improvements SB-9 <u>Fund #31701</u>	Debt Service <u>Fund #41000</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:				
Taxes:				
Property	\$ 1,336,863	\$ 4,016,798	\$ 59	\$ 5,587,909
Intergovernmental - federal grants	-	-	1,623,685	2,891,068
Intergovernmental - state grants	-	-	469,904	14,572,697
Charges for services	-	-	145,298	216,574
Investment and interest income	8,842	10,283	2,179	93,420
Miscellaneous	-	-	329	83,039
Total revenues	<u>1,345,705</u>	<u>4,027,081</u>	<u>2,241,454</u>	<u>23,444,707</u>
Expenditures:				
Current:				
Instruction	-	-	497,902	9,141,615
Support services:				
Students	-	-	282,208	2,014,949
Instruction	-	-	825	439,739
General Administration	13,410	40,286	8,993	466,832
School Administration	-	-	36,268	1,018,228
Central Services	-	-	-	604,599
Operation & Maintenance of Plant	1,319,269	-	-	3,904,269
Student transportation	-	-	45,000	931,840
Food services operations	-	-	1,110,342	1,110,342
Capital outlay	609,503	-	48,767	2,044,874
Debt service:				
Principal retirement	-	3,036,925	-	3,036,925
Bond interest paid	-	800,429	-	800,429
Bond issuance costs	-	-	-	62,733
Other	-	1,609	-	1,609
Total expenditures	<u>1,942,182</u>	<u>3,879,249</u>	<u>2,030,305</u>	<u>25,578,983</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(596,477)</u>	<u>147,832</u>	<u>211,149</u>	<u>(2,134,276)</u>
Other financing sources and financing uses:				
Sale of bonds	-	-	-	15,100,000
Bond premium	-	-	-	877,574
Transfers In	44,548	-	-	44,548
Transfers out	-	-	(44,548)	(44,548)
Total other financing sources and financing	<u>44,548</u>	<u>-</u>	<u>(44,548)</u>	<u>15,977,574</u>
<i>Net change in fund balance</i>	(551,929)	147,832	166,601	13,843,298
Fund balance at beginning of the year	<u>2,248,366</u>	<u>3,920,350</u>	<u>528,376</u>	<u>12,481,569</u>
Fund balance at end of the year	<u>\$ 1,696,437</u>	<u>\$ 4,068,182</u>	<u>\$ 694,977</u>	<u>\$ 26,324,867</u>

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STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

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

Net change in fund balance - total governmental funds	\$ 13,843,298
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year</p>	
Capital outlay	2,044,874
Depreciation	(2,100,570)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Deferred property taxes at:	
June 30, 2016	(168,551)
June 30, 2017	88,993
<p>The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These differences in the treatment of long-term debt and related items consist of:</p>	
Current year principal payments	3,036,925
Bonds sold	(15,100,000)
Current year bond premiums	(759,499)
Bond premium amortization	74,460
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Compensated absences at:	
June 30, 2016	74,454
June 30, 2017	(88,262)
Accrued interest at:	
June 30, 2016	281,700
June 30, 2017	(316,449)
Deferred contributions to pension plan	1,277,623
Pension expense	<u>(1,779,396)</u>
Change in net position of governmental activities	<u>\$ 409,600</u>

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes:				
Property	\$ 232,509	\$ 232,509	\$ 234,650	\$ 2,141
Intergovernmental - federal grants	434,766	434,766	313,561	(121,205)
Intergovernmental - state grants	14,515,306	14,152,258	14,102,793	(49,465)
Charges for services	37,000	37,000	71,276	34,276
Investment and interest income	2,400	2,400	26,981	24,581
Miscellaneous	-	-	82,710	82,710
Total revenues	15,221,981	14,858,933	14,831,971	(26,962)
Expenditures:				
Current:				
Instruction	9,507,557	9,233,913	8,278,861	955,052
Support services:				
Students	1,446,677	1,446,677	1,222,512	224,165
Instruction	664,482	573,283	414,454	158,829
General Administration	551,066	551,066	351,141	199,925
School Administration	1,021,510	1,020,778	981,960	38,818
Central Services	879,320	879,320	604,599	274,721
Operation & Maintenance of Plant	2,584,749	2,584,749	2,167,318	417,431
Student transportation	899,350	886,840	886,840	-
Other Support services	838,657	838,657	-	838,657
Capital outlay	187,405	187,405	-	187,405
Total expenditures	18,580,773	18,202,688	14,907,685	3,295,003
<i>Excess (deficiency) of revenues over expenditures</i>	(3,358,792)	(3,343,755)	(75,714)	3,268,041
<i>Beginning cash balance budgeted</i>	3,358,792	3,343,755	-	(3,343,755)
Fund balance at beginning of the year	-	-	4,678,638	4,678,638
Fund balance at end of the year	\$ -	\$ -	4,602,924	\$ 4,602,924
RECONCILIATION TO GAAP BASIS:				
Change in inventory			1,694	
Change in property tax receivable			(364)	
Change in due from other governments			(3,611)	
Change in payables			(47,321)	
Change in deferred property taxes			3,513	
Fund balance at end of the year (GAAP basis)			\$ 4,556,835	

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

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

TITLE I FUND - NO. 24101
**Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 484,234	\$ 514,019	\$ 554,735	\$ 40,716
Expenditures:				
Current:				
Instruction	94,963	124,748	71,321	53,427
Support services:				
Students	317,906	317,906	317,254	652
Instruction	28,934	28,934	24,460	4,474
General Administration	42,431	42,431	40,494	1,937
Total expenditures	484,234	514,019	453,529	60,490
<i>Excess of revenues over expenditures</i>	-	-	101,206	101,206
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	101,206	\$ 101,206
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(101,206)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

ENTITLEMENT IDEA-B FUND - NO. 24106
**Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 472,675	\$ 545,249	\$ 593,505	\$ 48,256
Expenditures:				
Current:				
Instruction	215,096	311,190	295,092	16,098
Support services:				
Students	239,880	221,833	192,975	28,858
General Administration	17,699	12,226	12,226	-
Total expenditures	472,675	545,249	500,293	44,956
<i>Excess of revenues over expenditures</i>	-	-	93,212	93,212
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	93,212	\$ 93,212
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(93,212)	
Fund balance at end of the year (GAAP basis)			\$ -	

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

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

AGENCY FUNDS
Statement of Fiduciary Assets and Liabilities
June 30, 2017

ASSETS

Pooled cash and investments	\$	<u>234,895</u>
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LIABILITIES

Deposits held for others	\$	<u>234,895</u>
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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Ruidoso Municipal School District (District) is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education in the Village of Ruidoso, New Mexico and the surrounding areas. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

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

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

1. Blended Component Units

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

2. Discretely Presented Component Units

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

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Ruidoso Municipal School District No. 3' management who is responsible for their integrity and objectivity. The financial statements of the District conform to GAAP as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

B. Implementation of New Accounting Principles

During fiscal year 2017, the District adopted the following Governmental Accounting Standards Board (GASB) Statements:

- **GASB Statement No. 74**, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement will be effective for the year ended June 30, 2017.
- **GASB Statement No. 77**, *Tax Abatement Disclosures*, financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as inter-period equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

B. Implementation of New Accounting Principles (cont'd)

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

B. Implementation of New Accounting Principles (cont'd)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- **GASB Statement No. 75**, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, this Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement will be effective for the year ended June 30, 2018.
- **GASB Statement No. 81**, *Irrevocable Split-Interest Agreements*, The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

B. Implementation of New Accounting Principles (cont'd)

- **GASB Statement No. 83, *Certain Asset Retirement Obligations*** - This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. If probability weighting is not feasible at reasonable cost, the most likely amount should be used. This Statement requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement.

This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. In addition, it requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. A government should remeasure an ARO only when the result of the evaluation indicates there is a significant change in the estimated outlays. The deferred outflows of resources should be reduced and recognized as outflows of resources (for example, as an expense) in a systematic and rational manner over the estimated useful life of the tangible capital asset.

A government may have a minority share (less than 50 percent) of ownership interest in a jointly owned tangible capital asset in which a nongovernmental entity is the majority owner and reports its ARO in accordance with the guidance of another recognized accounting standards setter. Additionally, a government may have a minority share of ownership interest in a jointly owned tangible capital asset in which no joint owner has a majority ownership, and a nongovernmental joint owner that has operational responsibility for the jointly owned tangible capital asset reports the associated ARO in accordance with the guidance of another recognized accounting standards setter. In both situations, the government's minority share of an ARO should be reported using the measurement produced by the nongovernmental majority owner or the nongovernmental minority owner that has operational responsibility, without adjustment to conform to the liability measurement and recognition requirements of this Statement.

In some cases, governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities. This Statement requires disclosure of how those funding and assurance requirements are being met by a government, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 (FYE June 30, 2019). Earlier application is encouraged.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

B. Implementation of New Accounting Principles (cont'd)

- **GASB Statement No. 84, *Fiduciary Activities*** – This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 (FYE June 30, 2020). Earlier application is encouraged. Changes adopted to conform to the provisions of this Statement should be applied retroactively by restating financial statements, if practicable, for all prior periods presented. If restatement for prior periods is not practicable, the cumulative effect, if any, of applying this Statement should be reported as a restatement of beginning net position (or fund balance or fund net position, as applicable) for the earliest period restated. In the first period that this Statement is applied, the notes to the financial statements should disclose the nature of the restatement and its effect. Also, the reason for not restating prior periods presented should be disclosed.

- **GASB Statement No. 85, Omnibus 2017** – The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and “negative” goodwill • Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest earning investment contracts at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Classifying employer-paid member contributions for OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

B. Implementation of New Accounting Principles (cont'd)

- **GASB Statement No. 86, Certain Debt Extinguishment Issues** – The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

In-Substance Defeasance of Debt Using Only Existing Resources Statement No. 7, Advance Refundings Resulting in Defeasance of Debt, requires that debt be considered defeased in substance when the debtor irrevocably places cash or other monetary assets acquired with refunding debt proceeds in a trust to be used solely for satisfying scheduled payments of both principal and interest of the defeased debt. The trust also is required to meet certain conditions for the transaction to qualify as an in-substance defeasance. This Statement establishes essentially the same requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish the debt. However, in financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of the defeasance. Governments that defease debt using only existing resources should provide a general description of the transaction in the notes to financial statements in the period of the defeasance. In all periods following an in-substance defeasance of debt using only existing resources, the amount of that debt that remains outstanding at period-end should be disclosed.

Prepaid Insurance Related to Extinguished Debt – For governments that extinguish debt, whether through a legal extinguishment or through an in-substance defeasance, this Statement requires that any remaining prepaid insurance related to the extinguished debt be included in the net carrying amount of that debt for the purpose of calculating the difference between the reacquisition price and the net carrying amount of the debt.

Additional Disclosure for All In-Substance Defeasance Transactions – One of the criteria for determining an in-substance defeasance is that the trust hold only monetary assets that are essentially risk-free. If the substitution of essentially risk-free monetary assets with monetary assets that are not essentially risk-free is not prohibited, governments should disclose that fact in the period in which the debt is defeased in substance. In subsequent periods, governments should disclose the amount of debt defeased in substance that remains outstanding for which that risk of substitution exists.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged.

- **GASB Statement No. 87, Leases** - The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Definition of a Lease - A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

The provisions of this Statement are effective for reporting periods beginning after December 15, 2019 (FYE June 30, 2021).

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

C. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

The government reports the following major governmental funds:

➤ GENERAL FUND

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

➤ SPECIAL REVENUE FUNDS

Title I (Fund No. 24101) Minimum Balance: None
To help local education agencies (LEAs) and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards. Funding authorization: Elementary and Secondary Education Act of 1965, Title I, Part A, 20 U.S.C. 6301 et seq.

Entitlement IDEA-B (Fund No. 24106) Minimum Balance: None
Program provides grants to states that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

➤ CAPITAL PROJECTS FUNDS

Bond Building (Fund No. 31100)

Minimum Balance: None

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

Capital Improvements SB – 9 (Fund No. 31701)

Minimum Balance: None

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

➤ DEBT SERVICE FUNDS

Debt Service Fund (Fund No. 41000)

Minimum Balance: None

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

Additionally, the government reports the following fund types:

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

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

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

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

E. Assets, Liabilities, and Net Position or Equity

1. *Deposits and investments*

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

2. *Receivables and payables*

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

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

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

3. *Inventories*

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

4. *Capital assets*

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

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

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

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

ASSETS	YEARS
Buildings	40-50
Building improvements	20
Land Improvements	10-20
Vehides	5-7
Office equipment	5
Computer equipment	3-5

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

5. *Compensated absences*

It is the District's policy to permit employees to accumulate 20 days of earned but unused vacation, which will be paid to employees upon retirement from the District's service. The amount for liability has been reported in the government-wide financial statements.

Accumulated sick leave is not payable upon termination and is recorded as expenditures when it is paid.

6. *Long-term obligations*

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

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

7. *Pensions*

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

8. *Deferred Outflows/Inflows of Resources*

Both deferred inflows and outflows are reported in the Statement of Net Position, but are not recognized in the financial statements as revenues, expenses, and reduction of liabilities or increase in assets until the period(s) to which they relate.

In addition to assets, the District reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position/fund balance that applies to future periods and will not be recognized as an expenditure until that time.

The District also reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position/fund balance that applies to future periods and so will not be recognized as a revenue until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources.

The District reports deferred outflows of resources for pension-related amounts for the District's share of the difference between projected and actual earnings, for the District's share of the difference between contributions to the individual plans and the proportionate share of the contributions, and for changes of assumptions or other inputs.

The District reports deferred inflows of resources for pension-related amounts in the government wide financial statements or the District's share of the difference between expected and actual experience and for the District's share of the difference between contributions to the individual plans and the proportionate share of the contributions.

Under the modified accrual basis of accounting, revenue and other fund financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which the revenues are not available are reported as a deferred inflow of resources. Deferred inflows of resources are also comprised of property tax and long-term receivables that are unavailable in the fund statements.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

9. *Fund balance*

a. Non-Spendable

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

b. Restricted

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

c. Committed

Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the District's Board of Education should be reported as committed fund balance. The committed amounts cannot be used for any other purpose unless the District's Board of Education removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District did not have committed fund balances for the year ended June 30, 2017.

d. Assigned

Assigned fund balance includes (a) all remaining amounts, except for negative balances, that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed and amounts in the general fund that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent, and removal of, is expressed by the Board of Education or the Finance Committee. The District did not have assigned fund balances for the year ended June 30, 2017.

e. Unassigned

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

10. *Net Position*

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

a. Net investment in capital assets

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

b. Restricted Net Position

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

c. Unrestricted Net Position

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

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

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

11. *Indirect Costs*

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

12. *Estimates*

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

13. *Inter-fund Transactions*

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

14. Revenues

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$13,169,826 in state equalization guarantee distributions during the year ended June 30, 2017.

Transportation Distribution: School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$795,151 in transportation distributions during the year ended June 30, 2017.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the purchase of material listed on the PED 'Multiple List', while fifty percent of each allocation is available for purchases directly from vendors or transfer to the fifty percent account for purchase of material from the "Multiple List". Districts are allowed to carry forward unused textbook funds from year to year. The District received \$137,816 in instructional materials distributions during the year ended June 30, 2017.

15. Tax Abatements

Governmental Accounting Standards Board Statement No. 77 requires the District to disclose information on certain tax abatement agreements effecting the District. Accordingly, the District did not have any tax abatements effecting the District during the year ended June 30, 2017.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

A. Budgetary Information (cont'd)

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

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

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2017 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	ORIGINAL	FINAL
Major Funds:		
General Funds	\$ 18,580,773	\$ 18,202,688
Special Revenue Funds:		
Title I	484,234	514,019
Entitlement IDEA-B	472,675	545,249
Capital Projects Funds:		
Bond Building	1,218,862	17,020,682
Capital Improvements SB-9	3,262,974	3,561,259
Debt Service Funds:		
Debt Service	7,759,294	7,759,294
Nonmajor Funds:		
Special Revenue Funds	2,097,415	2,439,557
Capital Projects Funds	2,027	49,060
Debt Service Fund	1,159	1,159
Total Budget	<u>\$ 33,879,413</u>	<u>\$ 50,092,967</u>

B. Budgetary Violations

The District exceeded its legal budget in individual funds during the year ended June 30, 2017 as follows:

Impact Aid Special Education	Instruction	\$ 58
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The District is aware of legal binding of budgets and has implemented a system of checks that will help prevent any further violations of budgetary control.

C. Deficit Fund Equity

The District did not have any deficit fund balances as of June 30, 2017.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Temporary Investments

At June 30, 2017, the carrying amount of the District's deposits was \$26,327,195 and the bank balance was \$27,610,045 with the difference consisting of outstanding checks.

	BALANCE
Financial institution:	
BBVA Compass	\$ 27,610,045
Less net reconciling items	<u>(1,282,850)</u>
	\$ 26,327,195
Cash on hand	40
Less agency cash	<u>(234,895)</u>
	<u>\$ 26,092,340</u>

Of the total bank deposits balance, \$250,000 was covered by federal depository insurance and \$27,360,045 was covered by collateral held in joint safekeeping by a third party.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The District does not have a deposit policy for custodial credit risk, other than the following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The statement listed below will meet the State of New Mexico Office of the State Auditor's requirement in reporting the uninsured portion of the deposits. As of June 30, 2017, none of the District's bank deposits was exposed to custodial risk as follows:

	INSURED	UNDER INSURED	TOTAL
Bank deposits:			
Uninsured and uncollateralized	\$ -	\$ -	\$ -
Uninsured and collateral held by pledging bank's trust dept not in the District's name	<u>27,360,045</u>	<u>-</u>	<u>27,360,045</u>
Total uninsured	27,360,045	-	27,360,045
Insured (FDIC)	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total deposits	<u>\$ 27,610,045</u>	<u>\$ -</u>	<u>\$ 27,610,045</u>
 State of New Mexico collateral requirement:			
50% of uninsured public fund bank deposits	\$ 13,680,023	\$ -	\$ 13,680,023
Pledged security	<u>29,500,000</u>	<u>-</u>	<u>29,500,000</u>
Over collateralization	<u>\$ 15,819,977</u>	<u>\$ -</u>	<u>\$ 15,819,977</u>

The collateral pledged is listed on Page 115 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the schools. Time deposits, savings deposits and interest bearing "Now" accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

B. Receivables

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

	RECEIVABLES		DUE FROM OTHER	
	Property Taxes	Grants	Governments	Funds
Major Funds:				
General Funds	\$ 7,193	\$ -	\$ -	\$ 246,799
Title I	-	61,014	-	-
Entitlement IDEA-B	-	85,079	-	-
Bond Building	-	-	-	-
Capital Improvements SB-9	38,352	-	-	46,740
Debt Service	112,698	-	-	-
Other Governmental Funds	658	147,446	-	-
Total	\$ 158,901	\$ 293,539	\$ -	\$ 293,539

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

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

	UNAVAILABLE	UNEARNED
Grant drawdowns prior to meeting all eligibility requirements		
Other Governmental Funds	\$ -	\$ 8,756
Delinquent property taxes		
General Fund	4,044	-
Capital Improvements SB-9	21,639	-
Debt Service	62,658	-
Other Governmental Funds	652	-
Total deferred/unearned revenue for governmental funds	\$ 88,993	\$ 8,756

C. Inter-Fund Receivables and Payables

The inter-fund receivables and payables at June 30, 2017 were:

	RECEIVABLES	PAYABLES
Major Funds:		
General Funds	\$ 246,799	\$ -
Title I	-	61,014
Entitlement IDEA-B	-	85,079
Bond Building	-	-
Capital Improvements SB-9	46,740	-
Other Governmental Funds	-	147,446
Total	\$ 293,539	\$ 293,539

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

D. Inter-Fund Transfers

The inter-fund transfers during the year ended June 30, 2017 were:

	TRANSFER IN	TRANSFER OUT
Major Funds:		
Capital Improvements SB-9	\$ 44,548	\$ -
Other Governmental Funds	-	44,548
Total	\$ 44,548	\$ 44,548

The transfers were to clear funds that are no longer being used and were approved by the New Mexico Department of Education.

E. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	BEGINNING	RESTATEMENT	RESTATED	INCREASES	DECREASES	ENDING
Governmental activities:						
<u>Capital assets not being depreciated:</u>						
Land	\$ 1,743,386	\$ (749,962)	\$ 993,424	\$ -	\$ (300,000)	\$ 693,424
Water rights	-	-	-	300,000	-	300,000
Total capital assets not being depreciated	<u>1,743,386</u>	<u>(749,962)</u>	<u>993,424</u>	<u>300,000</u>	<u>(300,000)</u>	<u>993,424</u>
<u>Capital assets being depreciated:</u>						
Land improvements	10,266,809	-	10,266,809	98,908	-	10,365,717
Buildings and improvements	67,609,948	-	67,609,948	1,668,752	-	69,278,700
Furniture, fixtures, and equipment	<u>2,159,092</u>	<u>-</u>	<u>2,159,092</u>	<u>277,214</u>	<u>-</u>	<u>2,436,306</u>
<i>Total capital assets being depreciated</i>	<u>80,035,849</u>	<u>-</u>	<u>80,035,849</u>	<u>2,044,874</u>	<u>-</u>	<u>82,080,723</u>
Less accumulated depreciation for:						
Land improvements	(3,647,074)	-	(3,647,074)	(453,929)	-	(4,101,003)
Buildings and improvements	(21,225,853)	-	(21,225,853)	(1,525,737)	-	(22,751,590)
Furniture, fixtures, and equipment	<u>(1,568,309)</u>	<u>-</u>	<u>(1,568,309)</u>	<u>(120,904)</u>	<u>-</u>	<u>(1,689,213)</u>
<i>Total accumulated depreciation</i>	<u>(26,441,236)</u>	<u>-</u>	<u>(26,441,236)</u>	<u>(2,100,570)</u>	<u>-</u>	<u>(28,541,806)</u>
Total capital assets being depreciated, net	<u>53,594,613</u>	<u>-</u>	<u>53,594,613</u>	<u>(55,696)</u>	<u>-</u>	<u>53,538,917</u>
Total capital assets, net	<u>\$ 55,337,999</u>	<u>\$ (749,962)</u>	<u>\$ 54,588,037</u>	<u>\$ 244,304</u>	<u>\$ (300,000)</u>	<u>\$ 54,532,341</u>

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

DEPRECIATION ALLOCATION TO FUNCTIONS	
Instruction	\$ 1,008,877
Support Services - Students	209,404
Support Services - Instruction	47,135
Support Services - General Administration	48,516
Support Services - School Administration	105,819
Central Services	62,833
Operations & Maintenance of Plant	405,752
Student Transportation	96,842
Food Services	115,392
Total Depreciation Expense	<u>\$ 2,100,570</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

E. Capital Assets (cont'd)

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

Construction commitments

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

F. Long-Term Debt

General Obligation Bonds – The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Bonds are direct obligations and pledge the full faith and credit of the District. The bonds will be paid from taxes levied against property owners living within the School District boundaries. The details of the bonds and notes as of June 30, 2017 are as follows:

BOND ISSUES		ORIGINAL AMOUNT	INTEREST RATES	BALANCE	CURRENT PORTION
Series	2007	\$ 6,100,000	4.00% to 4.00%	\$ -	\$ -
Series	2008	3,000,000	4.13% to 4.13%	200,000	200,000
Series	2011	9,000,000	2.00% to 2.88%	8,000,000	200,000
Series	2013	5,000,000	2.00% to 3.00%	3,175,000	50,000
Series	2014	9,980,000	1.50% to 3.00%	8,205,000	1,600,000
Series	2015	6,325,000	1.25% to 2.00%	5,520,000	500,000
Series	2016	9,500,000	2.00% to 2.50%	9,500,000	535,000
Series	2017	5,600,000	3.00% to 4.00%	5,600,000	-
Total		<u>\$ 54,505,000</u>		<u>\$ 40,200,000</u>	<u>\$ 3,085,000</u>

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

	BALANCE
Bonds payable	\$ 40,200,000
Less: current maturities	(3,085,000)
Unamortized:	
Bond premiums	1,242,959
Total non-current liabilities	<u>\$ 38,357,959</u>

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

YEAR ENDING	PRINCIPAL	INTEREST	TOTAL
JUNE 30,			REQUIREMENTS
2018	\$ 3,085,000	\$ 969,495	\$ 4,054,495
2019	2,900,000	900,213	3,800,213
2020	3,125,000	844,713	3,969,713
2021	3,215,000	780,519	3,995,519
2022	3,250,000	710,263	3,960,263
2023 - 2027	14,320,000	2,409,288	16,729,288
2028 - 2032	9,690,000	848,063	10,538,063
2033 - 2037	615,000	12,300	627,300
Total	<u>\$ 40,200,000</u>	<u>\$ 7,474,851</u>	<u>\$ 47,674,851</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

F. Long-Term Debt (cont'd)

Changes in long term debt – During the year ended June 30, 2017 the following changes occurred in liabilities reported in the general obligation bonds account group:

		BEGINNING			ENDING	DUE WITHIN
		BALANCE	ADDITIONS	RETIREMENTS	BALANCE	ONE YEAR
Compensated absences:						
Compensated vacation		\$ 74,943	\$ 51,285	\$ 37,966	\$ 88,262	\$ 88,262
Bonds payable:						
<u>Original Amount</u>	<u>Series</u>					
\$ 6,100,000	2007	600,000	-	600,000	-	-
3,000,000	2008	450,000	-	250,000	200,000	200,000
9,000,000	2011	8,100,000	-	100,000	8,000,000	200,000
5,000,000	2013	3,275,000	-	100,000	3,175,000	50,000
9,980,000	2014	9,505,000	-	1,300,000	8,205,000	1,600,000
6,325,000	2015	6,325,000	-	805,000	5,520,000	500,000
9,500,000	2016	-	9,500,000	-	9,500,000	535,000
5,600,000	2017	-	5,600,000	-	5,600,000	-
Total bonds payable		<u>28,255,000</u>	<u>15,100,000</u>	<u>3,155,000</u>	<u>40,200,000</u>	<u>3,085,000</u>
		<u>\$ 28,329,943</u>	<u>\$ 15,151,285</u>	<u>\$ 3,192,966</u>	<u>\$ 40,288,262</u>	<u>\$ 3,173,262</u>

The liability of compensated absences is liquidated with resources from the general fund and several special revenue funds.

New Debt

The District issued Series 2016 General Obligation Bonds in the amount of \$9,500,000 on October 19, 2016. The District will make the first interest payment on February 1, 2017 and will make the first principal payment on August 1, 2017. The bond series will mature on August 1, 2031 with interest rates of 2.00% to 2.50%.

The District issued Series 2017 General Obligation Bonds in the amount of \$5,600,000 on February 15, 2017. The District will make the first interest payment on February 1, 2018 and will make the first principal payment on August 1, 2018. The bond series will mature on August 1, 2032 with interest rates of 3.00% to 4.00%. The District was at 99% bonding capacity after the issuance of GO Series 2017.

IV. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2017.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan

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

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

Membership in the Plan is a condition of employment. Employees of public schools, universities, regional cooperatives, special schools and state agencies providing educational programs, who are employed at more than 25% of a full-time equivalency, are required to be members of the Plan. There were 150,082 active, retired, and inactive members in fiscal year 2016; there were 146,089 active, retired, and inactive members in fiscal year 2015.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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

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

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

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

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

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

Member Contributions – Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 10.7% of their gross salary in fiscal year 2017.

Employer Contributions – In fiscal year 2017, the District was required to contribute 13.9% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 13.9% of the gross covered salary for employees whose annual salary is more than \$20,000. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2017 were \$1,254,722, which equal the amount of the required contributions for each fiscal year.

Employers

The Educational Retirement Act designates employers as Local Administrative Units, directly responsible for payment of compensation for the employment of members or participants of this Plan. There were 218 contributing employers in fiscal year 2016; there were 216 contributing employers in fiscal year 2015.

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

At June 30, 2017, the District reported a liability of \$24,606,765 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2016, the District's proportion was 0.34193 percent, which was an increase of 0.0014 percent from its proportion measured as of June 30, 2015.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

For the year ended June 30, 2017, the District recognized pension expense of \$1,779,396.

PENSION EXPENSE CALCULATION	
Net pension liability - end of the year	\$ 24,606,765
Net pension liability - beginning of the year	(22,057,035)
Deferred outflows of resources during the year	(1,383,702)
Deferred inflows of resources during the year	(741,680)
Reductions to ending net pension liability due contributions paid	1,355,048
Total Pension Expense	\$ 1,779,396

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OUTFLOWS	INFLOWS
Difference between expected and actual experience	\$ 106,753	\$ 234,041
Change of assumptions	500,895	-
Net difference between projected and actual earnings on pension plan investments	1,468,819	-
Changes in proportion and differences between District contributions and proportionate share of contributions	65,872	508,493
District contributions subsequent to the measurement date	1,254,722	-
Total	\$ 3,397,061	\$ 742,534

Deferred outflows of resources related to pensions in the amount of \$1,254,722 resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

JUNE 30,	AMORTIZATION
2018	\$ (35,514)
2019	363,351
2020	713,783
2021	358,185
2022	-
Thereafter	-
Total	\$ 1,399,805

Actuarial Assumptions

A single discount rate of 7.75% was used to measure the total pension liability as of June 30, 2016. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the assumptions described below and the projection of cash flows, pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. The long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of June 30, 2015. The total pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2015. The total pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2016. Specifically, the liabilities measured as of June 30, 2016 incorporate the following assumptions:

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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

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

Actuarial Cost Method Entry Age:	Normal
Amortization Method:	Level Percentage of Payroll
Remaining Period:	Amortized - closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method:	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation:	3.00%
Salary Increases:	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return:	7.75%
Retirement Age:	Experience based table of rates based on age and service. Adopted by NMERB on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014
Mortality:	Healthy males: RP-2000 Combined Mortality Table with white collar adjustments, generational mortality improvements with scale BB. Healthy females: GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with scale BB from the table's base year of 2012.

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2016 and 2015 for 30-year return assumptions are summarized in the following table:

<u>Asset Class</u>	<u>2016 Long-Term Expected Real Rate of Return</u>	<u>2015 Long-Term Expected Real Rate of Return</u>
Cash	-0.25%	0.00%
U.S. Treasuries	0.00%	0.25%
IG Corp Credit	1.75%	1.50%
Mortgage Backed Securities	0.25%	0.50%
Core Bonds*	0.64%	0.73%
Treasury Inflation Protected Securities	0.75%	0.75%
High-Yield Bonds	2.50%	2.50%
Bank Loans	2.75%	2.75%
Global Bonds (Unhedged)	-0.50%	-1.00%
Global Bonds (Hedged)	-0.38%	-0.84%
Emerging Market Debt External	2.75%	2.75%
Emerging Market Debt Local Currency	3.25%	3.50%
Large Cap Equities	4.25%	4.25%
Small/ Mid Cap Equities	4.50%	4.50%
International Equities (Unhedged)	4.75%	4.75%
International Equities (Hedged)	5.14%	5.22%

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

<u>Asset Class</u>	2016 Long-Term Expected <u>Real Rate of Return</u>	2015 Long-Term Expected <u>Real Rate of Return</u>
Emerging International Equities	6.25%	6.00%
Private Equity	6.25%	6.25%
Private Debt	4.75%	4.75%
Private Real Assets	4.50%	4.50%
Real Estate	3.25%	3.25%
Commodities	2.25%	2.50%
Hedge Funds	3.25%	3.50%

Rate of Return

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

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

These items are developed for each major asset class.

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

The following table shows the sensitivity of the net pension liability to changes in the discount rate as of fiscal year end 2016, 2015, and 2014. In particular, the table presents the Plan's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

		CURRENT SINGLE RATE		
		1% Decrease 6.75%	Assumption 7.75%	1% Increase 8.75%
ERB (All Employers)				
2016	\$	9,531,509,131	\$ 7,196,433,561	\$ 5,258,980,529
2015	\$	8,715,594,530	\$ 6,477,266,299	\$ 4,596,837,569
Ruidoso Municipal Schools				
2016	\$	32,591,089	\$ 24,606,765	\$ 17,982,032
2015	\$	29,679,214	\$ 22,057,035	\$ 15,653,611

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION (cont'd)

C. Post-Retirement Health Care Benefits

Plan Description

Ruidoso Municipal School District No. 3 contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are:

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

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

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

Funding Policy

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; 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, 2017 were \$188,431, which equal the required contributions for each year.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

IV. OTHER INFORMATION (cont'd)

D. Contingent Liabilities

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

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

E. Cash Flows

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

F. Restatement

The District's previously reported value of land was overstated by \$947,159 from the amounts that are in the District's records. The land in question was acquired prior to the implementation of GASB34.

G. Subsequent Events

Subsequent events were evaluated through October 16, 2017 which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2017

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

	2017	2016	2015
District's proportion of the net pension liability	0.341930%	0.340530%	0.346720%
District's proportionate share of the net pension liability	\$ 24,606,765	\$ 22,057,035	\$ 19,782,901
District's covered-employee payroll	\$ 9,765,650	\$ 9,679,950	\$ 9,556,814
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	251.97%	227.86%	207.00%
Plan fiduciary net position as a percentage of the total pension liability	61.58%	63.97%	66.54%

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

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

	2017	2016	2015
Contractually required contribution	\$ 1,357,425	\$ 1,345,514	\$ 1,256,722
Contributions in relation to the contractually required	<u>(1,355,048)</u>	<u>(1,345,438)</u>	<u>(1,256,722)</u>
Contribution deficiency (excess)	<u>\$ 2,377</u>	<u>\$ 76</u>	<u>\$ -</u>
District's Covered-employee Payroll	\$ 9,765,650	\$ 9,679,950	\$ 9,556,814
Contribution as a percentage of covered-employee payroll	13.88%	13.90%	13.15%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2017

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

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

- 1) Fiscal year 2016 valuation assumptions that changed based on this study:
 - a. Lower wage inflation from 4.75% to 3.75%
 - b. Lower payroll growth from 3.75% to 3.50%
 - c. Minor changes to demographic assumptions
 - d. Population growth per year from 0.50% to 0.00%
- 2) Assumptions that were not changed:
 - a. Investment return will remain at 7.75%
 - b. Net real return remains at 4.75%
 - c. Inflation will remain at 3.00%
 - d. COLA assumption of 2.00% per year
 - e. Payroll growth remains at 3.50%

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

GENERAL FUNDS
YEAR ENDED JUNE 30, 2017

OPERATING FUND (Fund No. 11000)

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

TRANSPORTATION FUND (Fund No. 13000)

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

INSTRUCTIONAL MATERIALS FUND (Fund No. 14000)

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

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

GENERAL FUNDS
Combining Balance Sheet
June 30, 2017

	Operational <u>Fund #11000</u>	Transportation <u>Fund #13000</u>	Instructional Materials <u>Fund #14000</u>	Total General <u>Funds</u>
Assets				
Cash and cash equivalents	\$ 4,291,025	\$ 491	\$ 62,693	\$ 4,354,209
Receivables:				
Property taxes	7,193	-	-	7,193
Due from other funds	<u>246,799</u>	<u>-</u>	<u>-</u>	<u>246,799</u>
Total assets	<u>\$ 4,545,017</u>	<u>\$ 491</u>	<u>\$ 62,693</u>	<u>\$ 4,608,201</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ 47,322	\$ -	\$ -	\$ 47,322
Deferred inflows of resources:				
Delinquent property taxes	4,044	-	-	4,044
Fund balance:				
Unassigned	<u>4,493,651</u>	<u>491</u>	<u>62,693</u>	<u>4,556,835</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 4,545,017</u>	<u>\$ 491</u>	<u>\$ 62,693</u>	<u>\$ 4,608,201</u>

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

GENERAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2017**

	Operational <u>Fund #11000</u>	Transportation <u>Fund #13000</u>	Instructional Materials <u>Fund #14000</u>	Total General <u>Fund</u>
Revenues:				
Taxes:				
Property	\$ 234,189	\$ -	\$ -	\$ 234,189
Intergovernmental - federal grants	313,561	-	-	313,561
Intergovernmental - state grants	13,169,826	795,151	137,816	14,102,793
Charges for services	71,276	-	-	71,276
Investment and interest income	26,981	-	-	26,981
Miscellaneous	<u>82,694</u>	<u>-</u>	<u>16</u>	<u>82,710</u>
Total revenue	<u>13,898,527</u>	<u>795,151</u>	<u>137,832</u>	<u>14,831,510</u>
Expenditures:				
Current:				
Instruction	8,152,043	-	125,257	8,277,300
Support services:				
Students	1,222,512	-	-	1,222,512
Instruction	414,454	-	-	414,454
General Administration	351,423	-	-	351,423
School Administration	981,960	-	-	981,960
Central Services	604,599	-	-	604,599
Operation & Maintenance of Plant	2,214,225	-	-	2,214,225
Student transportation	<u>91,199</u>	<u>795,641</u>	<u>-</u>	<u>886,840</u>
Total expenditures	<u>14,032,415</u>	<u>795,641</u>	<u>125,257</u>	<u>14,953,313</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(133,888)	(490)	12,575	(121,803)
Fund balance at beginning of the year	<u>4,627,539</u>	<u>981</u>	<u>50,118</u>	<u>4,678,638</u>
Fund balance at end of the year	<u>\$ 4,493,651</u>	<u>\$ 491</u>	<u>\$ 62,693</u>	<u>\$ 4,556,835</u>

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

OPERATIONAL FUND - NO. 11000
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 232,509	\$ 232,509	\$ 234,650	\$ 2,141
Intergovernmental - federal grants	434,766	434,766	313,561	(121,205)
Intergovernmental - state grants	13,508,416	13,219,290	13,169,826	(49,464)
Charges for services	37,000	37,000	71,276	34,276
Investment and interest income	2,400	2,400	26,981	24,581
Miscellaneous	-	-	82,694	82,694
Total revenues	14,215,091	13,925,965	13,898,988	(26,977)
Expenditures:				
Current:				
Instruction	9,381,784	9,093,390	8,153,604	939,786
Support services:				
Students	1,446,677	1,446,677	1,222,512	224,165
Instruction	664,482	573,283	414,454	158,829
General Administration	551,066	551,066	351,141	199,925
School Administration	1,021,510	1,020,778	981,960	38,818
Central Services	879,320	879,320	604,599	274,721
Operation & Maintenance of Plant	2,584,749	2,584,749	2,167,318	417,431
Student transportation	-	91,199	91,199	-
Other Support services	838,657	838,657	-	838,657
Capital outlay	187,405	187,405	-	187,405
Total expenditures	17,555,650	17,266,524	13,986,787	3,279,737
<i>Excess (deficiency) of revenues over expenditures</i>	(3,340,559)	(3,340,559)	(87,799)	3,252,760
<i>Beginning cash balance budgeted</i>	3,340,559	3,340,559	-	(3,340,559)
Fund balance at beginning of the year	-	-	4,627,539	4,627,539
Fund balance at end of the year	\$ -	\$ -	4,539,740	\$ 4,539,740
RECONCILIATION TO GAAP BASIS:				
Change in inventory			1,694	
Change in property tax receivable			(364)	
Change in due from other governments			(3,611)	
Change in payables			(47,321)	
Change in deferred property taxes			3,513	
Fund balance at end of the year (GAAP basis)			\$ 4,493,651	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

TRANSPORTATION FUND - NO. 13000
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Intergovernmental - state grants	\$ 899,350	\$ 795,151	\$ 795,151	\$ -
Expenditures:				
Current:				
Support services:				
Student transportation	899,350	795,641	795,641	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	(490)	(490)	-
<i>Beginning cash balance budgeted</i>	-	490	-	(490)
Fund balance at beginning of the year	-	-	981	981
Fund balance at end of the year	\$ -	\$ -	491	\$ 491
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 491	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

INSTRUCTIONAL MATERIALS FUND - NO. 14000
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 107,540	\$ 137,817	\$ 137,816	\$ (1)
Miscellaneous	<u>-</u>	<u>-</u>	<u>16</u>	<u>16</u>
Total revenues	107,540	137,817	137,832	15
Expenditures:				
Current:				
Instruction	<u>125,773</u>	<u>140,523</u>	<u>125,257</u>	<u>15,266</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(18,233)	(2,706)	12,575	15,281
<i>Beginning cash balance budgeted</i>	18,233	2,706	-	(2,706)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>50,118</u>	<u>50,118</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	62,693	<u>\$ 62,693</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 62,693</u>	

MAJOR CAPITAL PROJECTS FUNDS
&
MAJOR DEBT SERVICE FUND

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

BOND BUILDING FUND - NO. 31100
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Investment and interest income	\$ 1,000	\$ 1,000	\$ 45,135	\$ 44,135
Expenditures:				
Current:				
Support services:				
Operation & Maintenance of Plant	280,493	380,493	339,962	40,531
Capital outlay	<u>938,369</u>	<u>16,640,189</u>	<u>1,417,417</u>	<u>15,222,772</u>
Total expenditures	<u>1,218,862</u>	<u>17,020,682</u>	<u>1,757,379</u>	<u>15,263,303</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,217,862)	(17,019,682)	(1,712,244)	15,307,438
Other financing sources:				
Sale of bonds	-	15,914,842	15,914,841	(1)
<i>Net change in fund balance</i>	(1,217,862)	(1,104,840)	14,202,597	15,307,437
<i>Beginning cash balance budgeted</i>	1,217,862	1,104,840	-	(1,104,840)
Fund balance at beginning of the year	-	-	<u>1,105,839</u>	<u>1,105,839</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	15,308,436	<u>\$ 15,308,436</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			<u>\$ 15,308,436</u>	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

CAPITAL IMPROVEMENTS SB-9 FUND - NO. 31701

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 1,330,543	\$ 1,330,543	\$ 1,341,041	\$ 10,498
Investment and interest income	<u>3,240</u>	<u>3,240</u>	<u>8,842</u>	<u>5,602</u>
Total revenues	<u>1,333,783</u>	<u>1,333,783</u>	<u>1,349,883</u>	<u>16,100</u>
Expenditures:				
Current:				
Support services:				
General Administration	-	16,000	13,410	2,590
Operation & Maintenance of Plant	2,644,295	2,628,295	1,245,435	1,382,860
Capital outlay	<u>618,679</u>	<u>916,964</u>	<u>601,667</u>	<u>315,297</u>
Total expenditures	<u>3,262,974</u>	<u>3,561,259</u>	<u>1,860,512</u>	<u>1,700,747</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,929,191)	(2,227,476)	(510,629)	1,716,847
Other financing uses:				
Transfers out	<u>-</u>	<u>-</u>	<u>44,548</u>	<u>44,548</u>
<i>Net change in fund balance</i>	(1,929,191)	(2,227,476)	(466,081)	1,761,395
<i>Beginning cash balance budgeted</i>	1,929,191	2,227,476	-	(2,227,476)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>2,248,366</u>	<u>2,248,366</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>1,782,285</u>	<u>\$ 1,782,285</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			(2,432)	
Change in due from other governments			(20,891)	
Change in payables			(81,670)	
Change in deferred property taxes			<u>19,145</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 1,696,437</u>	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

DEBT SERVICE FUND - NO. 41000
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 3,955,041	\$ 3,955,041	\$ 4,028,628	\$ 73,587
Investment and interest income	<u>2,900</u>	<u>2,900</u>	<u>10,283</u>	<u>7,383</u>
Total revenues	<u>3,957,941</u>	<u>3,957,941</u>	<u>4,038,911</u>	<u>80,970</u>
Expenditures:				
Current:				
Support services:				
General Administration	50,000	50,000	40,286	9,714
Debt service:				
Principal retirement	3,155,000	3,155,000	3,036,925	118,075
Bond interest paid	620,070	620,070	800,429	(180,359)
Debt service reserves	3,934,224	3,934,224	-	3,934,224
Other	<u>-</u>	<u>-</u>	<u>1,609</u>	<u>(1,609)</u>
Total expenditures	<u>7,759,294</u>	<u>7,759,294</u>	<u>3,879,249</u>	<u>3,880,045</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(3,801,353)	(3,801,353)	159,662	3,961,015
<i>Beginning cash balance budgeted</i>	3,801,353	3,801,353	-	(3,801,353)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>3,920,350</u>	<u>3,920,350</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>4,080,012</u>	<u>\$ 4,080,012</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			(6,784)	
Change in due from other governments			(61,870)	
Change in deferred property taxes			<u>56,824</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 4,068,182</u>	

NONMAJOR GOVERNMENTAL FUNDS

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NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

Nonmajor Special Revenue Funds

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

Food Service (Fund No. 21000) Minimum Balance: None
This program provides financing for the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-4, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 stat. 889, as amended; 84 stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 stat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 stat. 3341; Public Law 100-71, 101 stat. 430.

Athletics (Fund No. 22000) Minimum Balance: None
This fund provides financing for school athletic activities. Funding is provided by fees from patrons.

NM Autism (Fund No. 24108) Minimum Balance: None
Program is to provide grants to states that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

Preschool IDEA-B (Fund No. 24109) Minimum Balance: None
The Preschool program is for the purpose of enhancing Special Education for handicapped children from ages 3 to 5. The program is funded by the United States government, under the Individuals With Disabilities Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, and 101-476.

IDEA-B Early Intervention (Fund No. 24112) Minimum Balance: None
To account for a federal grant restricted to the operation and maintenance of meeting the special education needs of children with disabilities. (Authority, Individuals with Disabilities Act, Part B Sec 611, as amended; P.L. 91-230, 93-380, 94-142, 98-199, 99-457, 100-630, and 101-476; U.S.C. 1401-1419, P.L. 105-17)

IDEA-B "Risk Pool" (Fund No. 24120) Minimum Balance: None
The IDEA-B "Risk Pool" program is to provide grants to states, that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

Title I 1003g Grant (Fund No. 24124) Minimum Balance: None
The objective of this grant is to provide in conjunction with Title I funds for school improvement reserved under section 1003(a) of the ESEA. School Improvement Grants under section 1003(g) of the ESEA are used to improve student achievement in Title I schools identified for improvement, corrective action, or restructuring so as to enable those schools to make adequate yearly progress (AYP) and exit improvement status. Funding is by the Elementary and Secondary Education Act of 1965, as amended, Title I, Part B, Subpart 1.

Title III English Language (Fund No. 24153) Minimum Balance: None
To ensure that limited English proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same standards as all children and youth are expected to meet; to provide assistance to Native American, Native Hawaiian, Native American Pacific Islander, and Alaskan native children with certain modifications relative to the unique status of native American language under Federal Law; to develop to the extent possible, the native language skills of such children. The fund is authorized through the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101,3129.

Title II Teacher Quality (Fund No. 24154) Minimum Balance: None
To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in the academic achievement. Authorization is granted through the Elementary and Secondary Education Act of 1965, as amended, Title II, Part A, Public Law 107-110.

Rural & Low Income Schools (Fund No. 24154) Minimum Balance: None
To account for federal grant assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools, and specifically to provide funds for teacher recruitment, retention, and teacher professional development, educational technology, and parental involvement activities. Authority for this fund comes from the Elementary and Secondary Education Act of 1965, as amended, Title VI, Part B, as amended.

NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

Nonmajor Special Revenue Funds (cont'd)

- Title I School Improvement** (Fund No. 24162) Minimum Balance: None
To develop parental involvement in the school curriculum. The program is funded by the United States government under P.L. 100-297.
- Impact Aid Special/Indian Education** (Fund No. 25145 & 25147) Minimum Balance: None
To provide financial assistance to local educational agencies (LEA'S) where enrollments or availability of revenue are adversely affected by Federal activities, i.e. where the tax base of a district is reduced through the Federal acquisition of real property (Section 2), where there is a significant number of children who reside on Federal (including Indian) lands and/or children whose parents are employed on Federal property or in the Uniformed Services (Section 3(a) and 3 (b); where there is a significant decrease (Section 3(c)) or a sudden and substantial increase (Section 4) in school enrollment as the result of Federal activities; to provide disaster assistance for reduced or increased operating costs (Section 7(a)), for replacing or repairing damaged or destroyed supplies, equipment, and books, and for repairing minor damage to facilities. Funding authorized by Public Law 81-874.
- Title XIX Medicaid** (Fund No. 25153) Minimum Balance: None
To provide financial assistance from the Federal government which flows-through the State of New Mexico to school districts, for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women and the aged who meet income and resource requirements, and other categorically-eligible groups. The program is funded by the U.S. government under the Social Security Act, Title XIX, as amended; Public Laws 92-223, 92-602, 93-66, 93-233, 96-499, 97-35, 97-2248, 98-369, 99-272, 99-509, 100-93, 100-202, 100-203, 100-360, 100-436, 100-485, 100-647, 101-166, 101-234, 101-239, 101-508, 101-517, 102-234, 102-170, 102-394, 103-66, 103-14, 103-333, 104-91, 104-191, 104-193, 104-208, and 104-134; Balanced Budget Act of 1997, Public Law 105-33.
- Child & Adult Food Program** (Fund No. 25171) Minimum Balance: None
To account for the activities of a program to provide for healthier schools by providing a health center at the schools. Funding is from the New Mexico Department of Health. The authority for creation of this fund was approved by the original budget by the Cuba Board of Education.
- Indian Ed Formula Grant** (Fund No. 25184) Minimum Balance: None
The purpose of this program is to support projects which improve educational opportunities and achievement of Native American children. Funding is provided by the Federal Government, under the Elementary and Secondary Education Act of 1965, Title IX, Part A, Subpart 1, as amended, Public Law 103-382, 20 U.S.C. 7811-7818; 25 U.S.C. 2002.
- Dual Credit Instructional Materials** (Fund No. 27103) Minimum Balance: None
To be used for courses approved by Higher Education Department (HED) and through a college/university for which the district has an approved agreement.
- Library Go Bonds 2012** (Fund No. 27107) Minimum Balance: None
Funds to be used for library books and library resources for public school libraries statewide. Library resources include computers, software, projectors, televisions, other related hardware and software, shelving, desks, chairs, and book trucks/carts. Senate Bill 66, Laws of 2012, 2nd Session, Chapter 54, Section 10.B.(3).
- Pre-K Initiative** (Fund No. 27149) Minimum Balance: None
The pre-k program shall address the total development needs of preschool children, including physical, cognitive, social and emotional needs, and shall include health care, nutrition, safety and multicultural sensitivity.
- Indian Education Act** (Fund No. 27150) Minimum Balance: None
To increase academic achievement and provide culturally relevant learning experiences for American Indian students; to establish collaborative partnerships that engage active participation of American Indian parents, students, tribe(s), community-based organizations, universities, private sector and/or other entities who work with American Indian students; to establish a parent community advisory committee to participate in the development of an Indigenous curriculum framework and to profile Indigenous best practices.
- Breakfast for Elementary Students** (Fund No. 27155) Minimum Balance: None
The Breakfast for Elementary School program provides foods (at no charge) after the instructional day has begun, provided that instruction occurs simultaneously with breakfast. Authorized through 22-13-13.2 NMSA 1978; NMAC 6.12.9
- Kindergarten 3-Plus** (Fund No. 27166) Minimum Balance: None
To account for funds received to provide the opportunity for the district to address early literacy. The full-day kindergarten program is the first step in the implementation of a sequential early literacy approach to teaching reading.

NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

Nonmajor Special Revenue Funds (cont'd)

- College Counselor Initiative** (Fund No. 27189) Minimum Balance: None
Funding to be used by KCHS and SHS to hire a college advisor solely dedicated to college advisement. College advisors will be hired under STARS assignment code #83 as a Resource Coordinator. The hired Advisor(s) must have an appropriate license in accordance with STARS assignment code #83.
- Suicide Prevention** (Fund No. 27189) Minimum Balance: None
The purpose of this fund is to account for the agreement used to provide integrated primary and behavioral health care for adolescents through a school based health center. The authority and funding for this agreement is provided by the contract between the REC and the New Mexico Department of Health.
- GRADS Child Care** (Fund No. 28189) Minimum Balance: None
The Graduation, Reality, and Dual-role Skills (GRADS) program provides funding to participating schools in providing services for teen parents who are students at the participating schools.
- GRADS Instruction** (Fund No. 28190) Minimum Balance: None
The Graduation, Reality, and Dual-role Skills (GRADS) program provides funding to participating schools in providing services for teen parents who are students at the participating schools.
- GRADS Plus** (Fund No. 28203) Minimum Balance: None
To develop a curriculum that identifies that reflect serious needs for pregnant or parenting teens.

Nonmajor Capital Projects Funds

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

- Special Capital Outlay – Local** (Fund No. 31300) Minimum Balance: None
This fund provides financing from local revenues for the construction and improvements to District building and facilities.
- State SB-9 Match** (Fund No. 31700) Minimum Balance: None
To account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico's State Equalization Matching as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).

Nonmajor Debt Service Funds

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

- Ed Tech Debt Service** (Fund No. 43000) Minimum Balance: None
Used to account for the accumulation of resources for and the payment of, general long-term debt principal, interest, and related costs associated with the Education Technology bond issues.

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

Special Revenue Funds

	<u>Food Service Fund #21000</u>	<u>Athletics Fund #22000</u>	<u>NM Autism Fund #24108</u>	<u>Preschool IDEA-B Fund #24109</u>	<u>IDEA-B Early Intervention Fund #24112</u>
Assets					
Cash and cash equivalents	\$ 457,103	\$ 26,538	\$ -	\$ -	\$ 32
Receivables:					
Property taxes	-	-	-	-	-
Grant	-	-	609	8,403	-
Food inventory	<u>6,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 463,930</u>	<u>\$ 26,538</u>	<u>\$ 609</u>	<u>\$ 8,403</u>	<u>\$ 32</u>
Liabilities, deferred inflows and fund balance					
Liabilities:					
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 609</u>	<u>\$ 8,403</u>	<u>\$ -</u>
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	-	-	32
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32</u>
Fund balance:					
Non-spendable:					
Inventories	6,827	-	-	-	-
Restricted for:					
Special revenue funds	457,103	26,538	-	-	-
Debt service	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>463,930</u>	<u>26,538</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 463,930</u>	<u>\$ 26,538</u>	<u>\$ 609</u>	<u>\$ 8,403</u>	<u>\$ 32</u>

(cont'd; 1 of 7)

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds				
	IDEA-B "Risk Pool" <u>Fund #24120</u>	Title I - 1003g <u>Fund #24124</u>	Title III English Language <u>Fund #24153</u>	Title II Teacher Quality <u>Fund #24154</u>	Rural & Low- Income Schools <u>Fund #24160</u>
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	-	26,449	14,414	9,291	9,948
Food inventory	-	-	-	-	-
Total assets	\$ -	\$ 26,449	\$ 14,414	\$ 9,291	\$ 9,948
Liabilities, deferred inflows and fund balance					
Liabilities:					
Due to other funds	\$ -	\$ 26,449	\$ 14,414	\$ 9,291	\$ 9,948
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	-	-	-
Delinquent property taxes	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Special revenue funds	-	-	-	-	-
Debt service	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	-	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balance	\$ -	\$ 26,449	\$ 14,414	\$ 9,291	\$ 9,948

(cont'd; 2 of 7)

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds				
	Title I School Improvement Fund #24162	Impact Aid Special Education Fund #25145	Impact Aid Indian Education Fund #25147	Title XIX Medicaid Fund #25153	Child & Adult Food Program Fund #25171
Assets					
Cash and cash equivalents	\$ -	\$ 16,674	\$ 85,472	\$ 73,119	\$ 8,637
Receivables:					
Property taxes	-	-	-	-	-
Grant	4,476	-	-	-	-
Food inventory	-	-	-	-	-
Total assets	\$ 4,476	\$ 16,674	\$ 85,472	\$ 73,119	\$ 8,637
Liabilities, deferred inflows and fund balance					
Liabilities:					
Due to other funds	\$ 4,476	\$ -	\$ -	\$ -	\$ -
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	-	-	-
Delinquent property taxes	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Special revenue funds	-	16,674	85,472	73,119	8,637
Debt service	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	-	16,674	85,472	73,119	8,637
Total liabilities, deferred inflows of resources, and fund balance	\$ 4,476	\$ 16,674	\$ 85,472	\$ 73,119	\$ 8,637

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STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds			
	Indian Ed Formula Grant <u>Fund #25184</u>	Dual Credit Instructional Materials <u>Fund #27103</u>	Libraries GO Bond 2012 <u>Fund #27107</u>	Pre-K Initiative <u>Fund #27149</u>
Assets				
Cash and cash equivalents	\$ 8,724	\$ -	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	-	-	-	5,022
Food inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 8,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,022</u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,022</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	8,724	-	-	-
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>8,724</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Debt service	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 8,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,022</u>

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STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

Special Revenue Funds

	Indian Education Act Fund #27150	Breakfast for Elementary Students Fund #27155	Kindergarten 3-Plus Fund #27166	College Counselor Initiative Fund #27189	Suicide Prevention Fund #28158
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 8,554
Receivables:					
Property taxes	-	-	-	-	-
Grant	4,096	-	15,179	2,819	-
Food inventory	-	-	-	-	-
Total assets	\$ 4,096	\$ -	\$ 15,179	\$ 2,819	\$ 8,554
Liabilities, deferred inflows and fund balance					
Liabilities:					
Due to other funds	\$ 4,096	\$ -	\$ 15,179	\$ 2,819	\$ -
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	-	-	-
Delinquent property taxes	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Special revenue funds	-	-	-	-	8,554
Debt service	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	-	-	-	-	8,554
Total liabilities, deferred inflows of resources, and fund balance	\$ 4,096	\$ -	\$ 15,179	\$ 2,819	\$ 8,554

(cont'd; 5 of 7)

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds			Total Non-Major Special Revenue Funds
	Grads-Child Care Fund #28189	Grads- Instruction Fund #28190	Grads Plus Fund #28203	Funds
Assets				
Cash and cash equivalents	\$ 117	\$ 2,654	\$ 8,030	\$ 695,654
Receivables:				
Property taxes	-	-	-	-
Grant	-	-	-	100,706
Food inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,827</u>
Total assets	<u>\$ 117</u>	<u>\$ 2,654</u>	<u>\$ 8,030</u>	<u>\$ 803,187</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,706</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	8,756
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,756</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	6,827
Restricted for:				
Special revenue funds	117	2,654	8,030	686,898
Debt service	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>117</u>	<u>2,654</u>	<u>8,030</u>	<u>693,725</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 117</u>	<u>\$ 2,654</u>	<u>\$ 8,030</u>	<u>\$ 803,187</u>

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STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	Capital Projects Funds		Total	Ed Tech	Total Nonmajor
	Special Capital Outlay - Local Fund #31300	State SB-9 Match Fund #31700	Non-Major Capital Projects Funds	Debt Service Fund #43000	Governmental Funds
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,246	\$ 696,900
Receivables:					
Property taxes	-	-	-	658	658
Grant	-	46,740	46,740	-	147,446
Food inventory	-	-	-	-	6,827
Total assets	\$ -	\$ 46,740	\$ 46,740	\$ 1,904	\$ 851,831
 Liabilities, deferred inflows and fund balance					
Liabilities:					
Due to other funds	\$ -	\$ 46,740	\$ 46,740	\$ -	\$ 147,446
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	-	-	8,756
Delinquent property taxes	-	-	-	652	652
Total deferred inflows of resources	-	-	-	652	9,408
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	6,827
Restricted for:					
Special revenue funds	-	-	-	-	686,898
Debt service	-	-	-	6,838	6,838
Unassigned	-	-	-	(5,586)	(5,586)
Total fund balance	-	-	-	1,252	694,977
Total liabilities, deferred inflows of resources, and fund balance	\$ -	\$ 46,740	\$ 46,740	\$ 1,904	\$ 851,831

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STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2017**

	<u>Special Revenue Funds</u>				
	<u>Food Service Fund #21000</u>	<u>Athletics Fund #22000</u>	<u>NM Autism Fund #24108</u>	<u>Preschool IDEA-B Fund #24109</u>	<u>IDEA-B Early Intervention Fund #24112</u>
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	1,132,759	-	6,506	26,713	-
Intergovernmental - state grants	-	-	-	-	-
Charges for services	100,330	44,968	-	-	-
Investment and interest income	2,004	175	-	-	-
Miscellaneous	<u>-</u>	<u>329</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,235,093</u>	<u>45,472</u>	<u>6,506</u>	<u>26,713</u>	<u>-</u>
Expenditures:					
Current:					
Instruction	-	55,997	6,506	25,668	-
Support services:					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General Administration	-	-	-	1,045	-
School Administration	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services operations	1,102,696	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,102,696</u>	<u>55,997</u>	<u>6,506</u>	<u>26,713</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	132,397	(10,525)	-	-	-
Other financing uses:					
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	132,397	(10,525)	-	-	-
Fund balance at beginning of the year	<u>331,533</u>	<u>37,063</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ 463,930</u>	<u>\$ 26,538</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 1 of 7)

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2017**

	Special Revenue Funds				
	IDEA-B "Risk Pool" Fund #24120	Title I - 1003g Fund #24124	Title III English Language Fund #24153	Title II Teacher Quality Fund #24154	Rural & Low- Income Schools Fund #24160
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	26,449	26,053	70,500	17,361
Intergovernmental - state grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>-</u>	<u>26,449</u>	<u>26,053</u>	<u>70,500</u>	<u>17,361</u>
Expenditures:					
Current:					
Instruction	-	22,646	25,402	67,722	17,361
Support services:					
Students	-	1,656	-	-	-
Instruction	-	825	-	-	-
General Administration	-	969	651	2,778	-
School Administration	-	353	-	-	-
Student transportation	-	-	-	-	-
Food services operations	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>26,449</u>	<u>26,053</u>	<u>70,500</u>	<u>17,361</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-	-
Other financing uses:					
Transfers out	-	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-	-
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 2 of 7)

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2017**

	Special Revenue Funds				
	Title I School Improvement Fund #24162	Impact Aid Special Education Fund #25145	Impact Aid Indian Education Fund #25147	Title XIX Medicaid Fund #25153	Child & Adult Food Program Fund #25171
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	76,862	34,437	66,195	39,429	1,050
Intergovernmental - state grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>76,862</u>	<u>34,437</u>	<u>66,195</u>	<u>39,429</u>	<u>1,050</u>
Expenditures:					
Current:					
Instruction	49,713	24,644	364	-	1,720
Support services:					
Students	27,158	-	73,921	-	-
Instruction	-	-	-	-	-
General Administration	-	-	3,049	-	-
School Administration	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services operations	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>76,871</u>	<u>24,644</u>	<u>77,334</u>	<u>-</u>	<u>1,720</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(9)	9,793	(11,139)	39,429	(670)
Other financing uses:					
Transfers out	-	-	-	-	-
<i>Net change in fund balance</i>	(9)	9,793	(11,139)	39,429	(670)
Fund balance at beginning of the year	<u>9</u>	<u>6,881</u>	<u>96,611</u>	<u>33,690</u>	<u>9,307</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ 16,674</u>	<u>\$ 85,472</u>	<u>\$ 73,119</u>	<u>\$ 8,637</u>

(cont'd; 3 of 7)

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2017**

	Special Revenue Funds				
	Indian Ed Formula Grant Fund #25184	Dual Credit Instructional Materials Fund #27103	Libraries GO Bond 2012 Fund #27107	Pre-K Initiative Fund #27149	Indian Education Act Fund #27150
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	99,371	-	-	-	-
Intergovernmental - state grants	-	11,873	-	117,242	19,907
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>99,371</u>	<u>11,873</u>	<u>-</u>	<u>117,242</u>	<u>19,907</u>
Expenditures:					
Current:					
Instruction	-	11,873	-	60,381	19,907
Support services:					
Students	99,371	-	-	-	-
Instruction	-	-	-	-	-
General Administration	-	-	-	500	-
School Administration	-	-	-	26,361	-
Student transportation	-	-	-	30,000	-
Food services operations	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>99,371</u>	<u>11,873</u>	<u>-</u>	<u>117,242</u>	<u>19,907</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-	-
Other financing uses:					
Transfers out	-	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-	-
Fund balance at beginning of the year	-	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2017**

	Special Revenue Funds				
	Breakfast for Elementary Students <u>Fund #27155</u>	Kindergarten 3- Plus <u>Fund #27166</u>	College Counselor Initiative <u>Fund #27189</u>	Suicide Prevention <u>Fund #28158</u>	Grads-Child Care <u>Fund #28189</u>
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	-	-	-
Intergovernmental - state grants	7,646	138,704	60,152	11,426	3,000
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>7,646</u>	<u>138,704</u>	<u>60,152</u>	<u>11,426</u>	<u>3,000</u>
Expenditures:					
Current:					
Instruction	-	102,653	-	2,872	-
Support services:					
Students	-	11,497	60,152	-	3,057
Instruction	-	-	-	-	-
General Administration	-	-	-	-	-
School Administration	-	9,554	-	-	-
Student transportation	-	15,000	-	-	-
Food services operations	7,646	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>7,646</u>	<u>138,704</u>	<u>60,152</u>	<u>2,872</u>	<u>3,057</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	8,554	(57)
Other financing uses:					
Transfers out	-	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	8,554	(57)
Fund balance at beginning of the year	-	-	-	-	174
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,554</u>	<u>\$ 117</u>

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STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2017**

	Special Revenue Funds			Capital Projects Funds	
	Grads- Instruction Fund #28190	Grads Plus Fund #28203	Total Nonmajor Special Revenue Funds	Special Capital Outlay - Local Fund #31300	State SB-9 Match Fund #31700
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	1,623,685	-	-
Intergovernmental - state grants	4,000	4,666	378,616	-	91,288
Charges for services	-	-	145,298	-	-
Investment and interest income	-	-	2,179	-	-
Miscellaneous	-	-	329	-	-
Total revenues	4,000	4,666	2,150,107	-	91,288
Expenditures:					
Current:					
Instruction	-	2,473	497,902	-	-
Support services:					
Students	5,396	-	282,208	-	-
Instruction	-	-	825	-	-
General Administration	-	-	8,992	-	-
School Administration	-	-	36,268	-	-
Student transportation	-	-	45,000	-	-
Food services operations	-	-	1,110,342	-	-
Capital outlay	-	-	-	2,027	46,740
Total expenditures	5,396	2,473	1,981,537	2,027	46,740
<i>Excess (deficiency) of revenues over expenditures</i>	(1,396)	2,193	168,570	(2,027)	44,548
Other financing uses:					
Transfers out	-	-	-	-	(44,548)
<i>Net change in fund balance</i>	(1,396)	2,193	168,570	(2,027)	-
Fund balance at beginning of the year	4,050	5,837	525,155	2,027	-
Fund balance at end of the year	\$ 2,654	\$ 8,030	\$ 693,725	\$ -	\$ -

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STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2017**

	Total Nonmajor Capital Projects <u>Funds</u>	Ed Tech Debt Service <u>Fund #43000</u>	Total Nonmajor Governmental <u>Funds</u>
Revenues:			
Taxes:			
Property	\$ -	\$ 59	\$ 59
Intergovernmental - federal grants	-	-	1,623,685
Intergovernmental - state grants	91,288	-	469,904
Charges for services	-	-	145,298
Investment and interest income	-	-	2,179
Miscellaneous	<u>-</u>	<u>-</u>	<u>329</u>
Total revenues	<u>91,288</u>	<u>59</u>	<u>2,241,454</u>
Expenditures:			
Current:			
Instruction	-	-	497,902
Support services:			
Students	-	-	282,208
Instruction	-	-	825
General Administration	-	1	8,993
School Administration	-	-	36,268
Student transportation	-	-	45,000
Food services operations	-	-	1,110,342
Capital outlay	<u>48,767</u>	<u>-</u>	<u>48,767</u>
Total expenditures	<u>48,767</u>	<u>1</u>	<u>2,030,305</u>
<i>Excess (deficiency) of revenues over expenditures</i>	42,521	58	211,149
Other financing uses:			
Transfers out	<u>(44,548)</u>	<u>-</u>	<u>(44,548)</u>
<i>Net change in fund balance</i>	(2,027)	58	166,601
Fund balance at beginning of the year	<u>2,027</u>	<u>1,194</u>	<u>528,376</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ 1,252</u>	<u>\$ 694,977</u>

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NONMAJOR GOVERNMENTAL FUNDS
BUDGETARY PRESENTATION

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

FOOD SERVICE FUND - NO. 21000
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - federal grants	\$ 945,000	\$ 945,000	\$ 1,061,509	\$ 116,509
Charges for services	117,000	117,000	100,330	(16,670)
Investment and interest income	<u>400</u>	<u>400</u>	<u>2,004</u>	<u>1,604</u>
Total revenues	<u>1,062,400</u>	<u>1,062,400</u>	<u>1,163,843</u>	<u>101,443</u>
Expenditures:				
Current:				
Food services operations	1,290,643	1,274,918	1,032,947	241,971
Capital outlay	<u>-</u>	<u>15,725</u>	<u>-</u>	<u>15,725</u>
Total expenditures	<u>1,290,643</u>	<u>1,290,643</u>	<u>1,032,947</u>	<u>257,696</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(228,243)	(228,243)	130,896	359,139
<i>Beginning cash balance budgeted</i>	228,243	228,243	-	(228,243)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>331,533</u>	<u>331,533</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>462,429</u>	<u>\$ 462,429</u>
RECONCILIATION TO GAAP BASIS:				
Change in inventory			<u>1,501</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 463,930</u>	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

ATHLETICS FUND - NO. 22000
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Charges for services	\$ 25,000	\$ 49,924	\$ 44,968	\$ (4,956)
Investment and interest income	-	-	175	175
Miscellaneous	-	-	329	329
Total revenues	25,000	49,924	45,472	(4,452)
Expenditures:				
Current:				
Instruction	57,040	81,964	55,997	25,967
<i>Excess (deficiency) of revenues over expenditures</i>	(32,040)	(32,040)	(10,525)	21,515
<i>Beginning cash balance budgeted</i>	32,040	32,040	-	(32,040)
Fund balance at beginning of the year	-	-	37,063	37,063
Fund balance at end of the year	\$ -	\$ -	26,538	\$ 26,538
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 26,538	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

NM AUTISM FUND - NO. 24108
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 8,000	\$ 6,196	\$ (1,804)
Expenditures:				
Current:				
Instruction	-	8,000	6,506	1,494
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(310)	(310)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(310)	<u>\$ (310)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			310	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

PRESCHOOL IDEA-B FUND - NO. 24109
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 26,577	\$ 27,933	\$ 28,439	\$ 506
Expenditures:				
Current:				
Instruction	25,582	26,888	25,668	1,220
Support services:				
General Administration	995	1,045	1,045	-
Total expenditures	<u>26,577</u>	<u>27,933</u>	<u>26,713</u>	<u>1,220</u>
<i>Excess of revenues over expenditures</i>	-	-	1,726	1,726
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	1,726	<u>\$ 1,726</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(1,726)	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

IDEA-B EARLY INTERVENTION FUND - NO. 24112

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

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

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

IDEA-B "RISK POOL" FUND - NO. 24120
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ -	\$ 390	\$ 390
Expenditures:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	390	390
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	390	\$ 390
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(390)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

TITLE I - 1003G FUND - NO. 24124
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 60,000	\$ -	\$ (60,000)
Expenditures:				
Current:				
Instruction	-	46,477	22,646	23,831
Support services:				
Students	-	5,723	1,656	4,067
Instruction	-	4,000	825	3,175
General Administration	-	1,800	969	831
School Administration	-	2,000	353	1,647
Total expenditures	-	60,000	26,449	33,551
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(26,449)	(26,449)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(26,449)	\$ (26,449)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			26,449	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

TITLE III ENGLISH LANGUAGE FUND - NO. 24153

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 18,586	\$ 33,347	\$ 11,639	\$ (21,708)
Expenditures:				
Current:				
Instruction	18,223	32,696	25,402	7,294
Support services:				
General Administration	363	651	651	-
Total expenditures	18,586	33,347	26,053	7,294
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(14,414)	(14,414)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(14,414)	\$ (14,414)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			14,414	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

TITLE II TEACHER QUALITY FUND - NO. 24154
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 75,747	\$ 85,746	\$ 66,033	\$ (19,713)
Expenditures:				
Current:				
Instruction	72,848	77,848	67,723	10,125
Support services:				
General Administration	2,899	2,899	2,778	121
School Administration	-	4,999	-	4,999
Total expenditures	75,747	85,746	70,501	15,245
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(4,468)	(4,468)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(4,468)	\$ (4,468)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			4,468	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

RURAL & LOW-INCOME SCHOOLS FUND - NO. 24160
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 38,973	\$ 87,571	\$ 19,236	\$ (68,335)
Expenditures:				
Current:				
Instruction	38,973	87,571	17,361	70,210
<i>Excess of revenues over expenditures</i>	-	-	1,875	1,875
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	1,875	\$ 1,875
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(1,875)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

TITLE I SCHOOL IMPROVEMENT FUND - NO. 24162
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 115,000	\$ 115,000	\$ 91,803	\$ (23,197)
Expenditures:				
Current:				
Instruction	61,674	61,674	49,713	11,961
Support services:				
Students	<u>53,326</u>	<u>53,326</u>	<u>27,158</u>	<u>26,168</u>
Total expenditures	<u>115,000</u>	<u>115,000</u>	<u>76,871</u>	<u>38,129</u>
<i>Excess of revenues over expenditures</i>	-	-	14,932	14,932
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>9</u>	<u>9</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	14,941	<u>\$ 14,941</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>(14,941)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

IMPACT AID SPECIAL EDUCATION FUND - NO. 25145
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 30,240	\$ 34,437	\$ 4,197
Expenditures:				
Current:				
Instruction	7,543	24,586	24,644	(58)
Support services:				
Students	-	12,535	-	12,535
Total expenditures	<u>7,543</u>	<u>37,121</u>	<u>24,644</u>	<u>12,477</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(7,543)	(6,881)	9,793	16,674
<i>Beginning cash balance budgeted</i>	7,543	6,881	-	(6,881)
Fund balance at beginning of the year	-	-	6,881	6,881
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>16,674</u>	<u>\$ 16,674</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			<u>\$ 16,674</u>	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

IMPACT AID INDIAN EDUCATION FUND - NO. 25147
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ -	\$ 66,195	\$ 66,195
Expenditures:				
Current:				
Instruction	13,067	13,067	364	12,703
Support services:				
Students	80,059	80,059	73,921	6,138
General Administration	3,706	3,706	3,049	657
Total expenditures	96,832	96,832	77,334	19,498
<i>Excess (deficiency) of revenues over expenditures</i>	(96,832)	(96,832)	(11,139)	85,693
<i>Beginning cash balance budgeted</i>	96,832	96,832	-	(96,832)
Fund balance at beginning of the year	-	-	96,611	96,611
Fund balance at end of the year	\$ -	\$ -	85,472	\$ 85,472
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 85,472	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

TITLE XIX MEDICAID FUND - NO. 25153
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ -	\$ 39,429	\$ 39,429
Expenditures:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	39,429	39,429
Fund balance at beginning of the year	-	-	33,690	33,690
Fund balance at end of the year	\$ -	\$ -	73,119	\$ 73,119
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 73,119	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

CHILD & ADULT FOOD PROGRAM FUND - NO. 25171
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ -	\$ 1,050	\$ 1,050
Expenditures:				
Current:				
Instruction	<u>8,060</u>	<u>8,060</u>	<u>1,720</u>	<u>6,340</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(8,060)	(8,060)	(670)	7,390
<i>Beginning cash balance budgeted</i>	8,060	8,060	-	(8,060)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>9,307</u>	<u>9,307</u>
Fund balance at end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>8,637</u>	<u><u>\$ 8,637</u></u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
Fund balance at end of the year (GAAP basis)			<u><u>\$ 8,637</u></u>	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

INDIAN ED FORMULA GRANT FUND - NO. 25184

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ -	\$ 74,638	\$ 74,638
Expenditures:				
Current:				
Support services:				
Students	33,011	107,396	99,371	8,025
<i>Excess (deficiency) of revenues over expenditures</i>	(33,011)	(107,396)	(24,733)	82,663
<i>Beginning cash balance budgeted</i>	33,011	107,396	-	(107,396)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(24,733)	\$ (24,733)
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			24,733	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

DUAL CREDIT INSTRUCTIONAL MATERIALS FUND - NO. 27103
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 11,873	\$ 11,873	\$ -
Expenditures:				
Current:				
Instruction	-	11,873	11,873	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

LIBRARIES GO BOND 2012 FUND - NO. 27107

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ -	\$ 20,482	\$ 20,482
Expenditures:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	20,482	20,482
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	20,482	\$ 20,482
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(20,482)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

PRE-K INITIATIVE FUND - NO. 27149
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 126,186	\$ 126,186	\$ 114,711	\$ (11,475)
Expenditures:				
Current:				
Instruction	68,036	68,036	60,380	7,656
Support services:				
General Administration	500	500	500	-
School Administration	27,650	27,650	26,361	1,289
Student transportation	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Total expenditures	<u>126,186</u>	<u>126,186</u>	<u>117,241</u>	<u>8,945</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(2,530)	(2,530)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(2,530)	<u>\$ (2,530)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>2,530</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

INDIAN EDUCATION ACT FUND - NO. 27150

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 25,000	\$ 15,811	\$ (9,189)
Expenditures:				
Current:				
Instruction	-	25,000	19,907	5,093
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(4,096)	(4,096)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(4,096)	<u>\$ (4,096)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			4,096	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

BREAKFAST FOR ELEMENTARY STUDENTS FUND - NO. 27155

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 7,646	\$ 11,018	\$ 3,372
Expenditures:				
Current:				
Food services operations	-	7,646	7,646	-
<i>Excess of revenues over expenditures</i>	-	-	3,372	3,372
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	3,372	<u>\$ 3,372</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(3,372)	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

KINDERGARTEN 3-PLUS FUND - NO. 27166

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 133,355	\$ 140,251	\$ 123,526	\$ (16,725)
Expenditures:				
Current:				
Instruction	110,304	103,375	102,653	722
Support services:				
Students	15,752	11,649	11,497	152
School Administration	7,299	10,227	9,554	673
Student transportation	-	15,000	15,000	-
Total expenditures	<u>133,355</u>	<u>140,251</u>	<u>138,704</u>	<u>1,547</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(15,178)	(15,178)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>-\$ -</u>	<u>\$ -</u>	<u>(15,178)</u>	<u>\$ (15,178)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			15,178	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

COLLEGE COUNSELOR INITIATIVE FUND - NO. 27189
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 65,000	\$ 65,000	\$ 57,333	\$ (7,667)
Expenditures:				
Current:				
Instruction	3,000	-	-	-
Support services:				
Students	62,000	65,000	60,152	4,848
Total expenditures	<u>65,000</u>	<u>65,000</u>	<u>60,152</u>	<u>4,848</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(2,819)	(2,819)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>(2,819)</u>	<u>\$ (2,819)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			2,819	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

SUICIDE PREVENTION FUND - NO. 28158
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ -	\$ 7,000	\$ 7,000
Expenditures:				
Current:				
Instruction	<u>4,427</u>	<u>4,427</u>	<u>2,872</u>	<u>1,555</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(4,427)	(4,427)	4,128	8,555
<i>Beginning cash balance budgeted</i>	4,427	4,427	-	(4,427)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	4,128	<u><u>\$ 4,128</u></u>
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			<u>4,426</u>	
Fund balance at end of the year (GAAP basis)			<u><u>\$ 8,554</u></u>	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

GRADS-CHILD CARE FUND - NO. 28189
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 2,739	\$ 3,000	\$ 261
Expenditures:				
Current:				
Support services:				
Students	<u>435</u>	<u>3,174</u>	<u>3,057</u>	<u>117</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(435)	(435)	(57)	378
<i>Beginning cash balance budgeted</i>	435	435	-	(435)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>174</u>	<u>174</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>117</u>	<u>\$ 117</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 117</u>	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

GRADS-INSTRUCTION FUND - NO. 28190
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 8,050	\$ 4,000	\$ (4,050)
Expenditures:				
Current:				
Instruction	-	2,553	-	2,553
Support services:				
Students	-	5,497	5,396	101
Total expenditures	-	8,050	5,396	2,654
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(1,396)	(1,396)
Fund balance at beginning of the year	-	-	4,050	4,050
Fund balance at end of the year	\$ -	\$ -	2,654	\$ 2,654
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 2,654	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

GRADS PLUS FUND - NO. 28203
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 8,337	\$ 4,666	\$ (3,671)
Expenditures:				
Current:				
Instruction	-	8,337	2,473	5,864
<i>Excess of revenues over expenditures</i>	-	-	2,193	2,193
Fund balance at beginning of the year	-	-	5,837	5,837
Fund balance at end of the year	\$ -	\$ -	8,030	\$ 8,030
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 8,030	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

SPECIAL CAPITAL OUTLAY - LOCAL FUND - NO. 31300
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Contributions - private grants	\$ 2,027	\$ 2,027	\$ -	\$ (2,027)
Expenditures:				
Capital outlay	2,027	2,027	2,027	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(2,027)	(2,027)
Fund balance at beginning of the year	-	-	2,027	2,027
Fund balance at end of the year	\$ -	\$ -	-	\$ -
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

STATE SB-9 MATCH FUND - NO. 31700
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 47,033	\$ 44,548	\$ (2,485)
Expenditures:				
Current:				
Support services:				
Operation & Maintenance of Plant	-	293	-	293
Capital outlay	-	46,740	46,740	-
Total expenditures	-	47,033	46,740	293
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(2,192)	(2,192)
Other financing uses:				
Transfers In	-	-	(44,548)	(44,548)
<i>Net change in fund balance</i>	-	-	(46,740)	(46,740)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(46,740)	\$ (46,740)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			46,740	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

ED TECH DEBT SERVICE FUND - NO. 43000

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ 67	\$ 67
Expenditures:				
Current:				
Support services:				
General Administration	<u>1,159</u>	<u>1,159</u>	<u>1</u>	<u>1,158</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,159)	(1,159)	66	1,225
<i>Beginning cash balance budgeted</i>	1,159	1,159	-	(1,159)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>1,194</u>	<u>1,194</u>
Fund balance at end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>1,260</u>	<u><u>\$ 1,260</u></u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			(69)	
Change in due from other governments			(15)	
Change in deferred property taxes			<u>76</u>	
Fund balance at end of the year (GAAP basis)			<u><u>\$ 1,252</u></u>	

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STATE REQUIRED DISCLOSURES

Supplemental schedules required by the State of
New Mexico to provide additional analysis.

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

FIDUCIARY FUNDS
Schedule of Changes in Assets and Liabilities - All Agency Funds
Year Ended June 30, 2017

Activity		Balance			Balance
<u>Fund</u>	<u>ASSETS</u>	<u>June 30, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>June 30, 2017</u>
23001	Nob Hill Elementary	\$ 8,159	\$ 17,618	\$ 17,273	\$ 8,504
23002	Sierra Vista Elementary	18,349	23,667	28,413	13,603
23003	White Mountain Elementary	41,316	61,902	64,820	38,398
23005	Middle School	30,294	49,885	42,940	37,239
23006	High School	96,924	108,219	81,668	123,475
23007	Scholarships	<u>17,909</u>	<u>267</u>	<u>4,500</u>	<u>13,676</u>
	Pooled cash and investments	<u>\$ 212,951</u>	<u>\$ 261,558</u>	<u>\$ 239,614</u>	<u>\$ 234,895</u>
 <u>LIABILITIES</u>					
	Deposits held for others	<u>\$ 212,951</u>	<u>\$ 261,558</u>	<u>\$ 239,614</u>	<u>\$ 234,895</u>

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STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

SCHEDULE OF PLEDGED COLLATERAL
June 30, 2017

	BBVA Compass <u>Bank</u>
Cash on deposit at June 30, 2017:	
Checking and savings	\$ 27,610,045
Less: FDIC coverage	<u>(250,000)</u>
Uninsured funds	<u>\$ 27,360,045</u>
 Amount requiring pledged collateral:	
50% collateral requirement	\$ 13,680,023
Pledged collateral	<u>29,500,000</u>
Excess (deficiency) of pledged collateral	<u>\$ 15,819,977</u>

Pledged collateral of financial institutions consists of the following at June 30, 2017

<u>BBVA Compass:</u>	<u>Maturity</u>	<u>LOC#</u>	<u>Market Value</u>
FHLB	10/20/2017	100969	\$ 5,500,000
FHLB	12/1/2017	102805	7,000,000
FHLB	12/5/2017	102970	750,000
FHLB	12/12/2017	103263	1,500,000
FHLB	12/19/2017	103671	1,000,000
FHLB	12/21/2017	103887	2,000,000
FHLB	1/11/2018	105007	3,000,000
FHLB	1/23/2018	105489	1,750,000
FHLB	2/16/2018	406598	5,500,000
FHLB	4/11/2018	108934	1,000,000
FHLB	5/11/2018	110200	<u>500,000</u>
			<u>\$ 29,500,000</u>

The above letters of credit are held at Federal Home Loan Bank, Atlanta, GA.

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

CASH RECONCILIATION
 Year Ended June 30, 2017

	Beginning Cash	Receipts	Distributions	Other	Net Cash End of Period	Adjustments to the report	Total Cash on Report
Operations	\$ 4,618,995	\$ 13,898,387	\$ 13,986,787	\$ 602	\$ 4,531,197	\$ (240,172)	\$ 4,291,025
Transportation	981	795,151	795,641	-	491	-	491
Instructional Materials	50,118	137,832	125,257	-	62,693	-	62,693
Food Services	326,207	1,163,843	1,032,947	-	457,103	-	457,103
Athletics	37,063	45,472	55,997	-	26,538	-	26,538
Federal Flowthrough Funds	(387,351)	1,371,976	1,204,275	-	(219,650)	219,682	32
Federal Direct Funds	179,946	215,751	203,071	-	192,626	-	192,626
State Flowthrough Funds	(26,659)	354,753	355,524	313	(27,117)	27,117	-
State Direct Funds	14,487	18,666	13,798	-	19,355	-	19,355
Bond Building	1,105,840	45,134	1,757,379	15,914,841	15,308,436	-	15,308,436
Special Capital Outlay - Local	2,027	-	2,027	-	-	-	-
State SB-9 Match	-	44,548	46,740	(44,548)	(46,740)	46,740	-
Capital Improvements SB-9	2,227,476	1,349,882	1,860,513	44,548	1,761,393	(46,740)	1,714,653
Debt Service	3,858,480	4,038,911	3,879,249	-	4,018,142	-	4,018,142
Ed Tech Debt Service	1,179	68	1	-	1,246	-	1,246
Agency Funds	-	-	-	-	-	234,895	234,895
Total	\$ 12,008,789	\$ 23,480,374	\$ 25,319,206	\$ 15,915,756	\$ 26,085,713	\$ 241,522	\$ 26,327,235

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>	Adjustments to report:	
Operational	Checking - Interest	BBVA Compass	\$ 4,598,952	Agency funds	\$ 234,895
Athletics	Checking - Interest	BBVA Compass	26,610	Interfund loans - pooled cash ⁽¹⁾	293,539
Food Service	Checking - Interest	BBVA Compass	457,103	Interfund loans - pooled cash ⁽¹⁾	(293,539)
Nob Hill Early	Checking - Interest	BBVA Compass	8,504	Clearing account	6,627
Sierra Vista Primary	Checking - Interest	BBVA Compass	13,603	Total adjustment to the report	<u>\$ 241,522</u>
White Mountain Elementary	Checking - Interest	BBVA Compass	38,451		
Ruidoso Middle School	Checking - Interest	BBVA Compass	38,347	Adjustments to cash:	
Ruidoso High School	Checking - Interest	BBVA Compass	123,475	Bank Balance	\$ 27,610,045
Scholarship	Checking - Interest	BBVA Compass	13,676	Cash on hand	40
Capital Project	Checking - Interest	BBVA Compass	15,670,750	Outstanding deposits	-
Capital Improvements	Checking - Interest	BBVA Compass	1775205	Outstanding checks	(1,282,850)
Debt Service	Checking - Interest	BBVA Compass	4,019,388	Errors	-
Payroll	Checking - Interest	BBVA Compass	825,981	Total adjusted cash	<u>\$ 26,327,235</u>
			<u>\$ 27,610,045</u>		

COMPLIANCE SECTION

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

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

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

§

Summary Schedule of Prior Year Audit Findings

§

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

§

Required Disclosure

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

INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor
The Board of Education and Audit Committee of
Ruidoso Municipal School District No. 3

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Ruidoso Municipal School District No. 3 as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Ruidoso Municipal School District No. 3's basic financial statements, and the combining and individual funds and related budgetary comparisons of Ruidoso Municipal School District No. 3, presented as supplemental information, and have issued our report thereon dated October 16, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered Ruidoso Municipal School District No. 3'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 Ruidoso Municipal School District No. 3's internal control. Accordingly, we do not express an opinion on the effectiveness of Ruidoso Municipal School District No. 3'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 Ruidoso Municipal School District No. 3's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a *material weakness*, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether Ruidoso Municipal School District No. 3's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. We also noted certain other matters that are required to be reported pursuant to *Government Auditing Standards* and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as findings 2017-001 and 2017-002.

Tim Keller, State Auditor
The Board of Education and Audit Committee of
Ruidoso Municipal School District No. 3

Ruidoso Municipal School District No. 3's Response to Findings

Ruidoso Municipal School District No. 3 responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Ruidoso Municipal School District No. 3's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Ruidoso Municipal School District No. 3's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accounting & Financial Solutions, LLC
Farmington, New Mexico
October 16, 2017



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

INDEPENDENT AUDITOR'S REPORT

Tim Keller, State Auditor,
The Board of Education and Audit Committee of
Ruidoso Municipal School District No. 3

Report on Compliance for Each Major Federal Program

We have audited Ruidoso Municipal School District No. 3's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Ruidoso Municipal School District No. 3's major federal programs for the year ended June 30, 2017. Ruidoso Municipal School District No. 3's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Ruidoso Municipal School District No. 3's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ruidoso Municipal School District No. 3's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Ruidoso Municipal School District No. 3's compliance.

Opinion on Each Major Federal Program

In our opinion, Ruidoso Municipal School District No. 3 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Tim Keller, State Auditor,
The Board of Education and Audit Committee of
Ruidoso Municipal School District No. 3

Report on Internal Control Over Compliance

Management of Ruidoso Municipal School District No. 3 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ruidoso Municipal School District No. 3's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ruidoso Municipal School District No. 3's internal control over compliance.

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

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

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

Accounting & Financial Solutions, LLC
Farmington, New Mexico
October 16, 2017

SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

STATE OF NEW MEXICO
RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017

Federal Grantor/Pass - Through <u>Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	Pass-Through Entity Identifying <u>Number</u>	Passed To <u>Subrecipients</u>	<u>Cluster Programs</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:					
Direct Program:					
Forest Reserve	10.665	11000	\$ -		\$ <u>10,908</u>
Pass-Through Program From:					
New Mexico Department of Education:					
<u>Child Nutrition Cluster:</u>					
USDA National School Lunch Program	10.555	21000	-	\$ 654,273	
USDA School Breakfast Program	10.553	21000	-	<u>377,173</u>	
Total Child Nutrition Cluster					1,031,446
Pass-Through Program From:					
New Mexico Human Service Department:					
USDA Commodities Program	10.565	21000	-		71,250
New Mexico Children, Youth, and Families:					
Child & Adult Food Program	10.558	25171	-		<u>1,720</u>
<i>Subtotal Pass-Through Programs</i>					<u>1,104,416</u>
<i>Total U.S. Department of Agriculture</i>					<u>1,115,324</u>
U.S. Department of Education:					
Direct Programs:					
Impact Aid Indian Education	84.041	11000	-		264,786
Impact Aid Special Education	84.041	25145	-		24,644
Impact Aid Indian Education	84.041	25147	-		77,334
Indian Ed Formula Grant	84.060	25184	-		<u>99,371</u>
<i>Subtotal Direct Programs</i>					<u>466,135</u>
Pass-Through Programs From:					
New Mexico Department of Education:					
<u>Special Education (IDEA) Cluster:</u>					
Entitlement IDEA-B	84.027	24106	-	\$ 500,293	
NM Autism	84.027	24108	-	6,506	
Preschool IDEA-B	84.173	24109	-	<u>26,713</u>	
Total Special Education (IDEA) Cluster					533,512
Title I	84.010	24101	-		453,529
Title I - 1003g	84.377	24124	-		26,449
Title III English Language	84.365	24153	-		26,053
Title II Teacher Quality	84.367	24154	-		70,500
Rural & Low-Income Schools	84.358	24160	-		17,361
Title I School Improvement	84.010	24162	<u>-</u>		<u>76,871</u>
<i>Subtotal Pass-Through Programs</i>					<u>1,204,275</u>
<i>Total U.S. Department of Education</i>					<u>1,670,410</u>
Total Expenditures of Federal Awards			<u>\$ -</u>		<u>\$ 2,785,734</u>

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

NOTES THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2017

1. Scope of audit pursuant to OMB Uniform Grant Guidance

All federal grant operations of Ruidoso Municipal School District No. 3 (the “District”) are included in the scope of the Office of Management and Budget (“OMB”) Uniform Grant Guidance audit (the “Single Audit”). The Single Audit was performed in accordance with the provisions of the OMB Circular Compliance Supplement (Revised August 2017 the “Compliance Supplement”). Compliance testing of all requirements are described in the Compliance Supplement, was performed for the grants programs noted below. These programs represent all federal award programs and other grants with fiscal year 2017 cash and non-cash expenditures to ensure coverage of at least 20% (LOW risk auditee) of federally granted funds. Actual coverage is approximately 38% of total cash and non-cash federal award program expenditures. Total cash expenditures were in the amount of \$2,714,484 and all non-cash expenditures amounted to \$71,250.

<u>MAJOR FEDERAL AWARD PROGRAM</u>	<u>CFDA#</u>	<u>EXPENDED</u>
Cash Assistance:		
Title I	84.010	\$ 530,400
Special Education (IDEA) Cluster	84.027 & 84.173	<u>533,512</u>
Total		<u>\$ 1,063,912</u>

The District did not have any federal programs considered high risk Type A programs for the 2017.

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

2. Summary of significant accounting policies

Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Grant Guidance. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position and changes in net position of the District. All federal programs considered active during the year ended June 30, 2017, are reflected on the Schedule. An active federal program is defined as a federal program for which there were receipts or disbursements of funds or accrued (deferred) grant revenue adjustments during the fiscal year or a federal program considered as not completed or closed out at the beginning of the fiscal year. The Schedule is prepared using the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the District has met the qualifications for the respective grant. Grant revenues for the Food Donation Program are based upon commodities received, at amounts per standard price listing, published quarterly by the United States Department of Agriculture (the “USDA”). In addition, there is no federal insurance in effect during the year and loan or loan guarantee outstanding at year end.

Accrued and deferred reimbursements

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

3. Reconciliation of Federal Awards to Expenditure of Federal Awards

The differences between the federal awards received (Intergovernmental sources – federal) during the year ended June 30, 2017 and the federal awards expended during the year are as follows:

Federal Sources	\$ 2,891,068
Indirect costs from federal programs	(37,867)
Unexpended federal sources from current year	(213,965)
Prior year federal sources expended	<u>146,498</u>
Total Expenditures of Federal Awards	<u>\$ 2,785,734</u>

NOTES THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2017

4. Unexpended Federal Awards

There were federal awards received during the year ended June 30, 2017 that were not expended during the year. These awards will be reported in subsequent years when they have been expended. Those amounts are as follows:

	<u>CFDA #</u>	<u>FUND #</u>	<u>Unexpended Awards</u>			<u>Total</u>
			<u>Carryover</u>	<u>2017</u>		
			<u>From PY</u>	<u>Awards</u>	<u>Expended</u>	<u>Unexpended</u>
Food Service	10.555	21000	\$ -	\$ 1,061,509	\$ (1,031,446)	\$ 30,063
Title I School Improvement	84.010	24162	9	76,862	(76,871)	-
Impact Aid Special Education	84.041	25145	6,881	34,437	(24,644)	16,674
Impact Aid Indian Education	84.041	25147	96,611	66,195	(77,334)	85,472
Title XIX Medicaid	93.778	25153	33,690	39,429	-	73,119
Child & Adult Food Program	10.558	25171	9,307	1,050	(1,720)	8,637
			<u>\$ 146,498</u>	<u>\$ 1,279,482</u>	<u>\$ (1,212,015)</u>	<u>\$ 213,965</u>

5. Indirect Costs

The District has not elected to use the 10% de minis indirect cost.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2017

I. SUMMARY OF AUDIT RESULTS

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

II. FINDINGS RELATED TO FINANCIAL STATEMENTS

2017 – 001 LACK OF TIMELY MONITORING OF BUDGET
Other matters (Does not rise to the level of significant deficiency)

Condition: There were unfavorable variances between actual and budgeted line item expenditures. The District had one over expenditure of line items at the end of June 30, 2017. The following fund had the unfavorable variance between budgeted amounts at fiscal yearend:

Impact Aid Special Education	Instruction	\$	58
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Criteria: According to NMSA 1978 Section 22-8-11 B all fiscal agents of public monies have a responsibility to monitor spending to comply with established budget guidelines.

Cause: Improper monitoring of line item expenditures by comparing budgeted amounts and actual amounts spent allowed unfavorable (negative) variances, overspending of line item budgets, to occur.

Effect of condition: Violation of NMSA 1978 Section 22-8-11 B, over spending of public monies. The condition could lead to expenditures being paid in excess of total budgeted amounts.

Recommendation: Management should implement immediate steps to provide adequate financial reports to allow for proper and timely monitoring of line item expenditures. Budget adjustment requests should be approved by the Board of Education and State Public Education Department (when required) to receive approval to make necessary changes to the records prior to being presented for audit.

Management's response: In October of 2016, the District received a distribution from the Department of Education. District staff was provided with the Impact Aid Deposit Breakdown for the distribution from the PED on June 1, 2017. The PED Budget Adjustment Deadline was June 1, 2017, which did not allow time to adjust the budget prior to the deadline. District staff will seek more timely information with regard to deposit breakdowns, and implement steps to monitor budgeted expenditures prior to June 1.

Responsible party(ies) for corrective action(s): Finance Director, Financial Specialist

Corrective action(s) timeline: Correction has already been made.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

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

2017 – 002 CONTROLS OVER THE GENERAL LEDGER

Other matters (Does not rise to the level of significant deficiency)

Condition: Amounts in the year-end state reporting are not supported by the amounts in the general ledger. The transfer of \$490 between the Operational Fund and the Transportation Fund was not accurately recorded in the general ledger but was reported in the yearend PED Cash Report.

Criteria: According to SAO Rule 2.2.2.12C(4)(b), NMAC 6.20.2.11(B)(6), and Regulation SBE-6, the reports sent to the New Mexico Public Education Department (PED) must agree to the general ledger to ensure the validity and reliability of the financial data.

Effect of condition: The general ledger does not accurately depict the District's intentions and does not support the yearend reporting as submitted to the New Mexico Public Education Department.

Cause: The chart of accounts did not have an account for transfers. A transfer that was intended to be made from the Transportation Fund to the Operational Fund was inadvertently redeposited into the Transportation Fund instead of the Operational Fund due to efforts to make the transfer and not cause an error in the expenditures.

Recommendation: The District should implement procedures that provide for assurance that the general ledger is accurate and complete and that all reporting originates from the general ledger.

Management's response: The District will work to update the chart of accounts to accommodate and account for transfers.

Responsible party(ies) for corrective action(s): Director of Finance, Financial Specialist

Corrective action(s) timeline: End of quarter.

III. AUDIT FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings required to be reported relating to federal awards.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2016

I. NOT RESOLVED

There were not any findings to be reported from the prior year.

II. RESOLVED

There were not any findings to be reported from the prior year.

REQUIRED DISCLOSURE

YEAR ENDED JUNE 30, 2017

The independent public accountants assisted in the preparation of the financial statements.

An exit conference was held October 30, 2017 and was attended by the following individuals:

RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

Luther Light	Member, Board of Education / Audit Committee
Dr. George Bickert	Superintendent; Member, Audit Committee
Clint Taylor	Business Manager; Member, Audit Committee
Veronica Prieto	Financial Specialist

ACCOUNTING & FINANCIAL SOLUTIONS, LLC

Terry Ogle, CPA	Partner
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