

STATE OF NEW MEXICO



TULAROSA MUNICIPAL SCHOOLS

ANNUAL FINANCIAL REPORT

JUNE 30, 2016

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INTRODUCTORY SECTION

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

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Table of Contents		1
Official Roster		7
FINANCIAL SECTION		
Independent Auditor’s Report		11
Management’s Discussion and Analysis		15
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	A-1	22
Statement of Activities	A-2	24
Fund Financial Statements:		
Balance Sheet – Governmental Funds	B-1	26
Reconciliation of the Balance Sheet to the Statement of Net Position		29
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B-2	30
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		33
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
Operational Fund	C-1	35
Transportation Fund	C-2	37
Instructional Materials Fund	C-3	39
Impact Aid Fund	C-4	41
Statement of Fiduciary Assets and Liabilities	D	43
Notes to the Financial Statements		44
SUPPLEMENTARY INFORMATION		
Combining and Individual Fund Statements and Schedules:	<u>Statement/ Schedule</u>	
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	79
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	85

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

	<u>Statement/ Schedule</u>	<u>Page</u>
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
Food Service Special Revenue Fund	A-3	92
Athletics Special Revenue Fund	A-4	93
Non-Instructional Support Special Revenue Fund	A-5	94
Title I Special Revenue Fund	A-6	95
IDEA-B Entitlement Special Revenue Fund	A-7	96
IDEA-B Autism Special Revenue Fund	A-8	97
IDEA-B Preschool Special Revenue Fund	A-9	98
IDEA B Risk Pool Special Revenue Fund	A-10	99
IDEA B Real Results Special Revenue Fund	A-11	100
Teacher/Principal Training & Recruiting Special Revenue Fund	A-12	101
Rural & Low Income Schools Special Revenue Fund	A-13	102
Impact Aid Special Education Special Revenue Fund	A-14	103
Title XIX Medicaid Special Revenue Fund	A-15	104
Indian Ed Formula Grant Special Revenue Fund	A-16	105
Dual Credit PED Special Revenue Fund	A-17	106
GO Bond Library Audio & Visual Special Revenue Fund	A-18	107
NM Reads to Lead Special Revenue Fund	A-19	108
Breakfast Before the Bell Special Revenue Fund	A-20	109
Bond Building Capital Projects Fund	A-21	110
Capital Improvements SB-9 Capital Projects Fund	A-22	111
Public School Capital Outlay 20% Capital Projects Fund	A-23	112
Debt Service Fund	A-24	113
 Fiduciary Funds		 116
 Schedule of Changes in Assets and Liabilities – Agency Funds	 B	 118
 REQUIRED SUPPLEMENTARY INFORMATION		
Pension Liability		
Schedule of Proportionate Share of the Net Pension Liability		122
Schedule of Contributions		124
Notes to Required Supplementary Information		126
 SUPPORTING SCHEDULES		
Schedule of Collateral Pledged by Depository	I	130
Schedule of Deposit and Investment Accounts	II	132
Cash Reconciliation	III	133
Schedule of Vendor Information	IV	138

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

	<u>Statement/ Schedule</u>	<u>Page</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 <i>Government Auditing Standards</i>		141
FEDERAL FINANCIAL ASSISTANCE		
Report on Compliance for each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards required by the Uniform Guidance		147
Schedule of Expenditures of Federal Awards	V	151
Schedule of Findings and Questioned Costs		155
OTHER DISCLOSURES		156

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OFFICIAL ROSTER
June 30, 2016

Name

Board of Education

Title

Samuel Sanchez

President

Cody Hill

Vice President

Lillian Duran

Secretary

Kim Chavez

Member

Teresa Marr

Member

School Officials

Brenda Vigil

Superintendent

Kathleen Richardson

Business Manager

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

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

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addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of Tularosa Municipal Schools as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project funds, debt service funds and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 15-20, the *Schedule of Proportionate Share of the Net Pension Liability* on page 123, the *Schedule of Contributions* on page 125, and the notes to the required supplementary information on page 127 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on Tularosa Municipal Schools' financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133 and/or Uniform Grant Guidance, Audits of State, Local Governments, and Non-Profit Organizations, as is not a required part of the financial statements. The other schedules as required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The other schedules required by the U.S. Office of Management and Budget Circular A-133 and/or Uniform Grant Guidance, Audits of State, Local Governments, and Non-Profit Organizations and 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 statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules as required by the U.S. Office of Management and Budget Circular A-133 and/or Uniform Grant Guidance, Audits of State, Local Governments, and Non-Profit Organizations and 2.2.2 NMAC are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2016 on our consideration of the Tularosa Municipal Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tularosa Municipal Schools' internal control over financial reporting and compliance.



Precision Accounting, LLC
Albuquerque, New Mexico
August 31, 2016

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State of New Mexico Tularosa Municipal School District No. 47
Management's Discussion and Analysis

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

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

Financial Highlights

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

- The assets of the District exceeded its liabilities at the end of the fiscal year by \$10,206,039 (net position). Of this amount, \$16,428,444 is invested in capital assets, \$3,697,237 is restricted for Capital Projects, \$1,117,759 is restricted for Debt Service, \$351,397 for Special Revenue Funds, \$20,138 is restricted for General Fund, and \$(11,408,936) is unrestricted which was impacted by the net pension liability.
- The District's total net position increased by \$600,214 which is reflected in the District's Statement of Activities.
- The District's total liabilities increased by \$916,870 in fiscal year 2016. This increase is due to the impact of the changes in the net pension liability as a GASB 68 required reporting for the fiscal year 2015.
- At June 30, 2016, the unreserved and undesignated fund balance for the general fund was \$2,300,386 which reflects an increase of \$86,613 from the previous fiscal year.
- As part of the implementation of GASB 34, total accumulated depreciation on capital assets as of June 30, 2016 is \$26,430,816. This includes current year depreciation in the amount of \$913,019.
- Capital Outlay expenditures increased from \$540,706 in the year ending June 30, 2015 to \$635,715 in the year ending June 30, 2016. The majority of capital expenditures relate to the re-roofing projects at both the Tularosa Intermediate School and the Tularosa Middle School. The completion of phase one of these re-roofing projects was completed during the fiscal year ending June 30, 2015 and the second phase was completed during the fiscal year ending June 30, 2016. Other capital expenditures for the fiscal year included the purchase of a football field scoreboard, removing and replacing the flashing and stucco at the middle school gymnasium, and lastly, the purchase of a Chevrolet Silverado truck. The major source of funding for these projects/purchases is the Capital Outlay Bond Building Fund and the SB9 Capital Improvements Fund.
- The District's general obligation bond debt balance is \$4,085,000 which reflects \$625,000 decrease due to the payment of principle on old bonds. There was no new issuance of debt this year.

Basic Financial Statements

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

Government-wide financial statements

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

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

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

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

The *government-wide financial statements* can be found on Exhibits A-1 and A-2 on pages 24 through 27 of the financial statements.

Fund Financial Statements

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

Governmental Funds

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

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

The District has four individual governmental fund groups. Information is presented separately in the governmental fund balance sheets and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the following funds:

General Fund
Debt Service Fund

Capital Projects Fund
Special Revenue Funds

The basic governmental fund financial statements can be found on Exhibits B-1 and B-2 on pages 28 through 35 of the financial statements.

Fiduciary Funds

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

The fiduciary fund financial statements can be found in Exhibit D on page 41 of the financial statements.

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

**TULAROSA MUNICIPAL SCHOOL DISTRICT'S NET POSITION
COMPARATIVE DATA**

		Current Year 2016		Prior Year 2015
Assets				
Cash and Other Equivalents	\$	6,473,370	\$	6,447,380
Current and Other Assets		572,548		476,666
Capital Assets, Net		20,513,444		20,004,439
Deferred Outflows of Resources		915,212		761,904
TOTAL ASSETS		<u>28,474,574</u>		<u>27,690,389</u>
Liabilities				
Current Liabilities		1,369,743		1,451,281
Noncurrent Liabilities		<u>15,850,113</u>		<u>14,851,705</u>
TOTAL LIABILITIES		<u>17,219,856</u>		<u>16,302,986</u>
DEFERRED INFLOWS OF RESOURCES				
		1,048,679		1,781,578
Net Position				
Net Investment in Capital Assets		16,428,444		15,294,439
Restricted:				
Debt Services		1,117,759		1,395,377
Capital Projects		3,697,237		1,723,531
Special Revenue Funds		351,397		251,382
General Funds		20,138		48,165
Unrestricted		<u>(11,408,936)</u>		<u>(9,107,069)</u>
TOTAL NET POSITION	\$	<u>10,206,039</u>	\$	<u>9,605,825</u>

As noted in the schedule above, the District's net position - unrestricted was greatly impacted by the net pension liability. 31% is restricted for the stated purposes. The remaining of the District's net position is net investment in capital assets. This indicates that the accumulated depreciation along with the asset values exceed existing debt.

Governmental activities increase the District's overall net position by \$600,214. This increase was the effect of the increase in total assets of \$784,185 and the increase in total liabilities of \$916,870, which is due to the reporting of the actuarial changes of the net pension liability as per GASB 68. Nonetheless, the District's liquidity, the ability to convert assets into cash to pay for obligations and commitments, remains secure. Cash and cash equivalents represent almost 92% of the District's current assets indicating a highly liquid position.

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

***TULAROSA MUNICIPAL SCHOOL DISTRICT'S CHANGES IN NET POSITION
COMPARATIVE DATA***

	Current Year 2016	Prior Year 2015
Revenues:		
Program Revenues		
Charges for Services	\$ 356,049	\$ 253,938
Operating Grants & Contributions	2,731,962	2,684,891
Capital Grants & Contributions	<u>1,615,658</u>	<u>(10,998)</u>
Total Program Revenues	4,703,669	2,927,831
General Revenues:		
Property Taxes		
General Purpose	36,326	36,529
Debt Service	848,500	832,475
Capital Projects	184,532	178,918
Grants & Contributions, not restricted	8,000,502	7,943,166
Unrestricted Investment Earnings	3,767	3,157
Miscellaneous Income	<u>2,520</u>	<u>2,314</u>
Total General Revenues	<u>9,076,147</u>	<u>8,996,559</u>
TOTAL REVENUES	13,779,816	11,924,390
Expenditures:		
Direct Instruction	8,003,598	6,636,326
Students	926,871	923,913
Instruction	312,359	369,368
General Administration	330,211	342,642
School Administration	667,248	641,283
Central Services	230,562	225,081
Operation & Maintenance of Plant	1,178,764	1,155,065
Student Transportation	592,463	558,519
Other Support Services	-	139
Food Services	504,862	492,722
Capital Outlay	289,256	391,643
Interest on Long term debt	<u>143,408</u>	<u>161,544</u>
TOTAL EXPENDITURES	<u>13,179,602</u>	<u>11,898,245</u>
Change in Net Position	600,214	26,145
Net Position, Beginning of Year	<u>9,605,825</u>	<u>21,322,458</u>
Restatement	-	(11,742,778)
Net Position, End of Year	\$ <u>10,206,039</u>	\$ <u>9,605,825</u>

State of New Mexico Tularosa Municipal School District No. 47

As noted above, the District is heavily dependent on federal and state aid, which comprises 58% of its total revenues. Correspondingly, the District spends 67% of total revenues on direct instruction, student and instructional support the three primary functions that indicate direct school spending.

General Fund Budgetary Highlights

Budget to actual comparison schedules are presented for all major funds and non major funds individually in Exhibit C-1 through C-3 and Schedules A-3 to A-28. In addition, budget to actual comparison schedules were presented for each individual fund in the supplementary information section of this report. These schedules are prepared on a cash basis which is the format allowed by the District's oversight agency, the New Mexico Public Education Department.

The original expenditure budget for the District's general fund was \$9,911,639. The State issued a 0.0025% increase in the final unit value for the state equalization guarantee funding (\$10.00 per funding unit) and the District experienced no increase or decrease in its final funded program units for the 2015-2016 school year. The final general fund expenditure budget was \$9,822,285 of which \$8,180,896 was expended in the current year. Budgets were not exceeded in any of the functions in the general fund.

Of the \$7,937,589 total District revenue budget, the District received 4% more in actual revenue for an increase of \$364,071 in actual revenue received over budgeted revenue. Conversely, the District expended only \$8,180,896 of its total expenditure budgets of \$9,822,285.

The original expenditure budget in the District's debt service fund did not increase for this year. Surplus cash balances were used to pay bond principal payments on old bond series. Even with this use of cash, the District maintains a strong financial position in the debt service fund.

Capital Assets and Debt Administration

Capital Assets

The District's current year investment in capital assets as of June 30, 2016 is \$16,428,444. The District's assets include land and land improvements, building and building improvements, equipment, furniture, and vehicles. The District did conclude phase 2 of two phases on construction projects during the fiscal year. Both projects are re-roofing projects, one at the Intermediate School and the other at the Middle School. These projects have shared funding with state construction funds through the Public School Facilities Association and the District is responsible for its match. The funds utilized for the district's portion were the District's Bond Building Funds.

Depreciation calculated as a result of GASB 34 implementation resulted in an accumulated depreciation balance of \$26,430,816, of which \$913,019 is for depreciation in the current year. Additional information of the District's capital assets is presented in Note 7 on page 60 of the financial statements.

Long-term obligations

At the end of the current year, the district had \$4,085,000 in long-term debt related to governmental activities. Of this debt, 100% was related to general obligation bonds still outstanding at the end of the year. The debt position of the District is summarized below and is more fully analyzed in Note 8 on page 61 of the financial statements.

TULAROSA MUNICIPAL SCHOOL DISTRICT'S LONG-TERM OBLIGATION

Governmental Activities:

General Obligation Debt

	Balance as of 7-1-15	Additions	Deletions	Balance as of 6-30-16	Due within One Year
<i>TOTAL</i>	\$ 4,710,000	\$ -	\$ 625,000	\$ 4,085,000	\$ 725,000

During the fiscal year, the District reduced total bond debt principle by \$625,000 in accordance with schedule bond payments.

Relevant Current Economic Factors, Decisions and Conditions

The District is experiencing a decrease in student population; however, continues to see increases in the District's acceptance of special needs children from a nearby community. Since the District, like all other New Mexico school districts, is funded on a prior year funding formula, (the student population from this year will determine the amount of funding received in the following year), it must maintain tight budgetary controls in order to meet current year needs with last year's funding. The District's primary general source of revenue is derived from the formula. The District does anticipate that the student population will continue to decrease from its approximate 900 students in the next few years due to a decrease in student enrollment in the lower grades.

With respect to property taxes, the District's tax rate has remained stable over the last few years due to the bond program implemented by the District. In general, as old debt is retired, new debt is issued, thereby maintaining a non-residential rate of approximately \$2.00 per \$1,000 assessed valuation. On February 2nd, 2016, the voters approved a \$2.5 million bond election which allows a \$2.00 mill levy for capital improvements. During the upcoming 2016 -2017 fiscal year, the first \$900,000 of the bonds approved by the voters will be sold. The district typically uses these funds to improve school grounds, buildings and purchase school furnishings, purchase new activity buses, purchase new vehicles for the fleet, upgrade equipment and software in computer labs, replace/upgrade copy machines, and continue to address technology and building adequacy. In order to accomplish this, the District requires funding from taxpayers as well as continued support through direct legislative appropriations.

Request for Information

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

Kathleen Richardson Business Manager, 505-585-8819
 Physical and Mailing Address:
 504 First Street
 Tularosa, NM 88352
 e-mail: krichardson@tularosa.k12.nm.us

**BASIC
FINANCIAL STATEMENTS**

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

Exhibit A-1
(Page 1 of 2)

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 6,473,370
Taxes Receivables	152,948
Due from other Governments	408,609
Inventory	10,991
Total current assets	<u>7,045,918</u>
Noncurrent assets:	
Capital assets:	
Other capital assets	46,944,260
Less accumulated depreciation	<u>(26,430,816)</u>
Total Capital assets	<u>20,513,444</u>
Total noncurrent assets	<u>20,513,444</u>
DEFERRED OUTFLOWS OF RESOURCES	
Post Measurement Date Contributions-Employer	790,645
Change in Assumptions of Net Pension Liability	429,602
Reallocation of Net Pension Liability	189,784
Total deferred outflows of resources	<u>1,410,031</u>
Total assets	<u><u>\$ 28,969,393</u></u>

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

Exhibit A-1
(Page 2 of 2)

	Governmental Activities
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 131,141
Accrued salaries and benefits	320,377
Accrued compensated absences	19,464
Accrued interest	31,354
Unearned revenue	142,407
Current portion of long-term debt	725,000
Total current liabilities	1,369,743
Noncurrent liabilities:	
Bonds, loans and other payables:	
Due in more than one year	3,360,000
Net Pension Liability	12,490,113
Total noncurrent liabilities	15,850,113
Total liabilities	17,219,856
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue-Property Taxes	119,930
Investment Experience in Net Pension Liability	56,221
Actuarial Experience in Net Pension Liability	231,555
Change in Proportion in Net Pension Liability	344,591
Total deferred inflows of resources	752,297
NET POSITION	
Net Investment in Capital Assets	16,428,444
Unrestricted	(10,617,735)
Restricted for General Funds	20,138
Restricted for Special Revenue Funds	351,397
Restricted for Capital Projects Funds	3,697,237
Restricted for Debt Service Funds	1,117,759
Total net position	10,997,240
Total liabilities, deferred inflows of resources and net position	\$ 28,969,393

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Service</u>
Governmental activities:		
Instruction:		
Direct instruction	\$ 7,212,397	\$ 205,871
Support services:		
Students	926,871	-
Instruction	312,359	-
General Administration	330,211	-
School Administration	667,248	-
Central Services	230,562	30,037
Operation & Maintenance of Plant	1,178,764	-
Student Transportation	592,463	-
Other Support Services	-	81,084
Food Services	504,862	39,057
Capital Outlay	289,256	-
Interest on long-term debt	143,408	-
Total governmental activities	<u>\$ 12,388,401</u>	<u>\$ 356,049</u>

Program Revenues		Net (Expenses) Revenues and Changes in Net Position
Operating Grants and Contributions	Capital Grants and Contributions	
\$ 1,623,243	\$ -	\$ (5,383,283)
-	1,615,658	688,787
-	-	(312,359)
-	-	(330,211)
-	-	(667,248)
-	-	(200,525)
-	-	(1,178,764)
594,127	-	1,664
-	-	81,084
514,592	-	48,787
-	-	(289,256)
-	-	(143,408)
<u>\$ 2,731,962</u>	<u>\$ 1,615,658</u>	<u>(7,684,732)</u>

General Revenues:

Property taxes:	
Levied for general purposes	36,326
Levied for debt service	848,500
Levied for capital projects	184,532
State aid not restricted	8,000,502
Miscellaneous	2,520
Unrestricted investment earnings	3,767
	<u>9,076,147</u>
Total general revenues	<u>9,076,147</u>
Change in net position	1,391,415
Net position - beginning	<u>9,605,825</u>
Net position - ending	<u>\$ 10,997,240</u>

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

	General Fund		
	Operational	Transportation	Instructional Materials
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 2,139,774	\$ 1,766	\$ 38,120
Investments	122,595	-	-
Accounts receivable			
Taxes	5,017	-	-
Due from other governments	-	-	-
Other accounts receivable	-	-	-
Interfund receivable	408,609	-	-
Inventory	-	-	-
<i>Total assets</i>	<u>\$ 2,675,995</u>	<u>\$ 1,766</u>	<u>\$ 38,120</u>
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	\$ 54,461	\$ 119	\$ 36,279
Accrued salaries and benefits	317,198	-	-
Interfund payable	-	-	-
Unearned revenue	-	-	-
<i>Total liabilities</i>	<u>371,659</u>	<u>119</u>	<u>36,279</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	<u>3,950</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflow of resources</i>	<u>3,950</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>			
Fund Balance			
Non-spendable	-	-	-
Restricted for:			
General Fund	-	1,647	1,841
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	<u>2,300,386</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>2,300,386</u>	<u>1,647</u>	<u>1,841</u>
<i>Total liabilities deferred inflows of resources and fund balances</i>	<u>\$ 2,675,995</u>	<u>\$ 1,766</u>	<u>\$ 38,120</u>

Impact Aid Education	Bond Building	Other Governmental Funds	Total Governmental Funds
\$ 106,753	\$ 2,610,664	\$ 1,096,472	\$ 5,993,549
-	342,285	14,941	479,821
-	-	147,931	152,948
-	-	408,609	408,609
-	-	-	-
-	-	-	408,609
-	-	10,991	10,991
<u>106,753</u>	<u>2,952,949</u>	<u>1,678,944</u>	<u>7,454,527</u>
\$ -	\$ -	\$ 43,461	\$ 134,320
-	-	-	317,198
-	-	408,609	408,609
<u>106,753</u>	<u>-</u>	<u>35,654</u>	<u>142,407</u>
<u>106,753</u>	<u>-</u>	<u>487,724</u>	<u>1,002,534</u>
-	-	115,980	119,930
-	-	115,980	119,930
-	-	10,991	10,991
-	-	343,585	347,073
-	-	-	-
-	2,952,949	-	2,952,949
-	-	488,560	488,560
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	232,104	2,532,490
-	2,952,949	1,075,240	6,332,063
<u>106,753</u>	<u>2,952,949</u>	<u>1,678,944</u>	<u>7,454,527</u>

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

Exhibit B-1
(Page 2 of 2)

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

Fund balances - total governmental funds	\$	6,332,063
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position		20,513,444
Other liabilities are not due and payable in the current period and therefore are not reported in the funds -		
accrued compensated absences		(19,464)
accrued interest payable		(31,354)
Long-term liabilities, including bonds payable and compensated absences and net pension liability are not due and payable in the current period and therefore are not reported in the funds		<u>(15,797,449)</u>
Net Position of Governmental Activities in the Statement of Net Position	\$	<u><u>10,997,240</u></u>

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

	General Fund		
	Operational	Transportation	Instructional Materials
<i>Revenues:</i>			
Taxes			
Taxes levied/assessed	\$ 36,326	\$ -	\$ -
Local sources			
Tuition	-	-	-
Investment income	1,491	21	-
Food services	-	-	-
District activities	206,043	-	-
Other revenue	2,296	-	224
State sources			
Unrestricted Grants	7,607,258	-	-
Restricted Grants	-	594,127	64,838
Federal sources			
Unrestricted Grants	361,171	-	-
Unrestricted -state passthrough	65,486	-	-
Restricted Grants	-	-	-
Restricted -state passthrough	-	-	-
Department of Interior	-	-	-
Other items	21,510	-	-
<i>Total revenues</i>	<u>8,301,581</u>	<u>594,148</u>	<u>65,062</u>
<i>Expenditures:</i>			
Current:			
Instruction	4,795,528	-	111,424
Support Services			
Students	779,674	-	-
Instruction	292,931	-	-
General Administration	285,580	-	-
School Administration	664,788	-	-
Central Services	217,703	-	-
Operation & maintenance of plant	1,178,764	-	-
Student transportation	-	592,463	-
Other Support Services	-	-	-
Operation of Non-instructional Services			
Food services operations	-	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>8,214,968</u>	<u>592,463</u>	<u>111,424</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>86,613</u>	<u>1,685</u>	<u>(46,362)</u>
<i>Other financing sources (uses)</i>			
Transfers (In) Out	-	-	-
Bond Premium	-	-	-
Bond Proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	86,613	1,685	(46,362)
<i>Fund balance - beginning of year</i>	<u>2,213,773</u>	<u>(38)</u>	<u>48,203</u>
<i>Fund balances - end of year</i>	<u>\$ 2,300,386</u>	<u>\$ 1,647</u>	<u>\$ 1,841</u>

Impact Aid Education	Bond Building	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,033,032	\$ 1,069,358
-	-	-	-
-	1,960	295	3,767
-	-	39,057	39,057
-	-	110,949	316,992
-	-	-	2,520
-	-	-	-
-	-	-	7,607,258
-	-	575,931	1,234,896
-	-	-	-
-	-	-	361,171
-	-	-	65,486
91,415	-	112,055	203,470
-	-	1,752,609	1,752,609
-	-	-	-
-	-	26,157	47,667
<u>91,415</u>	<u>1,960</u>	<u>3,650,085</u>	<u>12,704,251</u>
48,890	-	1,301,899	6,257,741
29,666	-	117,531	926,871
-	-	19,428	312,359
-	-	44,631	330,211
-	-	2,460	667,248
12,859	-	-	230,562
-	-	-	1,178,764
-	-	-	592,463
-	-	-	-
-	-	504,862	504,862
-	212,841	422,874	635,715
-	-	625,000	625,000
-	-	147,607	147,607
<u>91,415</u>	<u>212,841</u>	<u>3,186,292</u>	<u>12,409,403</u>
-	(210,881)	463,793	294,848
-	-	-	-
-	-	-	-
-	-	-	-
-	(210,881)	463,793	294,848
-	3,163,830	1,075,240	6,501,008
<u>\$ -</u>	<u>\$ 2,952,949</u>	<u>\$ 1,539,033</u>	<u>\$ 6,795,856</u>

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

Exhibit B-2
(Page 2 of 2)

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

Net change in fund balances - total governmental funds	\$	294,848
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures:		
Current year capital expenditures		1,422,024
Depreciation expense		(913,019)

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

Change in deferred inflows/outflows		(40,629)
Decrease in accrued interest		4,199
Increase in compensated absences		(1,008)
Issuance of new debt		-
Principal payments on bonds		625,000

Changes in Net Position of Governmental Activities	\$	<u>1,391,415</u>
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STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
OPERATIONAL FUND

Exhibit C-1

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

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ 37,078	\$ 37,078	\$ 246,235	\$ 209,157
State sources	7,730,018	7,608,591	7,607,258	(1,333)
Federal sources	259,847	291,920	426,657	134,737
Interest	-	-	21,510	21,510
<i>Total revenues</i>	<u>8,026,943</u>	<u>7,937,589</u>	<u>8,301,660</u>	<u>364,071</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	5,482,977	5,482,977	4,778,701	704,276
Support Services				
Students	999,327	999,327	776,565	222,762
Instruction	440,322	440,322	292,478	147,844
General Administration	340,788	340,788	285,383	55,405
School Administration	681,982	681,982	664,829	17,153
Central Services	258,695	258,695	217,722	40,973
Operation & maintenance of plant	1,316,558	1,316,558	1,165,218	151,340
Student transportation	-	-	-	-
Other Support Services	390,990	301,636	-	301,636
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>9,911,639</u>	<u>9,822,285</u>	<u>8,180,896</u>	<u>1,641,389</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(1,884,696)</u>	<u>(1,884,696)</u>	<u>120,764</u>	<u>2,005,460</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Designated Cash	1,884,696	1,884,696	-	(1,884,696)
<i>Total other financing sources (uses)</i>	<u>1,884,696</u>	<u>1,884,696</u>	<u>-</u>	<u>(1,884,696)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>120,764</u>	<u>120,764</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,141,605</u>	<u>2,141,605</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,262,369</u>	<u>\$ 2,262,369</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ 120,764	
<i>Adjustment to revenue for accruals and other deferrals</i>			59,704	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			(93,855)	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ 86,613</u>	

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STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
TRANSPORTATION FUND

Exhibit C-2

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

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	582,608	594,127	594,127	-
Federal sources	-	-	-	-
Interest	-	-	21	21
<i>Total revenues</i>	<u>582,608</u>	<u>594,127</u>	<u>594,148</u>	<u>21</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	582,608	594,235	592,598	1,637
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>582,608</u>	<u>594,235</u>	<u>592,598</u>	<u>1,637</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(108)</u>	<u>1,550</u>	<u>1,658</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Designated Cash	-	108	-	(108)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>108</u>	<u>-</u>	<u>(108)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>1,550</u>	<u>1,550</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>216</u>	<u>216</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,766</u>	<u>\$ 1,766</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ 1,550	
<i>Adjustment to revenue for accruals and other deferrals</i>			-	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			135	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ 1,685</u>	

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

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ 224	\$ 224
State sources	51,594	64,838	64,838	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>51,594</u>	<u>64,838</u>	<u>65,062</u>	<u>224</u>
<i>Expenditures:</i>				
Current:				
Instruction	99,469	112,713	75,145	37,568
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>99,469</u>	<u>112,713</u>	<u>75,145</u>	<u>37,568</u>
<i>Excess (deficiency) of revenues</i> <i>over (under) expenditures</i>	<u>(47,875)</u>	<u>(47,875)</u>	<u>(10,083)</u>	<u>37,792</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Designated Cash	47,875	47,875	-	(47,875)
<i>Total other financing sources (uses)</i>	<u>47,875</u>	<u>47,875</u>	<u>-</u>	<u>(47,875)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(10,083)</u>	<u>(10,083)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>48,203</u>	<u>48,203</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,120</u>	<u>\$ 38,120</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ (10,083)	
<i>Adjustment to revenue for accruals and other deferrals</i>			-	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			(36,279)	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ (46,362)</u>	

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

Exhibit C-4

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	57,328	57,328	86,372	29,044
Interest	-	-	-	-
<i>Total revenues</i>	<u>57,328</u>	<u>57,328</u>	<u>86,372</u>	<u>29,044</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	88,900	81,900	48,890	33,010
Support Services				
Students	66,301	73,301	29,666	43,635
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	12,976	12,976	12,859	117
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>168,177</u>	<u>168,177</u>	<u>91,415</u>	<u>76,762</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(110,849)</u>	<u>(110,849)</u>	<u>(5,043)</u>	<u>105,806</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Designated Cash	110,849	110,849	-	(110,849)
<i>Total other financing sources (uses)</i>	<u>110,849</u>	<u>110,849</u>	<u>-</u>	<u>(110,849)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(5,043)</u>	<u>(5,043)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>111,796</u>	<u>111,796</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,753</u>	<u>\$ 106,753</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ (5,043)	
<i>Adjustment to revenue for accruals and other deferrals</i>			-	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			5,043	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ -</u>	

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

Exhibit D

ASSETS

<i>Current Assets</i>	
Cash	\$ <u>10,564</u>
<i>Total assets</i>	\$ <u><u>10,564</u></u>

LIABILITIES

<i>Current Liabilities</i>	
Deposits held in trust for others	\$ <u>10,564</u>
<i>Total liabilities</i>	\$ <u><u>10,564</u></u>

NOTE 1. Summary of Significant Accounting Policies

Tularosa Municipal Schools 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 of the City of Tularosa. 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.

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

A. *Financial Reporting Entity*

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

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

NOTE 1. Summary of Significant Accounting Policies (continued)

B. *Government-wide and fund financial statements*

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

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

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

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

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

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

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

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

The government reports the following major governmental funds:

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

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

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

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

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

Additionally, the government reports the following fund types:

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

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

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

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

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Building improvements	20
Furniture, fixtures and equipment	5-20
Vehicles	10-20

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

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

Compensated Absences: The District permits administrative employees to accumulate a limited amount of earned but unused vacation, which will be paid if not used, upon termination from the District. Accumulated sick leave benefits vest with each employee in accordance with District policy. All vacation pay and applicable accumulated sick leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is reported for unpaid accumulated sick leave, as no payment is required upon termination of service by employees.

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 1. Summary of Significant Accounting Policies (continued)

E. *Revenues*

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$7,607,258 in state equalization guarantee distributions during the year ended June 30, 2016.

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The District recognized \$1,069,358 in tax revenues in the governmental fund financial statements during the year ended June 30, 2016. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$594,127 in transportation distributions during the year ended June 30, 2016.

Instructional Materials: The District had allocations allowed by the State for the current year of \$64,838. Of the allocation, the District used \$64,838 to purchase textbooks during the year. Allocations received and utilized are reflected in revenue and expenditures of the General Fund.

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

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

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

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

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

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

NOTE 3. Cash and Temporary Investments

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

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

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

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

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

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

Deposits

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

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

NOTE 3. Cash and Temporary Investments (continued)

Type	First National Bank	Western Bank
General	\$ 6,358,243	\$ 83,499
CDs	-	35,065
Total Deposits	6,358,243	118,564
Less: FDIC Coverage	<u>(250,000)</u>	<u>(118,564)</u>
Total Uninsured Amount	6,108,243	-
50% Collateral requirement	3,054,122	-
Pledged Securities	<u>6,114,019</u>	-
(Over) Under collateralized	<u>\$ (3,059,897)</u>	<u>\$ -</u>

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2016, \$6,108,243 of the District's bank balance of \$6,476,807 was exposed to custodial credit risk as follows:

Custodial Credit Risk – Deposits	
Account Balance	\$ 6,476,807
FDIC Insured	368,564
Collateral:	
Collateral held by the pledging bank, not in the District's name	6,114,019
Uninsured and uncollateralized	<u>(5,776)</u>
Total Deposits	<u>\$ 6,476,807</u>

Reconciliation of Cash and Temporary Investments:

Governmental Funds - Balance Sheet	
Cash and cash equivalents per Exhibit A-1	\$ 6,473,370
Cash per Exhibit D-1	10,564
Less Investments in LGIP	(479,821)
Add outstanding checks and other reconciling items	<u>472,694</u>
	<u>\$ 6,476,807</u>

NOTE 3. Cash and Temporary Investments (continued)

Custodial Credit Risk- Investments

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

As of June 30, 2016, the Districts' investment balances were exposed to custodial credit risk as follows:

Investment in the State Treasurer Local Government

Investment Pool \$ 479,821

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

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

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

State Treasurer LGIP AAAM 44 days WAM(R) \$ 479,821

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

NOTE 4. Accounts Receivable

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

	General Fund	Debt Service Fund	Other Governmental Funds	Total
Property taxes	\$ 5,017	\$ 121,611	\$ 26,320	\$ 152,948
Due from other governments:				
Title I	-	-	261,870	261,870
IDEA B Entitlement	-	-	94,334	94,334
IDEA B Autism	-	-	1,729	1,729
IDEA B Preschool	-	-	2,260	2,260
IDEA B Real Results	-	-	74	74
Teacher/Principal Training	-	-	44,066	44,066
Rural & Low Income Schools	-	-	1,669	1,669
GO Bond Library Audio & Visual	-	-	2,003	2,003
NM Reads to Lead	-	-	604	604
	<u>\$ 5,017</u>	<u>\$ 121,611</u>	<u>\$ 434,929</u>	<u>\$ 561,557</u>

The above receivables are deemed 100% collectible.

Unearned Revenues

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

	<u>Other Governmental</u>	<u>Total</u>
Impact Aid Special Ed	\$ 35,654	\$ 35,654
Impact Aid	<u>\$ 106,753</u>	<u>\$ 106,753</u>
Total	<u>\$ 142,407</u>	<u>\$ 142,407</u>

NOTE 5. Accounts Payables

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

Payable to suppliers	\$	134,320
Accrued interest		31,354
Accrued salaries and benefits		<u>317,198</u>
 Total accounts payable and accrued expenses	 \$	 <u><u>482,872</u></u>

NOTE 6. Interfund Receivables, Payables, and Transfers

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

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

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 408,609	\$ -
Nonmajor Funds:		
Title I Entitlement	-	261,870
IDEA B Entitlement	-	94,334
IDEA B Autism	-	1,729
IDEA B Preschool	-	2,260
IDEA B Results Plan	-	74
Teacher Principal Training	-	44,066
Rural & Low Income Schools	-	1,669
GO Bond Library Audio & Visual	-	2,003
NM Reads to Lead	-	604
	<u>\$ 408,609</u>	<u>\$ 408,609</u>

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

NOTE 7. Capital Assets

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

	Balance June 30, 2015	Additions, Adjustments and Transfers In	Deletions, Adjustments and Transfers Out	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	50,000	-	-	50,000
Capital assets being depreciated:				
Buildings and improvements	41,151,897	1,371,867	-	42,523,764
Equipment and Furniture	3,411,840	18,156	-	3,429,996
Vehicles	908,499	32,001	-	940,500
Total capital assets being depreciated	45,472,236	1,422,024	-	46,894,260
Total capital assets	45,522,236	1,422,024	-	46,944,260
Less accumulated depreciation:				
Buildings and improvements	21,872,230	800,794	-	22,673,024
Equipment and Furniture	2,952,834	64,517	-	3,017,351
Vehicles	692,733	47,708	-	740,441
Total accumulated depreciation	25,517,797	913,019	-	26,430,816
Total capital assets, net of depreciation	\$ 20,004,439	\$ 509,005	\$ -	\$ 20,513,444

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

Governmental activities	\$ 20,513,444
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Depreciation expense for the year ended June 30, 2016 was charged to the following functions and funds:

Governmental activities:	
Direct instruction	\$ 913,019
	\$ 913,019

NOTE 8. Long-term Debt

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

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

Series	Date of Issue	Original Amount	Interest Rate	Balance
Series 2005b	9/1/2005	\$ 255,000	4%	30,000
Series 2008	11/1/3008	\$ 500,000	2.75-4.1%	165,000
Series 9/2009	9/15/2009	\$ 770,000	3.65-5.65%	620,000
Series 5/1/10	5/10/2010	\$ 525,000	2.85-3.55%	450,000
Series 1/15/11	1/15/2011	\$ 600,000	2.5 to 2.875%	575,000
Series 1/15/11A	10/15/2011	\$ 305,000	2.0 to 3.0%	225,000
Series 1/15/11B	10/15/2012	\$ 850,000	2.0 to 3.0%	800,000
Series 1/15/11C	10/15/13	\$ 720,000	2.625-3.5%	590,000
Series 2014	10/15/14	\$ 630,000	2.6-2.8%	630,000
Total				<u>\$ 4,085,000</u>

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

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
General obligation bonds					
Series 2005b	60,000	-	30,000	30,000	30,000
Series 2008	265,000	-	100,000	165,000	125,000
Series 2009	200,000	-	200,000	-	-
Series 9/2009	720,000	-	100,000	620,000	200,000
Series 5/2010	500,000	-	50,000	450,000	225,000
Series 1/15/2011	600,000	-	25,000	575,000	25,000
Series 10/15/2011A	255,000	-	30,000	225,000	30,000
Series 10/15/2011B	825,000	-	25,000	800,000	25,000
Series 10/15/2011C	655,000	-	65,000	590,000	65,000
Series 2014	630,000	-	-	630,000	-
Compensated Absences	18,456	19,464	18,456	19,464	19,464
	<u>\$ 4,728,456</u>	<u>\$ 19,464</u>	<u>\$ 643,456</u>	<u>\$ 4,104,464</u>	<u>\$ 744,464</u>

NOTE 8. Long-term Debt (continued)

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

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 725,000	\$ 114,024	\$ 839,024
2018	735,000	89,020	824,020
2019	825,000	70,665	895,665
2020	305,000	65,475	370,475
2021	735,000	63,935	798,935
2022 and thereafter	760,000	178,426	938,426
	<u>\$ 4,085,000</u>	<u>\$ 581,545</u>	<u>\$ 4,666,545</u>

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

NOTE 9. Risk Management

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

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

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

NOTE 10. Other Required Individual Fund Disclosures

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

- A. Deficit fund balance of individual funds.
New Mexico Reads to Lead (27114) \$3,179

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

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

NOTE 11. ERA Pension Plan

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

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

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

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

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

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

NOTE 11. ERA Pension Plan (continued)

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

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

Contributions. The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.9% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal years ended June 30, 2015 and June 30, 2016 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$790,645 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015. At June 30, 2016, the District reported a liability of \$12,490,113 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2016. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2016, the District's proportion was 0.19283 percent which was an increase of 0.00587% from its proportion measured at 0.18870 percent, as of June 30, 2015.

NOTE 11. ERA Pension Plan (continued)

For the year ended June 30, 2016, the District recognized pension expense of \$831,299. At the June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 231,555
Changes of assumptions	429,602	-
Reallocation	189,784	-
Net difference between projected and actual earnings on pension plan investments	-	56,221
Changes in proportion and differences between District contributions and proportionate share of contributions	-	344,591
District contributions subsequent to the measurement date	790,645	-
Total	<u>\$ 1,410,031</u>	<u>\$ 632,367</u>

\$790,645 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	\$	(147,306)
2018		(118,402)
2019		79,338
2020		173,476
2021	\$	-

Actuarial assumptions. As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2014. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2016. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

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

NOTE 11. ERA Pension Plan (continued)

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

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

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

NOTE 11. ERA Pension Plan (continued)

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 16,806,281	\$ 12,490,113	\$8,864,082

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

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

NOTE 12. Post-Employment Benefits

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

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

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

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

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

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

The District's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$113,762, \$109,626, and \$104,022, respectively, which equal the required contributions for each year.

NOTE 13. Contingent Liabilities

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

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

NOTE 14. Surety Bond

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

NOTE 15. Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2016 was \$32,073.

NOTE 16. Memorandum of Understanding/Joint Powers Agreement

American Red Cross

Purpose: To allow the use of facilities for disaster victims.

Participants: American Red Cross and Tularosa Municipal Schools

Responsible Party for Operation and Audit: Not Applicable

Beginning and Ending Date of Agreement: January 24, 2006 to indefinite

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

Tularosa Community Based Transition Team

Purpose: To facilitate the integration and coordination of services to eligible children birth through five years of age. The intent of the Otero County Transition Team is to facilitate a smooth transaction for children and families through uninterrupted educational activities and developmental supports.

Participants: Alamogordo, Cloudcroft, Tularosa Schools, Zia Therapy Early Intervention Program, Mescalero Apache Early Childhood Program, HELP-New Mexico, Inc., Mescalero Apache Head Start, NM School for the Blind & Visually Impaired, NM School for the Deaf, Region IX Educational Cooperative

Responsible Party for Operation and Audit: Not Applicable

Beginning and Ending Date of Agreement: February 11, 2014 to February 11, 2018

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

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

Alliance for the Advancement of Teaching and Learning

Purpose: To establish policy for membership and participation in the alliance. The Alliance is a collaborative between the New Mexico State University, College of Education, schools and other agencies that support PK-20 education.

Participants: New Mexico State University and Tularosa Municipal Schools

Responsible Party for Operation and Audit: Not Applicable

Beginning and Ending Date of Agreement: December 10, 2008 to indefinite

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

REC

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

Participants: Regional Education Cooperative and Tularosa Municipal Schools

Responsible Party for Operation and Audit: Regional Education Cooperative

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

Total Estimated Amount of Project and Actual Amount Contributed: The REC administered services to the District totaling \$442,727 but expenditures are accounted for by the District.

Public School Facilities Authority

Purpose: To complete the public school capital outlay projects pursuant to the provisions of the PSCOA and in accordance with rules adopted by the PSCOC. The parties will cooperate to provide for an on-going inventory of school facilities and equipment, their condition, and maintenance activities related to them.

Participants: Public School Facilities Authority and Tularosa Municipal Schools

Responsible Party for Operation and Audit: Tularosa Municipal Schools

Beginning and Ending Date of Agreement: October 4, 2010 and shall remain in effect indefinitely

Total Estimated Amount of Project and Actual Amount Contributed by PSFA: Undetermined

Mescalero Apache Head Start Program

Purpose: To establish cooperative working procedures and relationships between TMSD, MAECP, MAHS, MAS and REC IX in the provision of child find, special education and related services to eligible children with disabilities ages 3-5 in compliance with applicable federal regulations under the Individuals with Disabilities Education Act, federal laws governing the Mescalero Apache Tribe, and the State of New Mexico laws and regulations.

Participants: Tularosa Municipal School District, Mescalero Apache Early Childhood Programs, Mescalero Apache Head Start, Mescalero Apache Schools, and Region IX Education Cooperative

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

Beginning and Ending Date of Agreement: Undetermined

Total Estimated Amount of Project and Actual Amount Contributed: Undetermined

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

Residential Placement and/or Outreach Services for Students Who Are Visually Impaired

Purpose: To allow a joint and coordinated effort to provide special education and related services to students who are blind or visually impaired within the District.

Participants: Tularosa Municipal School District, and NM School for the Blind and Visually Impaired

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

Beginning and Ending Date of Agreement: Expire on June 30, 2015 which may be extended for one year terms by mutual written agreement by the parties.

Total Estimated Amount of Project and Actual Amount Contributed: Undetermined

NOTE 17. Construction Commitments

At June 30, 2016, the District entered into contracts through CES with A.K. Sales and Consulting for the track refurbishment. Of the \$465,663 contract amount, the district had paid \$0 and had a balance of \$465,663 remaining at June 30, 2016.

At June 30, 2016, the District entered into contracts through CES with National Construction for drywall repair at the Middle School. Of the \$6,694 contract amount, the district had paid \$669 and had a balance of \$6,025 remaining at June 30, 2016.

NOTE 18. Related Party Transactions

Due to the community size, Tularosa Municipal Schools has several employees of the District who are related. In the event that there is a direct supervisory relationship, the Superintendent assumes the role of supervisor and evaluator.

NOTE 19. Subsequent Events Review

Tularosa Municipal Schools has evaluated subsequent events through August 31, 2016, which is the date the financial statements were available to be issued. Nothing additional is required to be reported.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

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SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for Federal, State and Local funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational tasks. All funds are on a reimbursement basis, therefore there are no reverting fund requirements. Grants accounted for in the Special Revenue Funds include:

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

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

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

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

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

IDEA-B Autism - The objective of this grant is to support the district’s implementation of NMAP and improve the outcomes for students with Autism Spectrum Disorders through professional development, curriculum materials, trainings and travel expenses and supplies related to NMAP. Federal revenues accounted for in this fund are authorized by NMPED. No minimum balance required according to legislation.

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

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

IDEA-B Real Results – This award supports school improvement through the implementation of the evidence-based practices identified in Results Driven Accountability professional development, and may be used for Professional development, technology and equipment, materials and supplies, and direct services. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17. No minimum balance required according to legislation.

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SPECIAL REVENUE FUNDS

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

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

Title I School Improvement – This fund’s major objectives are to provide RFA completion and submission training sessions for the school principal, budget manager and district support personnel. RGA dollars will be dedicated to improving outcomes for students in Reading and math. Authority for the creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383. No minimum balance required according to legislation.

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

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

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

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

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

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

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

Breakfast after the Bell – The objective of this program is to provide breakfast to disadvantaged children. Funding is provided by the New Mexico Public Education Department Coordinated School Health and Wellness Bureau. Authority for creation of this fund is NMAC 6.12.9. No minimum balance required according to legislation.

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CAPITAL PROJECTS FUNDS

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

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

Capital Improvements SB-9 – This fund is used to account for expenditures of property taxes levied and stat matching funds restricted to maintenance and capital improvement projects as adopted by school board resolution. Authority for the creation of this fund is NMSA 22-25-1 to 22-25-10. No minimum balance required according to legislation.

Public Schools Capital Outlay 20% – The purpose of this fund is to account for resources received from the local ad valorem tax levy for use in remodeling and equipping classroom facilities. No minimum balance required according to legislation.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for financial resources to be used for the acquisition or repayment of debt.

The District has one debt service account classified as anon-major Debt Service Fund.

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

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

ASSETS	Food Service	Athletics	Non-Instructional Support
<i>Current Assets</i>			
Cash and cash equivalents	\$ 253,004	\$ 2,572	\$ 37,120
Investments	-	-	-
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	-
Other accounts receivable	-	-	-
Interfund receivable	-	-	-
Inventory	10,991	-	-
	<u>10,991</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 263,995</u>	<u>\$ 2,572</u>	<u>\$ 37,120</u>
 LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	\$ -	\$ 276	\$ 715
Accrued salaries and benefits	-	-	-
Interfund payable	-	-	-
Unearned Revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities</i>	<u>-</u>	<u>276</u>	<u>715</u>
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflow of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
 <i>Fund Balances</i>			
Fund Balance			
Non-spendable	10,991	-	-
Restricted for:			
General Fund	253,004	2,296	36,405
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	-	-	-
	<u>263,995</u>	<u>2,296</u>	<u>36,405</u>
<i>Total fund balances</i>	<u>263,995</u>	<u>2,296</u>	<u>36,405</u>
<i>Total liabilities deferred inflows of resources and fund balances</i>	<u>\$ 263,995</u>	<u>\$ 2,572</u>	<u>\$ 37,120</u>

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

	IDEA-B Results Plan	Teacher/ Principal Training	Rural & Low Income Schools
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ -	\$ -	-
Investments	-	-	-
Accounts receivable			
Taxes	-	-	-
Due from other governments	74	44,066	1,669
Other accounts receivable	-	-	-
Interfund receivable	-	-	-
Inventory	-	-	-
	74	44,066	1,669
<i>Total assets</i>	\$ 74	\$ 44,066	\$ 1,669
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	\$ -	\$ -	-
Accrued salaries and benefits	-	-	-
Interfund payable	74	44,066	1,669
Unearned Revenue	-	-	-
	74	44,066	1,669
<i>Total liabilities</i>	74	44,066	1,669
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	-	-
	-	-	-
<i>Total deferred inflow of resources</i>	-	-	-
<i>Fund Balances</i>			
Fund Balance			
Non-spendable	-	-	-
Restricted for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	-	-	-
	-	-	-
<i>Total fund balances</i>	-	-	-
<i>Total liabilities deferred inflows of resources and fund balances</i>	\$ 74	\$ 44,066	\$ 1,669

Title I School Improvement	Impact Aid Special Education	Title XIX Medicaid	Indian Ed Formula Grant	Dual Credit PED
\$ -	\$ 35,654	\$ 51,880	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>35,654</u>	<u>51,880</u>	<u>-</u>	<u>-</u>
\$ -	\$ 35,654	\$ 51,880	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	35,654	-	-	-
<u>-</u>	<u>35,654</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	51,880	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>51,880</u>	<u>-</u>	<u>-</u>
\$ -	\$ 35,654	\$ 51,880	\$ -	\$ -

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

	GO Bond Library Audio & Visual	NM Reads to Lead	Breakfast After the Bell
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ -	\$ -	-
Investments	-	-	-
Accounts receivable			
Taxes	-	-	-
Due from other governments	2,003	604	-
Other accounts receivable	-	-	-
Interfund receivable	-	-	-
Inventory	-	-	-
<i>Total assets</i>	<u>\$ 2,003</u>	<u>\$ 604</u>	<u>\$ -</u>
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	\$ -	\$ 3,179	-
Accrued salaries and benefits	-	-	-
Interfund payable	2,003	604	-
Unearned Revenue	-	-	-
<i>Total liabilities</i>	<u>2,003</u>	<u>3,783</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	-	-
<i>Total deferred inflow of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>			
Fund Balance			
Non-spendable	-	-	-
Restricted for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	-	(3,179)	-
<i>Total fund balances</i>	<u>-</u>	<u>(3,179)</u>	<u>-</u>
	<u>\$ 2,003</u>	<u>\$ 604</u>	<u>\$ -</u>

Capital Improvements SB-9	Public School Capital Outlay 20%	Debt Service	Total Nonmajor Governmental Funds
\$ 268,917	\$ -	\$ 447,325	\$ 1,096,472
-	-	14,941	14,941
26,320	-	121,611	147,931
-	-	-	408,609
-	-	-	-
-	-	-	-
-	-	-	10,991
<u>\$ 295,237</u>	<u>\$ -</u>	<u>\$ 583,877</u>	<u>\$ 1,678,944</u>
\$ 39,291	\$ -	\$ -	\$ 43,461
-	-	-	-
-	-	-	408,609
-	-	-	35,654
<u>39,291</u>	<u>-</u>	<u>-</u>	<u>487,724</u>
20,663	-	95,317	115,980
<u>20,663</u>	<u>-</u>	<u>95,317</u>	<u>115,980</u>
-	-	-	10,991
-	-	-	343,585
-	-	-	-
-	-	488,560	488,560
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
235,283	-	-	232,104
<u>235,283</u>	<u>-</u>	<u>488,560</u>	<u>1,075,240</u>
<u>\$ 295,237</u>	<u>\$ -</u>	<u>\$ 583,877</u>	<u>\$ 1,678,944</u>

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

	Food Services	Athletics	Non-Instructional Support
<i>Revenues</i>			
Taxes	\$	\$	\$
Taxes levied/assessed	-	-	-
Local sources			
Tuition	-	-	-
Investment income	93	26	-
Food services	39,057	-	-
District activities	-	28,704	82,245
Other revenue	-	-	-
State sources			
Unrestricted Grants	-	-	-
Restricted Grants	-	-	-
Federal sources			
Unrestricted Grants	-	-	-
Unrestricted -state passthrough	-	-	-
Restricted Grants	-	-	-
Restricted -state passthrough	488,435	-	-
Department of Interior	-	-	-
Other items	26,157	-	-
<i>Total revenues</i>	<u>553,742</u>	<u>28,730</u>	<u>82,245</u>
<i>Expenditures:</i>			
Current:			
Instruction	-	30,738	82,713
Support Services			
Students	-	-	-
Instruction	-	-	-
General Administration	-	-	-
School Administration	-	-	-
Central Services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other Support Services	-	-	-
Operation of Non-instructional Services			
Food services operations	473,714	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>473,714</u>	<u>30,738</u>	<u>82,713</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>80,028</u>	<u>(2,008)</u>	<u>(468)</u>
<i>Other financing sources (uses)</i>			
Transfers	-	-	-
Bond Premium	-	-	-
Bond Proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	80,028	(2,008)	(468)
<i>Fund balances - beginning of year</i>	183,967	4,304	36,873
<i>Fund balances - end of year</i>	<u>\$ 263,995</u>	<u>\$ 2,296</u>	<u>\$ 36,405</u>

Title I	IDEA-B Entitlement	IDEA-B Autism	IDEA-B Preschool	IDEA-B Risk Pool
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
787,296	275,543	4,271	9,325	226
-	-	-	-	-
-	-	-	-	-
<u>787,296</u>	<u>275,543</u>	<u>4,271</u>	<u>9,325</u>	<u>226</u>
736,920	169,652	4,191	9,325	226
1,168	106,056	80	-	-
16,996	-	-	-	-
28,051	-	-	-	-
1,853	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>784,988</u>	<u>275,708</u>	<u>4,271</u>	<u>9,325</u>	<u>226</u>
<u>2,308</u>	<u>(165)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,308	(165)	-	-	-
(2,308)	165	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	IDEA-B Results Plan	Teacher/ Principal Training	Rural & Low Income Schools
<i>Revenues:</i>			
Taxes	\$	\$	\$
Taxes levied/assessed	-	-	-
Local sources			
Tuition	-	-	-
Investment income	-	-	-
Food services	-	-	-
District activities	-	-	-
Other revenue	-	-	-
State sources			
Unrestricted Grants	-	-	-
Restricted Grants	-	-	-
Federal sources			
Unrestricted Grants	-	-	-
Unrestricted -state passthrough	-	-	-
Restricted Grants	-	-	-
Restricted -state passthrough	39,598	117,420	9,563
Department of Interior	-	-	-
Other items	-	-	-
<i>Total revenues</i>	<u>39,598</u>	<u>117,420</u>	<u>9,563</u>
<i>Expenditures:</i>			
Current:			
Instruction	39,411	112,693	8,800
Support Services			
Students	-	-	-
Instruction	-	-	429
General Administration	-	4,265	335
School Administration	187	420	-
Central Services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other Support Services	-	-	-
Operation of Non-instructional Services			
Food services operations	-	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>39,598</u>	<u>117,378</u>	<u>9,564</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>42</u>	<u>(1)</u>
<i>Other financing sources (uses)</i>			
Transfers	-	-	-
Bond Premium	-	-	-
Bond Proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	42	(1)
<i>Fund balances - beginning of year</i>	-	(42)	1
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Title I School Improvement	Impact Aid Special Education	Title XIX Medicaid	Indian Ed Formula Grant	Dual Credit PED
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,466
-	-	-	-	-
-	-	-	-	-
-	41,757	28,013	42,285	-
20,932	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>20,932</u>	<u>41,757</u>	<u>28,013</u>	<u>42,285</u>	<u>1,466</u>
20,932	37,009	-	40,804	1,466
-	4,748	5,479	-	-
-	-	-	-	-
-	-	-	1,481	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>20,932</u>	<u>41,757</u>	<u>5,479</u>	<u>42,285</u>	<u>1,466</u>
-	-	22,534	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	22,534	-	-
-	-	29,346	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,880</u>	<u>\$ -</u>	<u>\$ -</u>

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

	GO Bond Library Audio & Visual	NM Reads to Lead	Breakfast After the Bell
<i>Revenues:</i>			
Taxes	\$	\$	\$
Taxes levied/assessed	-	-	-
Local sources			
Tuition	-	-	-
Investment income	-	-	-
Food services	-	-	-
District activities	-	-	-
Other revenue	-	-	-
State sources			
Unrestricted Grants	-	-	-
Restricted Grants	2,003	4,921	31,148
Federal sources			
Unrestricted Grants	-	-	-
Unrestricted -state passthrough	-	-	-
Restricted Grants	-	-	-
Restricted -state passthrough	-	-	-
Department of Interior	-	-	-
Other items	-	-	-
<i>Total revenues</i>	<u>2,003</u>	<u>4,921</u>	<u>31,148</u>
<i>Expenditures:</i>			
Current:			
Instruction	-	7,019	-
Support Services			
Students	-	-	-
Instruction	2,003	-	-
General Administration	-	157	-
School Administration	-	-	-
Central Services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other Support Services	-	-	-
Operation of Non-instructional Services			
Food services operations	-	-	31,148
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>2,003</u>	<u>7,176</u>	<u>31,148</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(2,255)</u>	<u>-</u>
<i>Other financing sources (uses)</i>			
Transfers	-	-	-
Bond Premium	-	-	-
Bond Proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	(2,255)	-
<i>Fund balances - beginning of year</i>	-	(924)	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ (3,179)</u>	<u>\$ -</u>

Capital Improvements SB-9	Public School Capital Outlay 20%	Debt Service	Total Nonmajor Governmental Funds
\$ 184,532	\$ -	\$ 848,500	\$ 1,033,032
-	-	-	-
26	-	150	295
-	-	-	39,057
-	-	-	110,949
-	-	-	-
-	-	-	-
536,393	-	-	575,931
-	-	-	-
-	-	-	-
-	-	-	112,055
-	-	-	1,752,609
-	-	-	-
-	-	-	26,157
<u>720,951</u>	<u>-</u>	<u>848,650</u>	<u>3,650,085</u>
-	-	-	1,301,899
-	-	-	117,531
-	-	-	19,428
1,847	-	8,495	44,631
-	-	-	2,460
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	504,862
420,185	2,689	-	422,874
-	-	625,000	625,000
-	-	147,607	147,607
<u>422,032</u>	<u>2,689</u>	<u>781,102</u>	<u>3,186,292</u>
<u>298,919</u>	<u>(2,689)</u>	<u>67,548</u>	<u>463,793</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>298,919</u>	<u>(2,689)</u>	<u>67,548</u>	<u>463,793</u>
<u>(63,636)</u>	<u>2,689</u>	<u>421,012</u>	<u>611,447</u>
<u>\$ 235,283</u>	<u>\$ -</u>	<u>\$ 488,560</u>	<u>\$ 1,075,240</u>

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 23,540	\$ 23,540	\$ 39,057	\$ 15,517
State sources	-	-	-	-
Federal sources	350,000	350,000	488,435	138,435
Interest	-	-	93	93
<i>Total revenues</i>	<u>373,540</u>	<u>373,540</u>	<u>527,585</u>	<u>154,045</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	506,900	506,900	448,159	58,741
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>506,900</u>	<u>506,900</u>	<u>448,159</u>	<u>58,741</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(133,360)</u>	<u>(133,360)</u>	<u>79,426</u>	<u>212,786</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	133,360	133,360	-	(133,360)
<i>Total other financing sources (uses)</i>	<u>133,360</u>	<u>133,360</u>	<u>-</u>	<u>(133,360)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>79,426</u>	<u>79,426</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>173,578</u>	<u>173,578</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 253,004</u>	<u>\$ 253,004</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 79,426	
Adjustment to revenue for accruals and other deferrals			602	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ 80,028</u>	

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 30,015	\$ 30,015	\$ 28,704	\$ (1,311)
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	26	26
<i>Total revenues</i>	<u>30,015</u>	<u>30,015</u>	<u>28,730</u>	<u>(1,285)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	34,014	34,014	30,462	3,552
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>34,014</u>	<u>34,014</u>	<u>30,462</u>	<u>3,552</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(3,999)</u>	<u>(3,999)</u>	<u>(1,732)</u>	<u>2,267</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	3,999	3,999	-	(3,999)
<i>Total other financing sources (uses)</i>	<u>3,999</u>	<u>3,999</u>	<u>-</u>	<u>(3,999)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(1,732)</u>	<u>(1,732)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>4,304</u>	<u>4,304</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,572</u>	<u>\$ 2,572</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (1,732)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(276)	
Net change in fund balance (GAAP basis)			<u>\$ (2,008)</u>	

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 70,000	\$ 70,000	\$ 82,245	\$ 12,245
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>70,000</u>	<u>70,000</u>	<u>82,245</u>	<u>12,245</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	101,811	101,811	82,530	19,281
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>101,811</u>	<u>101,811</u>	<u>82,530</u>	<u>19,281</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(31,811)</u>	<u>(31,811)</u>	<u>(285)</u>	<u>31,526</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	31,811	31,811	-	(31,811)
<i>Total other financing sources (uses)</i>	<u>31,811</u>	<u>31,811</u>	<u>-</u>	<u>(31,811)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(285)</u>	<u>(285)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>37,405</u>	<u>37,405</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,120</u>	<u>\$ 37,120</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (285)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(183)	
Net change in fund balance (GAAP basis)			<u>\$ (468)</u>	

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	788,906	932,195	760,496	(171,699)
Interest	-	-	-	-
<i>Total revenues</i>	<u>788,906</u>	<u>932,195</u>	<u>760,496</u>	<u>(171,699)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	696,529	820,999	736,962	84,037
Support Services				
Students	1,115	3,115	1,168	1,947
Instruction	59,785	69,785	16,996	52,789
General Administration	28,434	33,953	28,109	5,844
School Administration	2,943	4,243	1,919	2,324
Central Services	100	100	-	100
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>788,906</u>	<u>932,195</u>	<u>785,154</u>	<u>147,041</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(24,658)</u>	<u>(24,658)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(24,658)</u>	<u>(24,658)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(237,212)</u>	<u>(237,212)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (261,870)</u>	<u>\$ (261,870)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (24,658)	
Adjustment to revenue for accruals and other deferrals			26,800	
Adjustment to expenditures for payables, prepaids and other accruals			166	
Net change in fund balance (GAAP basis)			<u>\$ 2,308</u>	

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

Statement A-7

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	268,129	389,444	218,545	(170,899)
Interest	-	-	-	-
<i>Total revenues</i>	<u>268,129</u>	<u>389,444</u>	<u>218,545</u>	<u>(170,899)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	207,787	277,132	169,652	107,480
Support Services				
Students	60,342	112,312	106,091	6,221
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>268,129</u>	<u>389,444</u>	<u>275,743</u>	<u>113,701</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(57,198)</u>	<u>(57,198)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(57,198)</u>	<u>(57,198)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(37,136)</u>	<u>(37,136)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (94,334)</u>	<u>\$ (94,334)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (57,198)	
Adjustment to revenue for accruals and other deferrals			56,998	
Adjustment to expenditures for payables, prepaids and other accruals			35	
Net change in fund balance (GAAP basis)			<u>\$ (165)</u>	

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	7,900	5,201	(2,699)
Interest	-	-	-	-
<i>Total revenues</i>	-	7,900	5,201	(2,699)
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	6,700	4,191	2,509
Support Services				
Students	-	1,200	80	1,120
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	7,900	4,271	3,629
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	930	930
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	930	930
<i>Cash balances - beginning of year</i>	-	-	(2,659)	(2,659)
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ (1,729)	\$ (1,729)
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 930	
Adjustment to revenue for accruals and other deferrals			(930)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ -	

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

Statement A-9

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	9,325	9,325	8,485	(840)
Interest	-	-	-	-
<i>Total revenues</i>	<u>9,325</u>	<u>9,325</u>	<u>8,485</u>	<u>(840)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	9,325	9,325	9,325	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>9,325</u>	<u>9,325</u>	<u>9,325</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(840)</u>	<u>(840)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(840)</u>	<u>(840)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(1,420)</u>	<u>(1,420)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,260)</u>	<u>\$ (2,260)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (840)	
Adjustment to revenue for accruals and other deferrals			840	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	226	478	252
Interest	-	-	-	-
<i>Total revenues</i>	-	226	478	252
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	226	226	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	226	226	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	252	252
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	252	252
<i>Cash balances - beginning of year</i>	-	-	(252)	(252)
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 252	
Adjustment to revenue for accruals and other deferrals			(252)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ -	

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	40,000	40,000	39,524	(476)
Interest	-	-	-	-
<i>Total revenues</i>	<u>40,000</u>	<u>40,000</u>	<u>39,524</u>	<u>(476)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	40,000	39,600	39,411	189
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	400	187	213
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>40,000</u>	<u>40,000</u>	<u>39,598</u>	<u>402</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(74)</u>	<u>(74)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(74)</u>	<u>(74)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (74)</u>	<u>\$ (74)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (74)	
Adjustment to revenue for accruals and other deferrals			74	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

Statement A-12

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	100,271	140,617	94,989	(45,628)
Interest	-	-	-	-
<i>Total revenues</i>	<u>100,271</u>	<u>140,617</u>	<u>94,989</u>	<u>(45,628)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	96,759	135,492	112,735	22,757
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	3,512	5,125	4,265	860
School Administration	-	-	420	(420)
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>100,271</u>	<u>140,617</u>	<u>117,420</u>	<u>23,197</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(22,431)</u>	<u>(22,431)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(22,431)</u>	<u>(22,431)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(21,635)</u>	<u>(21,635)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (44,066)</u>	<u>\$ (44,066)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (22,431)	
Adjustment to revenue for accruals and other deferrals			22,431	
Adjustment to expenditures for payables, prepaids and other accruals			42	
Net change in fund balance (GAAP basis)			<u>\$ 42</u>	

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	15,590	15,590	9,071	(6,519)
Interest	-	-	-	-
<i>Total revenues</i>	<u>15,590</u>	<u>15,590</u>	<u>9,071</u>	<u>(6,519)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	14,544	14,544	8,800	5,744
Support Services				
Students	-	-	-	-
Instruction	-	-	429	(429)
General Administration	546	546	335	211
School Administration	500	500	-	500
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>15,590</u>	<u>15,590</u>	<u>9,564</u>	<u>6,026</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(493)</u>	<u>(493)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(493)</u>	<u>(493)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(1,176)</u>	<u>(1,176)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,669)</u>	<u>\$ (1,669)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (493)	
Adjustment to revenue for accruals and other deferrals			493	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	14,175	14,175	15,682	1,507
Interest	-	-	-	-
<i>Total revenues</i>	<u>14,175</u>	<u>14,175</u>	<u>15,682</u>	<u>1,507</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	62,748	62,748	37,009	25,739
Support Services				
Students	13,000	13,000	6,348	6,652
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>75,748</u>	<u>75,748</u>	<u>43,357</u>	<u>32,391</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(61,573)</u>	<u>(61,573)</u>	<u>(27,675)</u>	<u>33,898</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	61,573	61,573	-	(61,573)
<i>Total other financing sources (uses)</i>	<u>61,573</u>	<u>61,573</u>	<u>-</u>	<u>(61,573)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(27,675)</u>	<u>(27,675)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>63,329</u>	<u>63,329</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,654</u>	<u>\$ 35,654</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (27,675)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			27,675	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	20,000	20,000	28,013	8,013
Interest	-	-	-	-
<i>Total revenues</i>	<u>20,000</u>	<u>20,000</u>	<u>28,013</u>	<u>8,013</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	38,134	38,134	5,479	32,655
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>38,134</u>	<u>38,134</u>	<u>5,479</u>	<u>32,655</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(18,134)</u>	<u>(18,134)</u>	<u>22,534</u>	<u>40,668</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	18,134	18,134	-	(18,134)
<i>Total other financing sources (uses)</i>	<u>18,134</u>	<u>18,134</u>	<u>-</u>	<u>(18,134)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>22,534</u>	<u>22,534</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>29,346</u>	<u>29,346</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,880</u>	<u>\$ 51,880</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 22,534	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ 22,534</u>	

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	42,285	42,285	42,285	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>42,285</u>	<u>42,285</u>	<u>42,285</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	40,804	40,804	40,804	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	1,481	1,481	1,481	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>42,285</u>	<u>42,285</u>	<u>42,285</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	1,466	1,466	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	-	1,466	1,466	-
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	1,466	1,466	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	1,466	1,466	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Cash balances - beginning of year</i>	-	-	-	-
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ -	

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

Statement A-18

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	23,504	23,504	-	(23,504)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>23,504</u>	<u>23,504</u>	<u>-</u>	<u>(23,504)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	23,504	23,504	2,003	21,501
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>23,504</u>	<u>23,504</u>	<u>2,003</u>	<u>21,501</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(2,003)</u>	<u>(2,003)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(2,003)</u>	<u>(2,003)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,003)</u>	<u>\$ (2,003)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (2,003)	
Adjustment to revenue for accruals and other deferrals			2,003	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

Statement A-19

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	50,000	50,000	22,127	(27,873)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>50,000</u>	<u>50,000</u>	<u>22,127</u>	<u>(27,873)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	48,249	48,249	4,682	43,567
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	1,751	1,751	157	1,594
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>50,000</u>	<u>50,000</u>	<u>4,839</u>	<u>45,161</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>17,288</u>	<u>17,288</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>17,288</u>	<u>17,288</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(17,892)</u>	<u>(17,892)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (604)</u>	<u>\$ (604)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 17,288	
Adjustment to revenue for accruals and other deferrals			(17,206)	
Adjustment to expenditures for payables, prepaids and other accruals			(2,337)	
Net change in fund balance (GAAP basis)			<u>\$ (2,255)</u>	

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	31,241	31,148	(93)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	-	31,241	31,148	(93)
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	31,241	31,148	93
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	31,241	31,148	93
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Cash balances - beginning of year</i>	-	-	-	-
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ -	

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

Statement A-21

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 1,200	\$ 1,200	\$ -	\$ (1,200)
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	1,960	1,960
<i>Total revenues</i>	<u>1,200</u>	<u>1,200</u>	<u>1,960</u>	<u>760</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	3,143,790	300,716	2,843,074
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>3,143,790</u>	<u>300,716</u>	<u>2,843,074</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>1,200</u>	<u>(3,142,590)</u>	<u>(298,756)</u>	<u>2,843,834</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	(1,200)	3,142,590	-	(3,142,590)
<i>Total other financing sources (uses)</i>	<u>(1,200)</u>	<u>3,142,590</u>	<u>-</u>	<u>(3,142,590)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(298,756)</u>	<u>(298,756)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,251,705</u>	<u>3,251,705</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,952,949</u>	<u>\$ 2,952,949</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (298,756)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			87,875	
Net change in fund balance (GAAP basis)			<u>\$ (210,881)</u>	

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

Statement A-22

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 175,971	\$ 175,971	\$ 184,745	\$ 8,774
State sources	393,899	524,519	536,393	11,874
Federal sources	-	-	-	-
Interest	-	-	26	26
<i>Total revenues</i>	<u>569,870</u>	<u>700,490</u>	<u>721,164</u>	<u>20,674</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	2,760	2,760	1,847	913
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	971,044	1,101,664	420,875	680,789
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>973,804</u>	<u>1,104,424</u>	<u>422,722</u>	<u>681,702</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(403,934)</u>	<u>(403,934)</u>	<u>298,442</u>	<u>702,376</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	403,934	403,934	-	(403,934)
<i>Total other financing sources (uses)</i>	<u>403,934</u>	<u>403,934</u>	<u>-</u>	<u>(403,934)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>298,442</u>	<u>298,442</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(29,525)</u>	<u>(29,525)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 268,917</u>	<u>\$ 268,917</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 298,442	
Adjustment to revenue for accruals and other deferrals			903	
Adjustment to expenditures for payables, prepaids and other accruals			(426)	
Net change in fund balance (GAAP basis)			<u>\$ 298,919</u>	

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
PUBLIC SCHOOL CAPITAL OUTLAY-20% CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	4,596	4,595	1
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	4,596	4,595	1
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	(4,596)	(4,595)	1
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	4,596	-	(4,596)
<i>Total other financing sources (uses)</i>	-	4,596	-	(4,596)
<i>Net change in fund balances</i>	-	-	(4,595)	(4,595)
<i>Cash balances - beginning of year</i>	-	-	4,595	4,595
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (4,595)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			1,906	
Net change in fund balance (GAAP basis)			\$ (2,689)	

STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
DEBT SERVICE FUND

Statement A-24

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 772,607	\$ 772,607	\$ 849,550	\$ 76,943
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	150	150
<i>Total revenues</i>	<u>772,607</u>	<u>772,607</u>	<u>849,700</u>	<u>77,093</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	8,726	8,726	8,495	231
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plan	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Service:				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	625,000	625,000	625,000	-
Interest	147,607	147,607	147,607	-
<i>Total expenditures</i>	<u>781,333</u>	<u>781,333</u>	<u>781,102</u>	<u>231</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(8,726)</u>	<u>(8,726)</u>	<u>68,598</u>	<u>77,324</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	8,726	8,726	-	(8,726)
<i>Total other financing sources (uses)</i>	<u>8,726</u>	<u>8,726</u>	<u>-</u>	<u>(8,726)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>68,598</u>	<u>68,598</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>378,762</u>	<u>378,762</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 447,360</u>	<u>\$ 447,360</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 68,598	
Adjustment to revenue for accruals and other deferrals			(92,193)	
Adjustment to expenditures for payables, prepaids and other accruals			91,143	
Net change in fund balance (GAAP basis)			<u>\$ 67,548</u>	

FIDUCIARY FUNDS

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STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS

FIDUCIARY FUNDS

Agency Funds

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

Tularosa Municipal Schools has the following funds classified as Agency Funds:

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

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

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS				
Elementary School Funds	\$ -	\$ -	\$ -	\$ -
Middle School Funds	1,557	6,483	6,871	1,169
High School Funds	3,665	30,218	24,488	9,395
Intermediate School Funds	404	-	404	-
Total Assets	<u>\$ 5,626</u>	<u>\$ 36,701</u>	<u>\$ 31,763</u>	<u>\$ 10,564</u>
LIABILITIES				
Deposits held for others	5,626	36,701	31,763	10,564
Total Liabilities	<u>\$ 132,389</u>	<u>\$ 36,701</u>	<u>\$ 31,763</u>	<u>\$ 10,564</u>

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PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION

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STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
 Required Supplementary Information
 June 30, 2016

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

	<u>2016</u>	<u>2015</u>
District's proportion of net pension liability (asset)	0.19283%	0.18870%
District's proportionate share of the net pension liability (asset)	\$ 12,490,113	\$ 10,766,707
District's covered-employee payroll	\$ 5,264,877	\$ 5,201,289
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	237.23%	207.00%
Plan fiduciary net position as a percentage of total pension liability	63.97%	66.54%

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

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STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
 Required Supplementary Information
 June 30, 2016

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

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 790,645	\$ 761,904
Contributions in relation to the contractually required contribution	\$ 790,645	\$ 761,904
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-employee payroll	\$ 5,264,877	\$ 5,481,320
Contributions as a percentage of covered-employee payroll	15.02%	13.90%

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

Note: Employee contributions are not included in this schedule.

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STATE OF NEW MEXICO
TULAROSA MUNICIPAL SCHOOLS
Required Supplementary Information
For the Year Ended June 30, 2016

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

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

Changes of assumptions.

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

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

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

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

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SUPPORTING SCHEDULES

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

Schedule I

Name of Depository	Description of Pledged Collateral	Market Value June 30, 2016	Name and Location of Safekeeper
First National Bank	FNMA Pool 256809 31371NGS8 6.00% 7/1/2037	\$ 81,067	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FNMA 745004 31403CU58 5.50% 2/1/2025	84,089	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FNMA Pool MA0756 3141YZW0 4% 6/1/2031	358,174	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FNMA Pool 256530 31371M4P9 5.50% 12/1/2036	33,287	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FHR 1382 KA 312912WF1 1.302% 10/15/2022	11,270	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FHLMC Pool H00532 3128MSSV 5.0% 5/1/2035	16,904	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FNMA 664033 31391DV26 5.0% 7/1/2018	53,763	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FHLMC Pool G18053 3128MMBX0 5.0% 5/1/2020	25,587	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FNMA Pool MA0952 31418ABW7 4% 1/1/2032	927,160	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FNMA Pool 256721 31371ND28 5.5% 5/1/2037	132,031	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	Questa NM Indpt Sch Dist No 748352CY5 4.0% 9/1/2025	340,626	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FNMA Pool AB3172 31416Y927 3.5% 6/1/2026	491,992	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FHLMC Pool C91388 3128P7RH8 3.5% 2/1/2032	656,021	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FHLMC Pool C91557 3128P7WS8 3% 9/1/2032	757,082	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FHLMC Pool J14785 3128PUJ60 4% 03/01/2023	1,088,728	Federal Home Loan Bank of Dallas Irving, TX
First National Bank	FHLMC Pool MA2214 31418BN85 3% 03/01/2025	1,056,239	Federal Home Loan Bank of Dallas Irving, TX
Western Bank	FHLMC 3128M4QW6 11/1/2035	-	Western Bank Alamogordo, NM
Western Bank	GNMA 36225CJ49 5/20/2029	-	Western Bank Alamogordo, NM
Western Bank	GNMA 36202KA47 5/20/2016	-	Western Bank Alamogordo, NM
	Total Collateral Pledged	\$ <u>6,114,020</u>	

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

Schedule II

Deposit or Investment Account Type	First National Bank of NM	Western Bank	State Treasurer's LGIP	Total
Operational Checking- Interest Bearing	\$ 2,024,992	\$ -	\$ -	\$ 2,024,992
Cafeteria Checking- Interest Bearing	286,675	-	-	286,675
Debt Service Checking- Interest Bearing	447,325	-	-	447,325
General Building Checking- Interest Bearing	2,905,817	-	-	2,905,817
Transportation Checking- Interest Bearing	28,001	-	-	28,001
Payroll Clearing Checking- Interest Bearing	665,434	-	-	665,434
Non Instructional Support Checking- Interest Bearing	-	41,721	-	41,721
Elementary School Checking- Interest Bearing	-	6,558	-	6,558
Intermediate School Checking- Interest Bearing	-	13,767	-	13,767
Middle School Checking- Interest Bearing	-	3,240	-	3,240
High School Checking- Interest Bearing	-	18,213	-	18,213
State Treasurer's LGIP- Interest Bearing	-	-	478,689	478,689
Total On Deposit	6,358,243	83,499	478,689	6,920,432
Reconciling Items	(751,292)	(3,536)	-	(754,828)
Reconciled Balance June 30, 2016	\$ 5,606,951	\$ 79,964	\$ 478,689	\$ 6,165,604

Reconciliation to financial statements:

Cash and cash equivalents:

Total cash and cash equivalents per Statement of Net Position	\$ 5,993,549
Total cash and cash equivalents per Fiduciary Statement of Assets and Liabilities	10,564
Total Cash (not including investments)	\$ 6,004,113
Total Investments per Statement of Net Position	479,821
Total cash and Investments	\$ 6,483,934

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

	Operational Account	Transportation Account	Instructional Materials Account	Food Services Account	Athletics Account	Non-Instructional Fund
Cash per June 30, 2015 audit report	\$ 2,113,544	\$ 216	\$ 48,203	\$ 173,578	\$ 4,304	\$ 37,378
Add:						
2015-16 revenues	8,215,635	594,148	65,062	527,586	28,643	82,271
Activity cash reclassified to District Funds	29,708	-	-	-	-	-
Prior Year Warrant Voided	196	-	-	-	87	-
Total cash available	<u>10,359,083</u>	<u>594,364</u>	<u>113,265</u>	<u>701,164</u>	<u>33,034</u>	<u>119,649</u>
Less:						
2015-16 expenditures	(8,005,690)	(592,598)	(75,144)	(448,160)	(30,462)	(82,530)
Interfund Loans	(408,223)	-	-	-	-	-
Reinstate Payroll Liabilities	317,198	-	-	-	-	-
Cash June 30, 2016	<u>\$ 2,262,368</u>	<u>\$ 1,766</u>	<u>\$ 38,120</u>	<u>\$ 253,004</u>	<u>\$ 2,572</u>	<u>\$ 37,120</u>
Bank balance end of year	\$ 1,921,758	\$ 28,001	\$ 38,120	\$ 286,676	\$ 2,572	\$ 39,149
Payroll Liabilities	317,198	-	-	-	-	-
Activity cash reclassified to District Funds	29,708	-	-	-	-	-
Outstanding Checks	<u>(6,296)</u>	<u>(26,235)</u>	<u>-</u>	<u>(33,672)</u>	<u>-</u>	<u>(2,029)</u>
Cash June 30, 2016	<u>\$ 2,262,368</u>	<u>\$ 1,766</u>	<u>\$ 38,120</u>	<u>\$ 253,004</u>	<u>\$ 2,572</u>	<u>\$ 37,120</u>

Schedule III
 (Page 1 of 2)

Federal Flowthrough Fund	Federal Direct Fund	State Flowthrough Fund	Bond Building Fund
\$ (301,490)	\$ 204,471	\$ (17,892)	\$ 3,251,706
1,157,722	172,352	54,741	1,960
-	-	-	-
-	-	-	-
856,232	376,822	36,849	3,253,665
(1,262,234)	(182,535)	(39,456)	(300,717)
406,002	-	2,607	-
-	-	-	-
<u>\$ -</u>	<u>\$ 194,288</u>	<u>\$ -</u>	<u>\$ 2,952,949</u>
\$ -	\$ 194,288	\$ -	\$ 2,979,184
-	-	-	-
-	-	-	-
-	-	-	(26,235)
<u>\$ -</u>	<u>\$ 194,288</u>	<u>\$ -</u>	<u>\$ 2,952,949</u>

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

Schedule III
(Page 2 of 2)

	Capital Improv SB9	Public Schools Cap Out 20%	Debt Service Fund	Total
Cash per June 30, 2015 audit report	\$ (29,525)	\$ 4,595	\$ 393,668	\$ 5,882,754
Add:				
2015-16 revenues	721,138	-	849,700	12,470,957
Activity cash reclassified to District	-	-	-	29,708
Prior Year Warrants Voided	27	-	-	310
Total cash available	691,639	4,595	1,243,368	18,383,729
Less:				
2015-16 expenditures	(422,722)	(4,595)	(781,102)	(12,227,944)
Total Outstanding Loans	-	-	-	386
Reinstate Payroll Liabilities	-	-	-	317,198
Cash June 30, 2016	\$ 268,917	\$ -	\$ 462,266	\$ 6,473,370
Bank balance end of year	\$ 268,917	\$ -	\$ 462,266	\$ 6,220,931
Payroll Liabilities	-	-	-	317,198
Activity cash reclassified to District Fun	-	-	-	29,708
Outstanding Checks	-	-	-	(94,466)
Cash June 30, 2016	\$ 268,917	\$ -	\$ 462,266	\$ 6,473,370

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COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons of the General fund and Special Revenue funds, of the Tularosa Municipal Schools as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Tularosa Municipal Schools' basic financial statements, and the combining and individual and related budgetary comparisons of Tularosa Municipal Schools, presented as supplemental information, and have issued our report thereon dated August 31, 2016.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tularosa Municipal Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item 2013-001.

Tularosa Municipal Schools' Response to Questioned Costs

Tularosa Municipal Schools' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Tularosa Municipal Schools' response was not subjected to 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 Tularosa Municipal Schools' internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Tularosa Municipal Schools' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Precision Accounting LLC
Albuquerque, New Mexico
August 31, 2016

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FEDERAL FINANCIAL ASSISTANCE

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

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

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

Opinion on Each Major Federal Program

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

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Report on Internal Control Over Compliance

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

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund , and the aggregate remaining fund information of Tularosa Municipal Schools as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Tularosa Municipal Schools' basic financial statements. We issued our report thereon dated August 31, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Precision Accounting LLC

Precision Accounting LLC
Albuquerque, New Mexico
August 31, 2016

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

Schedule V

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Program or Award Amount	Disbursements/ Expenditures
<i>Direct Programs:</i>				
U.S. Department of Education				
Impact Aid General Excluded under Section 8002	84.041	11000	\$ 361,171	\$ 361,171
Impact Aid Special Education	84.041	25145	41,757	41,757
Impact Aid Indian Education	84.041	25147	91,415	91,415
Indian Ed Formula Grant	84.060	25184	42,285	42,285
Subtotal Direct Programs			<u>175,457</u>	<u>175,457</u>
U.S. Department of Agriculture				
Forest Reserve	84.041	11000	65,486	65,486
Subtotal Department of Agriculture			<u>65,486</u>	<u>65,486</u>
Total Direct Awards			<u>240,943</u>	<u>240,943</u>
<i>Pass Through Programs:</i>				
U.S. Department of Agriculture				
Passed through NM Public Education Department:				
Commodities Program	10.565	21000	-	-
National School Lunch Program	10.555	21000	488,435	473,714
National School Breakfast Program	10.553	21000	-	-
Total U.S. Department of Agriculture			<u>488,435</u>	<u>473,714</u>
U.S. Department of Education				
Passed through NM Public Education Department:				
Title I	84.010	24101	787,296	784,988
IDEA B Entitlement	84.027	24106	275,543	275,708
NM Autism	84.027A	24108	4,271	4,271
IDEA B Preschool	84.173	24109	9,325	9,325
IDEA B Risk Pool	84.027	24120	226	226
IDEA B Results Plan		24132	39,598	39,598
Teacher/Principal Training and Recruiting	84.367A	24154	117,420	117,378
Rural & Low Income Schools	84.358	24160	9,563	9,564
Title I School Improvement		24162	20,932	20,932
Total U.S. Department of Education			<u>1,264,174</u>	<u>1,261,990</u>
Total Federal Financial Assistance			<u>\$ 1,993,552</u>	<u>\$ 1,976,647</u>

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

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

2. Subrecipients

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

3. Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2016 was \$26,157.

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 1,976,647
Total expenditures funded by other sources	<u>10,431,356</u>
Total expenditures	<u>\$ 12,408,003</u>

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A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Tularosa Municipal Schools.
2. One (1) significant deficiency was disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Tularosa Municipal Schools were disclosed during the audit.
4. There were no audit findings required to be reported under the Uniform Guidance.
5. The auditor's report on compliance for major federal award programs for Tularosa Municipal Schools expresses an unmodified opinion.
6. The programs tested as major were the Student Nutrition Program CFDA No. 10.555 and Title I CFDA No. 84.010.
7. The threshold for distinguishing Type A and B programs was \$750,000.
8. Tularosa Municipal Schools qualified as a **low** risk auditee.

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B. FINDINGS-FINANCIAL STATEMENT AUDIT

2016-001 Agency Funds (Significant Deficiency)

CONDITION: In October 2015, the District notified both the State Auditor's Office and the IPA of an issue regarding a sports camp, held by District Coaches, where the accounting for proceeds collected by the coaches did not follow PSAB 18 or the District's policies. The Coaches opened a bank account in the name of the camp that was not attached to the EIN of the District and deposited the monies. The funds were used to pay for camp supplies and stipends for camp coaches. Management addressed and resolved this issue in 2015.

CRITERIA: PSAB18 and NMAC 6.20.2.14 requires that all cash be appropriately collected, receipted, secured, deposited and recorded when accounting for monies from all accounts including the activity funds. The funds should be deposited into a District bank account.

CAUSE: It appears that the coaches were not aware of the proper accounting procedures for activity funds.

EFFECT: Failing to follow proper procedures with the appropriate internal controls can result in monies being unaccounted for and can lead to misappropriated monies, which is a violation of PSAB18 and NMAC 6.20.2.14. The District held its investigation, took disciplinary action and reported the incident to the State Auditor per NMAC 6.2.20.

RECOMMENDATION: The District should require all staff to go through training on activity funds, read the PSAB 18 supplement and sign an acknowledgement of the proper procedures prior to them handling any district activity funds.

CLIENT RESPONSE: By August 2016, the Superintendent and Principals met with school site staff to hold a training session on the proper procedures required for activity funds. The PSAB18 supplement was put on the District's website and made available to staff.

AUDITOR RESPONSE: In order to follow up on this incident, Precision Accounting, LLC interviewed the Coach who is currently employed by the District. This individual was the Assistant Coach at the time of the incident. He indicated that had been called in and spoken to and that he was willing to sign an affidavit that the funds had been spent on the camp. He indicated that he was provided training on PSAB 18 in August of 2016 along with other staff. Our interview indicated that prior to the incident, there was no formal training and that the coaches were just doing what had been done in the past. Precision Accounting, LLC verified that PSAB 18 was on the District's website and found that it could be accessed in two different areas. Precision Accounting, LLC emphasized the importance of the sequence of procedures required when handling cash and accounting for monies of a public entity. It is our opinion that this issue was adequately addressed and resolved.

C. FINDINGS-FEDERAL AWARDS

None

D. PRIOR YEAR AUDIT FINDINGS

2013-001 [FS 2013-01] Agency Funds-Cleared

Note: For traceability purposes, the audit finding reference numbers reported in prior year audit reports are presented in brackets, and where applicable, have been renumbered to comply with reporting standards.

A. AUDITOR PREPARED FINANCIAL STATEMENTS

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

B. EXIT CONFERENCE

The contents of this report were discussed on August 31, 2016. The following individuals were in attendance.

Tularosa Municipal Schools

Lillian Duran, Board Vice President
Brenda Vigil, Superintendent
Kathleen Richardson, Business Manager
Sandy Montoya, Payroll
Marian Wohlgemuth, Accounts Payable
Andrea Petty, Administrator

Precision Accounting LLC

Melissa R. Santistevan, CPA, CFE, CGMA
Zachary Hayes, Staff Accountant
Alexandra Yebra, Staff Accountant