

OFFICIAL STATEMENT DATED MARCH 15, 2017

\$3,000,000

**ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Otero County, New Mexico
General Obligation School Building Bonds, Series 2017**

NEW ISSUE **Bank Qualified**
Book-Entry Only **Moody's Rating: Aa3 Underlying/Aa2 Enhanced**

PURPOSES Proceeds of the Bonds will be used for the purpose of erecting, remodeling, making additions to and furnishing school buildings, purchasing or improving school grounds and purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act NMSA 1978 Section 22-24-1, or any combination of these purposes and paying the costs of issuance of the Bonds.

THE BONDS The Bonds are issuable as fully registered bonds and when initially issued will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). Purchases of the Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through a DTC Participant. Beneficial owners of the Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. Interest on the Bonds is payable on each February 1 and August 1, commencing February 1, 2018. As long as DTC or its nominee is the registered owner of the Bonds, reference in this Official Statement to the registered owner will mean Cede & Co., and payments of principal of and interest on the Bonds will be made directly to DTC by the Paying Agent. Disbursement of such payments to DTC Participants is the responsibility of DTC. See "The Bonds - Book-Entry Only System". BOKF, N.A., Albuquerque, New Mexico (or successor) is the Registrar and Paying Agent for the Bonds.

OPTIONAL REDEMPTION The Series 2017 Bonds are subject to redemption prior to maturity as provided herein. See "THE BONDS."

SECURITY The Bonds are general obligations of the Alamogordo Municipal School District No. 1, Otero County, New Mexico, payable solely out of general (ad valorem) property taxes that are required to be levied against all taxable property in the District without limitation as to rate or amount.

BOND AND TAX OPINION The delivery of the Bonds is subject to the opinions of Cuddy & McCarthy, LLP and McCall, Parkhurst & Horton L.L.P., Co-Bond Counsel, as to the validity of the Bonds and the opinion of McCall, Parkhurst & Horton L.L.P., to the effect that interest on the Bonds is excludable from gross income for purposes of federal income taxation, under existing statutes, regulations, published rulings and court decisions, as described under "Tax Matters" herein. See "Legal Matters" and "Tax Matters" herein for a discussion of Co-Bond Counsels' opinions. Delivery of the Bonds is also subject to the delivery of an approving opinion of the Attorney General of the State of New Mexico. The District will designate the Bonds as "qualified tax-exempt obligations" for financial institutions.

DELIVERY When, as and if issued, through DTC's facilities, on or about April 19, 2017.

DATED DATE Date of initial delivery of the Bonds.

DUE DATE August 1, as shown on below:

GENERAL OBLIGATION SCHOOL BONDS, SERIES 2017									
Year					Year				
Maturing	Principal	Interest	Yield	Cusip #	Maturing	Principal	Interest	Yield	Cusip #
(Aug. 1)		Rate		011464	(Aug. 1)		Rate		011464
2018	\$375,000	3.000%	1.050%	KH6	2025	\$250,000	3.000%	2.300%	KQ6
2019	200,000	3.000%	1.300%	KJ2	2026	250,000	3.000%	2.350%	KR4
2020	100,000	3.000%	1.500%	KK9	2027	250,000	3.000%	2.450%	KS2
2021	100,000	3.000%	1.700%	KL7	2028	250,000	3.000%	2.550%	KT0
2022	225,000	3.000%	1.900%	KM5	2029	250,000	3.000%	2.650%	KU7
2023	250,000	3.000%	2.100%	KN3	2030	250,000	3.000%	2.750%	KV5
2024	250,000	3.000%	2.200%	KP8					

ISSUER

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Otero County, New Mexico
PO Box 650
Alamogordo, New Mexico 88311
(575) 812-6000
FAX: (575) 812-5503

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President: David W. Weaver
Vice-President: Angela Cadwallader
Secretary: Timothy C. Wolfe
Member: David Borunda
Member: Carol Teweleit

FINANCIAL ADVISOR

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Albuquerque, New Mexico 87110
(505) 872-5999

PAYING AGENT/REGISTRAR

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100 Sun Avenue NE, Suite 500
Albuquerque, NM 87109
(505) 222-8447

DISTRICT ADMINISTRATION

Superintendent: Adrienne Salas
Director of Business and Finance: Carol Genest
Director of Support Services: Vance Lee

CO-BOND COUNSEL

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(505) 954-7349

McCall, Parkhurst & Horton L.L.P.
600 Congress Avenue, Suite 1800
Austin, Texas 78701
(512) 478-3805

PURCHASER

Cantor Fitzgerald & Company
6410 Poplar Avenue 700
Memphis TN, 38119
(901) 347-1723

A Few Words About Official Statements

Official statements for municipal securities issues – like this one – contain the only “official” information about a particular issue of municipal securities. This Official Statement is not an offer to sell or solicitation of an offer to buy Bonds in any jurisdiction where it is unlawful to make such offer, solicitation or sale and no unlawful offer, solicitation or sale of the Bonds may occur through this Official Statement or otherwise. This Official Statement is not a contract and provides no investment advice. Investors should consult their advisors and legal counsel with their questions about this Official Statement, the Bonds or anything else related to this issue.

MARKET STABILIZATION

In connection with this Official Statement, the initial purchaser may over-allot or effect transactions, which stabilize and maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. The initial purchaser is not obligated to do this and is free to discontinue it at any time.

The estimates, forecasts, projections and opinions in this Official Statement are not hard facts, and no one, including the District, guarantees them.

The information set forth or included in this Official Statement has been provided by the District and from other sources believed by the District to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the District described herein since the date hereof. This Official statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

Co-Bond Counsel, Cuddy & McCarthy, LLP, Santa Fe, New Mexico, and McCall, Parkhurst & Horton L.L.P., Austin, Texas, were not requested to and did not take part in the preparation of the Official Statement nor have these firms undertaken to independently verify any of the information contained herein. Such firms have no responsibility for the accuracy or completeness of any information furnished in connection with any offer or sale of the Bonds in the Official Statement or otherwise. The legal fees to be paid to Co-Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent, in part, upon the sale and delivery of such Bonds and all legal fees will be paid from bond proceeds.

Any part of this Official Statement may change at any time, without prior notice. Also, important information about the District and other relevant matters may change after the date of this Official Statement.

All document summaries are just that – they are not complete or definitive, and they may omit relevant information. Such documents are qualified in their entirety to the complete documents. Any investor who wishes to review the full text of documents may request them at no cost from the District or the Financial Advisor as follows:

District
Alamogordo Municipal School District No. 1
PO Box 650
Alamogordo, New Mexico 88311
Attn: Carol Genest

Financial Advisor
RBC Capital Markets, LLC
6301 Uptown Blvd. NE, Suite 110
Albuquerque, NM 87110
Attn: Erik Harrigan

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\$3,000,000

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Otero County, New Mexico

General Obligation School Bonds, Series 2017

INTRODUCTION

Thank you for your interest in learning more about the \$3,000,000* Alamogordo Municipal School District No. 1, Otero County, New Mexico (the "District"), General Obligation School Bonds, Series 2017 (the "Bonds"). This Official Statement will tell you about the Bonds, their security, the District and the risks involved in an investment in the Bonds.

Although the District has approved this Official Statement, the District does not intend it to substitute for competent investment advice, tailored for your situation.

The Issuer

The District is a political subdivision of the State of New Mexico (the "State") organized for the purpose of operating and maintaining an educational program for the school-age children residing within its boundaries. The District encompasses approximately 3,772 square miles. The District's 2016 assessed valuation is \$795,596,336 and its 2016-17 enrollment was 5,946. See "THE DISTRICT."

The Financial Advisor

The District has retained RBC Capital Markets, LLC as financial advisor (the "Financial Advisor") in connection with the preparation, authorization and issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make an independent verification of or assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. The fee of the Financial Advisor for services with respect to the Bonds is contingent upon the issuance and sale of the Bonds.

Limited Role Of Auditor

The District's auditor has not been engaged to perform and has not performed any procedures relating to this Official Statement.

Except for a portion of the audited financial statements of the District for the year ended June 30, 2016 contained in Appendix B, this Official Statement presents unaudited financial and statistical information from District records and other sources.

THE BONDS

Authority

New Mexico, including NMSA 1978 Sections 6-15-1 through 6-15-22, law enables the District to issue the Bonds. The New Mexico Attorney General will provide a written approving opinion with respect to the Bonds.

General Terms

The Bonds will bear interest at the rates and mature in the amounts and on the dates shown on the front cover of this Official Statement. All Bonds are fully registered in denominations of \$5,000 or multiples of \$5,000. Bond payments will be made by the Paying Agent/Registrar to The Depository Trust Company ("DTC"), and DTC will then remit the payments to its participants for disbursement to the beneficial owners of the Bonds. See "**Book-Entry-Only System**" in Appendix C.

Plan of Finance

The Bonds are being offered for the purpose of providing approximately \$3,000,000 for erecting, remodeling, making additions to and furnishing school buildings, purchasing and improving school grounds, purchasing computer software and hardware for student use in public school classrooms, providing matching funds for capital projects funded pursuant to the Public School Capital Outlay Act NMSA 1978 22-24 or any combination of these purposes within the District and paying the costs of issuance of the Bonds.

Security for the Bonds

The Bonds are general obligation bonds of the District and are payable from ad valorem taxes which shall be levied against all taxable property within the boundaries of the District without limitation as to rate or amount. The Bonds are additionally secured by the New Mexico Credit Enhancement Program as discussed in more detail under "**NEW MEXICO CREDIT ENHANCEMENT PROGRAM**" herein. The District will covenant in the Bond Resolution to levy, in addition to all other taxes, direct annual ad valorem taxes sufficient to pay the principal of and interest on the Bonds. The District may pay the principal of and interest on the Bonds from any funds belonging to the District, which funds may be reimbursed from the ad valorem taxes when the same are collected.

Bond Registrar and Paying Agent

BOKF, N.A., Albuquerque, New Mexico (or successor) will serve as the Registrar (the "Registrar") and Paying Agent (the "Paying Agent") for the Bonds. In the Bond Resolution, the District covenants to provide a Paying Agent/Registrar at all times until the Bonds are paid, and any Paying Agent/Registrar selected by the District shall be a commercial bank, a trust company, a financial institution or any other entity, as provided by State law, duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar. The Registration Books for the Bonds will be maintained by the Paying Agent/Registrar containing the names and addresses of the registered owners of the Bonds. In the Bond Resolution, the District retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, such Paying Agent/Registrar, promptly upon the appointment of a successor, is required to deliver the Registration Books to the successor Paying Agent/Registrar. In the event there is a change in the Paying Agent/Registrar for the Bonds the District has agreed to notify each registered owner of the Bonds affected by the change by United States mail, first-class postage prepaid, at the address in the Registration Books, stating the effective date of the change and the mailing address of the successor Paying Agent/Registrar.

Payment of Principal and Interest; Record Date

The principal of the Bonds is payable to the registered owners of the Bonds at the principal office of the Paying Agent. Interest on the Bonds is payable by check or draft of the Paying Agent mailed on or before each interest payment date to the registered owners of the Bonds as of the close of business on the fifteenth day of the month

preceding the interest payment date (the "Regular Record Date") at the addresses appearing in the registration books maintained by the Registrar. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Owner of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Optional Prior Redemption

Bonds maturing on or after August 1, 2027 may be redeemed prior to their scheduled maturities on August 1, 2026 or on any date thereafter, in whole or in part, at the option of the District, with funds derived from any available and lawful source, and the District shall designate the amount that is to be redeemed, and if less than a whole maturity is to be redeemed, the District shall direct the Paying Agent/Registrar to call by lot Bonds, or portions thereof within such maturity, for redemption (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at the redemption price of par plus accrued interest to the date fixed for prepayment or redemption.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption have been met and moneys sufficient to pay the principal of and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the District, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the District shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

Redemption Notices

The Registrar must, by first class mail, give redemption notices to the registered owners of the affected bonds and to various securities depositories and information services not less than 30 days prior to the redemption date. ***Please note that failure to give notice or any defect in such notice will not effect the validity of the redemption for Bonds which notice was properly given.*** No transfer of Bonds called for redemption shall be made within 45 days of the date of redemption.

While the Bonds remain under the Book-Entry-Only System, the Paying Agent/Registrar will send notices only to DTC. Any problems from DTC through its system to the beneficial owners of the Bonds will not affect the validity of the Bond redemption or any other action based on the Paying Agent/Registrar's notice. Investors in the Bonds might consider arranging to receive redemption notices or other communications from DTC which affect them, including notice of interest payments. See "**Book-Entry Only System**" in Appendix C.

If the Paying Agent/Registrar gives proper redemption notice and the Paying Agent/Registrar holds money to pay the redemption price of the affected Bonds, then on the redemption date the Bonds called for redemption will become due and payable. Thereafter, no interest will accrue on those Bonds, and their owners' only right will be to receive payment of the redemption price upon surrender of those Bonds to the Registrar.

Transfers and Exchanges

In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar and such transfer or exchange will be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument

of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the principal office of the Paying Agent/Registrar, or sent by United States mail, first-class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See "Book-Entry-Only System" in Appendix C.

Limitation on Transfer of Bonds

Neither the District nor the Paying Agent/Registrar are required to transfer or exchange any Bond during (i) the period commencing at the close of business on the Record Date and ending at the opening of business on the next interest payment date and (ii) called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer will not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

Limited Book-Entry Responsibilities

While a book-entry-only system is used for the Bonds, the Paying Agent/Registrar will send redemption and other notices only to DTC. Any failure of DTC to advise any DTC Participant or of any DTC Participant to notify any Beneficial Owner (as defined in Appendix C), of any notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the Bond redemption or any other action based on the notice.

The District and the Financial Advisor have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership of interests in the Bonds.

The District and the Financial Advisor cannot and do not give any assurances that DTC will distribute payments to DTC Participants or that DTC Participants or others will distribute payments with respect to the Bonds received by DTC or its nominees as the holder or any redemption notices or other notices to the beneficial holders, or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement. See "Book-Entry-Only System" in Appendix C.

Defeasance

General. The Bond Resolution provides for the defeasance of the Bonds and the termination of the pledge of taxes and all other general defeasance covenants in the Bond Resolution under certain circumstances. Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of the Bond Resolution when the payment of all principal and interest payable with respect to such Bond to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (1) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (2) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or an eligible entity for such payment (a) lawful money of the United States of America sufficient to make such payment, (b) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the District with the Paying Agent/Registrar or an eligible entity for the payment of its services until after all Defeased Bonds shall have become due and payable or (c) any combination of (a) and (b). At such time as a Bond shall be deemed to be a Defeased Bond, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes or revenues levied and pledged as provided in the Bond Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities.

The deposit under clause (2) above shall be deemed a payment of a Bond when proper notice of redemption of such Bonds shall have been given, in accordance with the Bond Resolution. Any money so deposited with the Paying Agent/Registrar or an eligible entity may at the discretion of the District also be invested in Defeasance Securities, maturing in the amounts and at the times as set forth in the Bond Resolution, and all income from such Defeasance Securities received by the Paying Agent/Registrar or an eligible trust company or commercial bank that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the District.

Investments. Any escrow agreement or other instrument entered into between the District and the Paying Agent/Registrar or an eligible entity pursuant to which money and/or Defeasance Securities are held by the Paying Agent/Registrar or an eligible trust company or commercial bank for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of certain requirements. All income from such Defeasance Securities received by the Paying Agent/Registrar or an eligible trust company or commercial bank which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, will be remitted to the District.

For the purposes of these provisions, "Defeasance Securities" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America.

SECURITY AND REMEDIES

The Bonds are general obligations of the District payable from general (ad valorem) property taxes that may be levied against all taxable property within the District without limitation of rate or amount.

The District must use all of the property taxes collected for debt service, and any other legally available money, to pay the debt service on the Bonds and other outstanding general obligation debt.

Various New Mexico laws and constitutional provisions apply to the assessment and collection of ad valorem property taxes. There is no guarantee that there will not be any changes that would have a material effect on the District.

Limitations of Remedies

There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal of or interest on the Bonds. Consequently, remedies available to the owners of the Bonds, including mandamus, may have to be enforced from year to year.

The enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the District in issuing the Bonds, are subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect; usual equity principles that may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

NEW MEXICO SCHOOL DISTRICT ENHANCEMENT PROGRAM

The New Mexico legislature amended NMSA 1978 Sections 22-18-1 et. seq. in the first session of 2003 by adding Section 22-18-13 which became effective July 1, 2003. Section 22-18-13 was further amended in 2007 and provides that, if a school district indicates that it will not make a payment by the date on which it is due, the New Mexico Department of Finance and Administration ("DFA") shall forward the amount in immediately available funds necessary to make the payment due on the bonds to the paying agent from the current fiscal year's undistributed State Equalization Guarantee

("SEG") distribution to that school district and, if not otherwise repaid by the school district from other legally available funds, withhold the distributions from the school district until the amount has been recouped by the DFA, provided that, if the amount of the undistributed SEG distribution in the current fiscal year is less than the payment due on the bond, the DFA shall:

(1) forward in immediately available funds to the paying agent an amount equal to the total amount of the school district's undistributed SEG distribution and, if not otherwise repaid by the school district from other legally available funds, withhold all distributions to the school district for the remainder of the fiscal year; and

(2) on July 1 of the following fiscal year, forward in immediately available funds an amount equal to the remaining amount due to the paying agent from that year's SEG distribution and, if not otherwise repaid by the school district from other legally available funds, withhold an equal amount from the distribution to the school district until the amount paid has been recouped in full.

This provision applies to all New Mexico school districts.

Withholding of the SEG distribution may affect the District's ability to continue to operate.

The New Mexico School District Enhancement Program was initially put on watch list for possible downgrade on May 15, 2007 after the state adopted new legislation that altered the mechanics of the program. After a review of the law and policies regarding the implementation of the law, program ratings were bifurcated, with one rating applying to bonds issued prior to the March 30, 2007 effective date of the legislation and a second rating applying to bonds issued on or after the March 30, 2007 effective date. Under the new law, the State cannot immediately advance more than the remaining undistributed SEG payments for the fiscal year of default. As a result, those districts with principal and interest payments that fall in the latter part of the fiscal year or that are significant in amount relative to the district's total annual SEG distribution may not have sufficient undistributed SEG payments to cover debt service payments in the event of a default.

Moody's downgraded the New Mexico School District Enhancement Program (Pre and Post-Default) to Aa2 from Aa1, and assigned a negative outlook on November 1, 2016, which reflects the State of New Mexico recent rating downgrade and outlook.

By request, Moody's will assign a rating to school district bonds upon verification of a requirement in the authorizing bond resolution that an independent, third-party paying agent will be appointed and maintained. The District has qualified the Bonds under the New Mexico School District Enhancement Program.

DEBT AND OTHER FINANCIAL OBLIGATIONS

Article IX, Section 11 of the New Mexico Constitution limits the powers of a district to incur general obligation debt extending beyond the fiscal year. The District can incur such debt for the purpose of erecting, remodeling, making additions to and furnishing school buildings and purchasing or improving school grounds and purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act, or any combination of these purposes but only after the proposition to create any such debt has been submitted to a vote of the qualified electors of the District, and a majority of those voting on the question vote in favor of creating the debt. The total indebtedness of the District may not exceed 6% of the assessed valuation of the taxable property within the District as shown by the last preceding general assessment. The District also may create a debt by entering into a lease-purchase arrangement to acquire education technology equipment without submitting the proposition to a vote of the qualified electors of the District, but any such debt is subject to the 6% debt limitation.

The assessed valuation of taxable property within the District is \$795,596,336 for tax year 2016. Therefore, the maximum general obligation debt may not exceed \$47,735,780.

After the Bonds are issued, the ratio of total outstanding net general obligation debt of the District to the 2016 assessed valuation will be no greater than 4.29% as summarized:

2016 Assessed Valuation	\$772,083,169
2016 Estimated Actual Valuation	\$2,513,546,667 ⁽¹⁾
Bonded Debt	
Total Outstanding (including the Bonds)	\$35,575,000
Less Debt Service Fund Balance	<u>2,480,081</u> ⁽²⁾
NET DEBT	<u>\$33,094,919</u>
Ratio of Estimated Net Debt to 2016 Assessed Valuation:	4.29%
Ratio of Estimated Net Debt to 2016 Estimated Actual Valuation:	1.32%
Per Capita Net Bonded Debt:	\$807.19
Estimated Population:	41,000

(1) Estimated actual valuation is computed by adding the exemptions to the assessed valuation and multiplying the result by three.

(2) The debt service fund cash balance was \$2,975,859 as of 1/31/2017. The amount properly attributable to principal reduction is 83.2%.

Selected Debt Ratios

2016 Assessed Valuation	\$772,083,169
2016 Estimated Actual Valuation	\$2,513,546,667 ⁽¹⁾
District General Obligation	
Debt Outstanding	\$32,575,000
Series 2017 Bonds	3,000,000
	\$35,575,000
District Net General Debt	\$33,094,919
Estimated Direct &	
Overlapping General Obligation Debt	\$59,632,295
District Net Debt as a Percentage of	
Assessed Valuation	4.29%
Estimated Actual Valuation	1.32%
Direct and Overlapping Debt as a Percentage of	
Assessed Valuation	7.50%
Estimated Actual Valuation	2.37%
Estimated Population	41,000
District Net Debt Per Capita	\$807.19
Direct and Overlapping Debt Per Capita	\$1,454.45

(1) Estimated actual valuation is computed by adding the exemptions to the assessed valuation and multiplying the result by three.

Outstanding Debt

The District has never defaulted in the payment of any of its debt or other obligations.

Series	Original Amount Issued	Final Maturity	Principal Outstanding
2009	\$6,000,000	08/01/2020	\$2,300,000
2011	10,000,000	08/01/2021	6,500,000
2012	6,000,000	08/01/2024	5,075,000
2013	5,000,000	08/01/2025	3,750,000
2014	5,000,000	08/01/2026	4,400,000
2014 ETN	1,500,000	08/01/2019	1,355,000
2015	5,565,000	08/01/2025	4,195,000
2016	5,000,000	08/01/2029	5,000,000
2017	3,000,000	08/01/2030	3,000,000
Total	\$47,065,000		\$35,575,000

Debt Service Requirements to Maturity

The District schedules principal and interest payments at the time of the bond sales with constraints being general obligation debt capacity and expected property tax revenues. Below is a summary of the currently scheduled principal and interest on the District's outstanding debt as well as the proposed principal and interest payments on the Bonds.

(8/1) Year	Current Requirements			Series 2017			Total Requirements		
	Principal	Interest	Total	Principal	Coupon	Interest	Principal	Interest	Total
2017	\$4,075,000	\$815,441	\$4,890,441				\$4,075,000	\$815,441	\$4,890,441
2018	3,800,000	698,483	4,498,483	\$375,000	3.00%	\$115,500	4,175,000	813,983	4,988,983
2019	3,920,000	594,733	4,514,733	200,000	3.00%	78,750	4,120,000	673,483	4,793,483
2020	3,750,000	476,333	4,226,333	100,000	3.00%	72,750	3,850,000	549,083	4,399,083
2021	2,950,000	370,708	3,320,708	100,000	3.00%	69,750	3,050,000	440,458	3,490,458
2022	3,075,000	296,708	3,371,708	225,000	3.00%	66,750	3,300,000	363,458	3,663,458
2023	3,035,000	235,208	3,270,208	250,000	3.00%	60,000	3,285,000	295,208	3,580,208
2024	2,800,000	174,183	2,974,183	250,000	3.00%	52,500	3,050,000	226,683	3,276,683
2025	2,070,000	113,933	2,183,933	250,000	3.00%	45,000	2,320,000	158,933	2,478,933
2026	1,525,000	67,000	1,592,000	250,000	3.00%	37,500	1,775,000	104,500	1,879,500
2027	525,000	31,500	556,500	250,000	3.00%	30,000	775,000	61,500	836,500
2028	525,000	21,000	546,000	250,000	3.00%	22,500	775,000	43,500	818,500
2029	525,000	10,500	535,500	250,000	3.00%	15,000	775,000	25,500	800,500
2030				250,000	3.00%	7,500	250,000	7,500	257,500
TOTAL	\$32,575,000	\$3,905,726	\$36,480,726	\$3,000,000		\$673,500	\$35,575,000	\$3,905,726	\$40,154,226

Direct and Overlapping Debt

The following is a calculation, which is useful to investors in assessing the debt load and per capita debt of the District payable from property taxes. In addition to the outstanding debt of the District, the calculation takes into account debt attributable to other taxing entities that are the responsibility of taxpayers within the boundaries of the District. Revenue bonds are not payable from property taxes.

	2016 Assessed Valuation	G/O Debt Outstanding	Percent Applicable	Amount
State of New Mexico	\$56,922,567,412	\$326,755,000	1.40%	\$4,566,995
Otero County	1,134,321,444	-	70.14%	-
City of Alamogordo	555,715,239	16,575,300	100.00%	16,575,300
Alamogordo Public Schools	795,596,336	35,575,000	100.00%	35,575,000
NMSU Alamogordo	795,596,336	2,915,000	100.00%	2,915,000
Total Direct & Overlapping				\$59,632,295

Ratio of Estimated Direct & Overlapping Debt to 2016 Assessed Valuation:	7.50%
Ratio of Estimated Direct & Overlapping Debt to 2016 Estimated Actual Valuation:	2.37%
Per Capita Direct & Overlapping Debt:	\$1,454.45
Population	41,000

Source: Otero County Assessor's Office and individual entities.

TAX BASE

Analysis of Assessed Valuation

Assessed valuation of property within the District is calculated as follows: Of the total estimated actual valuation of all taxable property in the District, 33 1/3 percent is legally subject to ad valorem taxes. This means the assessment ratio is 33 1/3 percent. After deduction of certain personal exemptions, the District's 2016 assessed valuation is \$795,596,336. The actual value of personal property within the District (see "Assessments" below) is determined by the County Assessor.

The actual value of certain corporate property within the District (see "Central Assessments" below) is determined by the State of New Mexico, Taxation and Revenue Department, Property Tax Division. The analysis of assessed valuation for 2016 and the previous four years follows.

Assessments	2016	2015	2014	2013	2012
Value of Land	\$166,279,496	\$159,256,206	\$154,624,249	\$145,561,176	\$141,946,156
Improvements	606,909,220	578,714,604	560,326,617	527,027,531	512,203,333
Personal Property	9,973,437	7,515,143	8,260,297	8,604,211	7,073,433
Manufactured Homes	17,917,220	17,835,145	17,908,830	17,637,970	17,716,714
Livestock	2,615,285	1,933,433	1,399,098	1,443,555	1,441,353
Assessor's Total Valuation	\$803,694,658	\$765,254,531	\$742,519,091	\$700,274,443	\$680,380,989
Less Exemptions					
Head of Family	\$12,299,359	\$13,004,269	\$12,303,106	\$12,632,926	\$12,612,576
Veterans	26,745,738	25,530,027	25,584,922	24,289,025	22,899,877
Other	42,340,999	27,231,424	25,573,946	293,013	308,210
Total Exemptions	\$81,386,096	\$65,765,720	\$63,461,974	\$37,214,964	\$35,820,663
Assessors' Net Valuation	\$722,308,562	\$699,488,811	\$679,057,117	\$663,059,479	\$644,560,326
Centrally Assessed	73,287,774	72,594,358	65,951,269	58,824,222	57,251,607
Total Assessed Valuation	\$795,596,336	\$772,083,169	\$745,008,386	\$721,883,701	\$701,811,933
	2016	2015	2014	2013	2012
Residential	\$555,950,343	\$540,201,072	\$523,125,281	\$508,614,400	\$492,618,085
Non-Residential	239,645,993	231,882,097	221,883,105	213,269,301	209,193,848
	\$795,596,336	\$772,083,169	\$745,008,386	\$721,883,701	\$701,811,933

Source: Otero County Assessor's Office.

History of Assessed Valuation

The following is a ten-year history of assessed valuation for the District compared with the City of Alamogordo and Otero County.

Tax Year	Alamogordo School District	City of Alamogordo	Otero County
2007	559,012,045	396,069,602	781,144,958
2008	593,594,956	419,557,193	828,282,406
2009	610,559,144	434,191,875	861,036,924
2010	645,736,474	457,295,774	911,689,055
2011	670,590,295	474,303,501	946,961,092
2012	701,811,933	499,459,013	993,188,730
2013	721,883,701	512,497,203	1,033,349,939
2014	745,008,386	519,987,104	1,065,692,672
2015	772,083,169	543,096,306	1,105,216,987
2016	795,596,336	555,715,239	1,134,321,444

Source: Otero County Assessor

Major Taxpayers

The following is a list of the ten largest taxpayers in the District, along with the 2016 assessed valuation for each. Property taxes are current for these taxpayers. This table is useful in assessing the concentration risk of the tax base. The ten largest taxpayers assessed valuation is 11.96% of the District's total 2016 assessed value.

Name	2016 A.V.	% of AV
Union Pacific Railroad Company	\$38,023,070	4.92%
Public Service Co of New Mexico	18,177,006	2.35%
Otero County Electric COOP	12,743,919	1.65%
El Paso Electric Co.	4,074,201	0.53%
TDS Baja Broadband LLC	3,947,334	0.51%
Qwest Corp.	3,744,422	0.48%
Las Ventanas Property LLC	3,617,275	0.47%
New Mexico Gas Company	3,228,885	0.42%
Otero Federal Credit Union	2,589,643	0.34%
White Sands Mall LLC	2,215,981	0.29%
	\$92,361,736	11.96%
2016 Alamogordo Schools A.V.	\$795,596,336	

Source: Otero County Assessor's Office.

Tax Rates

Article VIII, Section 2, of the New Mexico Constitution limits the total ad valorem taxes for operational purposes levied by all overlapping governmental units within the District to \$20.00 per \$1,000 of assessed value. This limitation does not apply to levies for public debt and levies for additional taxes if authorized at an election by a majority of the qualified voters of the jurisdiction voting on the question. The following table summarizes the tax situation on residential property for the 2016 tax year and the previous four years. The District expects no change in the level of its taxes in the foreseeable future but is unable to predict what overlapping entities might do. A high level of taxation may impact the District's ability to repay bonds.

Within 20 Mill Limit for General Purposes (Per \$1,000 Assessed Valuation)

	2016	2015	2014	2013	2012
State of New Mexico	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Otero County	6.752	6.882	6.946	7.048	7.084
City of Alamogordo	4.877	4.959	4.991	5.058	5.055
Alamogordo Schools	0.315	0.321	0.323	0.327	0.328
NMSU - Alamogordo	0.744	0.752	0.757	0.767	0.769
Total	\$11.944	\$12.162	\$12.260	\$12.433	\$12.467

Over 20 Mill Limit - Interest, Principal, Judgement, etc.

State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.360	\$1.360
Otero County	0.000	0.000	0.000	0.000	0.000
City of Alamogordo	1.837	1.876	1.981	1.470	1.456
Alamogordo Schools	7.940	8.106	7.936	7.961	8.005
NMSU - Alamogordo	0.450	0.000	0.800	0.800	0.800
Total	\$11.587	\$11.342	\$12.077	\$11.591	\$11.621

TOTAL LEVY

State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.360	\$1.360
Otero County	6.752	6.882	6.946	7.048	7.084
City of Alamogordo	6.714	6.835	6.972	6.528	6.511
Alamogordo Schools	8.255	8.427	8.259	8.288	8.333
NMSU - Alamogordo	1.194	0.752	1.557	1.567	1.569
Total Residential	\$24.275	\$24.256	\$25.094	\$24.791	\$24.857
Total Non-Residential	\$32.166	\$31.904	\$32.627	\$32.116	\$32.146

Source: New Mexico Department of Finance & Administration

School Tax Rates

The following table shows the historical school tax levies on property within the District since the 2012 tax year (2011-12 fiscal year). The Two Mill Levy, a capital improvements tax imposition, is renewed every six years, most recently in February 2013. The next Two Mill Levy election is scheduled for 2019.

This table breaks down the District's total tax rate shown in the previous tables.

Tax Year	Operational		Two Mill Levy		Debt Service			Total	
	Res	Non Res	Res	Non Res	GO Bonds	ETNs	Total	Res	Non Res
2012	0.328	0.500	1.889	2.000	5.777	0.339	6.116	8.333	8.616
2013	0.327	0.500	1.889	2.000	5.484	0.588	6.072	8.288	8.572
2014	0.323	0.500	1.864	2.000	5.693	0.379	6.072	8.259	8.572
2015	0.321	0.500	1.852	2.000	5.778	0.476	6.254	8.427	8.754
2016	0.315	0.495	1.821	2.000	5.855	0.264	6.119	8.255	8.614

Source: New Mexico Department of Finance & Administration.

Yield Control Limitations

State law limits property tax increases from the prior property tax year. Specifically, no taxing entity may set a rate or impose a tax (excluding oil and gas production ad valorem and oil and gas production equipment ad valorem taxes) or assessment that will produce revenues that exceed the prior year's tax revenues from residential and non-residential property multiplied by a "growth control factor." The growth control factor is the percentage equal to the sum of (a) "percent change I" plus (b) the prior property tax year's total taxable property value plus "net new value," as defined by statute, divided by such prior property tax year's total taxable property value. However, if that percentage is less than 100%, the growth control factor is (a) "percent change I" plus (b) 100%. "Percent change I" is based upon the annual implicit price deflator index for state and local government purchases of goods and services (as published in the United States Department of Commerce monthly publication, "Survey of Current Business," or any successor publication) and is a percent (not to exceed 5%) that is derived by dividing the increase in the prior calendar year (unless there was a decrease, in which case zero is used) by the index for such calendar year next preceding the prior calendar year. *The growth control factor applies to authorized operating levies and to any capital improvements levies but does not apply to levies for paying principal and interest on public general obligation debt.*

Developments Limiting Residential Property Tax Increases

In an effort to limit large annual increases in residential property taxes in some areas of the State (particularly the Santa Fe and Taos areas which have experienced large increases in residential property values in recent years), an amendment to the uniformity clause (Article VIII, Section 1) of the New Mexico Constitution was proposed during the 1997 Legislative Session. The amendment was submitted to voters of the State at the general election held on November 3, 1998 and was approved by a wide margin.

The amendment directs the Legislature to provide for valuation of residential property in a manner that limits annual increases in valuation. The limitation may be applied to classes of residential property taxpayers based on occupancy, age or income. Further, the limitations may be authorized statewide or at the option of a local jurisdiction and may include conditions for applying the limitations.

Bills implementing the constitutional amendment were enacted in 2001 and were codified as NMSA 1978, Sections 7-36-21.2 and 7-36-21.3.

NMSA 1978, Section 7-36-21.2, establishes a statewide limitation on residential property valuation increases beginning in tax year 2001 (the "Statutory Valuation Cap on Residential Increases"). Annual valuation increases are

limited to 3% over the prior year's valuation or 6.1% over the valuation from two years prior. Subject to certain exceptions, these limitations do not apply:

1. To property that is being valued for the first time;
2. To physical improvements made to the property in the preceding year;
3. When the property is transferred to a person other than a spouse or a child who occupies the property as his principal residence and who qualifies for the head of household exemption on the property under the Property Tax Code;
4. When a change occurs in the zoning or use of the property; and
5. To property that is subject to the valuation limitations under NMSA 1978, Section 7-36-21.3.

On March 28, 2012, the New Mexico Court of Appeals upheld the constitutionality of a law capping residential valuation increases until a home changes ownership. This decision was appealed to the New Mexico Supreme Court. The Supreme Court affirmed this decision on June 30, 2014. The New Mexico Legislature has brought up the issue of the disparity in valuations in the past several years, but has not enacted any of the bills into law. To the extent that court or legislative action is taken or a further constitutional amendment is passed amending the valuation provisions, it could have a material impact on the valuation of residential property within the boundaries of the District.

NMSA 1978, Section 7-36-21.3 places a limitation on the increase in value for property taxation purposes for single-family dwellings occupied by low-income owners who are 65 years of age or older or who are disabled. The statute fixes the valuation of the property to the valuation in the year that the owner turned 65 or became disabled. The NMSA 1978, Section 7-36-21.3 limitation does not apply to:

1. Property that is being valued for the first time;
2. A change in valuation resulting from physical improvements made to the property in the preceding year; and
3. A change in valuation resulting from a change in the zoning or permitted use of the property in the preceding year.

Tax Collections

The level of tax collections is an important component in the analysis of the ability to pay principal and interest on a timely basis. General property taxes with the exception of those taxes on oil and gas production and equipment for all units of government are collected by the County Treasurer and distributed monthly to the various political subdivisions to which they are due. Property taxes are due in two installments. The first half is due on November 10 and becomes delinquent on December 10. The second half installment is due on April 10 and becomes delinquent on May 10. Collection statistics for all political subdivisions for which the County Treasurer collects taxes are as follows:

Property Tax Collections for Otero County						
Tax Year	Fiscal Year	Net Taxes Charged to Treasurer	Current Tax Collections ⁽¹⁾	Current Collections as a % of Net Levied	Current/Delinquent Tax Collections ⁽²⁾	Current/Delinquent Collections as a % of Net Levied
2016	16/17	\$26,877,592	\$16,071,878	59.80%	\$16,071,878	59.80%
2015	15/16	26,037,519	24,571,377	94.37%	25,151,958	96.60%
2014	14/15	25,639,225	23,775,223	92.73%	25,278,187	98.59%
2013	13/14	24,552,611	23,083,217	94.02%	24,470,994	99.67%
2012	12/13	23,672,943	22,014,273	92.99%	23,631,190	99.82%
2011	11/12	22,776,842	21,317,856	93.59%	22,747,019	100.00%
2010	10/11	21,967,265	20,544,334	93.52%	21,937,328	100.00%
2009	09/10	21,001,384	19,634,464	93.49%	20,983,861	99.92%
2008	08/09	20,394,672	19,054,137	93.43%	20,378,368	100.00%
2007	07/08	19,699,431	18,294,068	92.87%	19,651,560	100.00%

(1) Current collections through June 30 of each complete tax year, except for tax year 2016

(2) As of January 31, 2017

Source: Otero County Treasurer's Office

Interest on Delinquent Taxes

Pursuant to NMSA 1978, Section 7-38-49, if property taxes are not paid for any reason within 30 days after the date they are due, interest on the unpaid taxes shall accrue from the 30th day after they are due until the date they are paid. Interest accrues at the rate of 1% per month or any fraction of a month.

Penalty for Delinquent Taxes

Pursuant to NMSA 1978, Section 7-38-50, if property taxes become delinquent, a penalty of 1% of the delinquent tax for each month, or any portion of a month, they remain unpaid must be imposed, but the total penalty shall not exceed 5% of the delinquent taxes. The minimum penalty imposed is \$5.00. A county can suspend application of the minimum penalty requirement for any tax year.

If property taxes become delinquent because of an intent to defraud by the property owner, 50% of the property tax due or \$50.00, whichever is greater, shall be added as a penalty.

Remedies Available for Non-Payment of Taxes

Pursuant to NMSA 1978, Section 7-38-47, property taxes are the personal obligation of the person owning the property on the date upon which the property was subject to valuation for property taxation purposes. A personal

judgment may be rendered against the taxpayer for payment of taxes that are delinquent, together with any penalty and interest on the delinquent taxes.

Taxes on real property are a lien against the real property. Pursuant to NMSA 1978, Section 7-38-65, delinquent taxes on real property may be collected by selling the real property on which taxes are delinquent.

Pursuant to NMSA 1978, Section 7-38-53, delinquent property taxes on personal property may be collected by asserting a claim against the owner(s) of the personal property upon which taxes are delinquent.

THE DISTRICT

The District is a political subdivision of the State organized for the purpose of operating and maintaining an educational program for school-age children residing within its boundaries.

The District is located in the southeastern portion of Otero County and north-central New Mexico. The District contains approximately 3,772 square miles with an estimated population of 41,000. The District operates 10 elementary schools, 3 middle schools, and 2 high schools.

School District Powers

The District's powers are subject to regulations adopted by the New Mexico Public Education Department ("PED"). Pursuant to an amendment to Article XII, Section 6 of the New Mexico Constitution, adopted at a special election held September 23, 2003, the Secretary of Education (the "Secretary") is the governing authority and has control, management, and direction of all public schools pursuant to power provided by law. The Secretary further exercises supervision and authority over the PED. Generally, the powers of the Secretary and the PED include determining policy regarding operations of all public schools, designating courses of instruction, adopting regulations, determining qualifications for teachers, counselors and their assistants, and prescribing minimum educational standards. The Secretary may order the creation or consolidation of school districts.

Management

The District Board (the "Board"), subject to regulations of the Secretary of the PED, develops educational policies for the District. The Board employs a superintendent of schools, delegates administrative and supervisory functions to the superintendent, including fixing the salaries of all employees, reviews and approves the annual District budget, has the capacity to sue and be sued, contracts, leases, purchases and sells for the District, acquires and disposes of all property, develops educational policies subject to rules of the PED and adopts regulations pertaining to the administration of all powers or duties of the Board. Members serve without compensation for four-year terms of office in non-partisan elections held every two years on the first Tuesday in February. The District Board Members are:

David W. Weaver, President
term expires March 1, 2021

David Borunda, Member;
term expires March 1, 2019

Angela Cadwallader, Vice President;
term expires March 1, 2021

Carol Teweleit, Member;
term expires March 1, 2021

Timothy C. Wolfe, Secretary,
term expires March 1, 2019

The Superintendent of Schools is selected by and serves at the discretion of the Board. All other staff members are selected by the Superintendent with the approval of the Board. The current Administrative Staff is:

Adrienne Salas, Superintendent of Schools, Mrs. Salas was selected as Superintendent in 2014. She has been employed with the District since 1991 and has held various positions including Principal and Executive Director of Secondary Education. Mrs. Salas received her Master's Degree in education from Grand Canyon University and her Bachelor Degree in Elementary Education with a minor in Language Arts from New Mexico State University.

Carol Genest, Director of Business and Finance, Carol Genest, Director of Business & Finance began working with Alamogordo Public Schools on July 1, 2011 in her current position. She also serves as the District's Chief Procurement Officer. She has worked in similar positions at three other New Mexico Schools for a total of 15 combined years. Ms. Genest received her Bachelors of Business Administration and Accounting from Eastern New Mexico University.

Vance Lee, Executive Director of Support Services, Mr. Lee was selected as Director in 2012. He has been employed with the District since 2011 and has held various positions including Assistant Principal and Director of Support Services. Mr. Lee is completing his 21st year in education. Mr. Lee received his Master's Degree in Education Administration from University of Phoenix in 2001 and his Bachelor Degree in Business Marketing Education from Western New Mexico University in 1995.

Insurance

The District is a member of the New Mexico State Public School Insurance Authority (the "Insurance Authority"), which was established to provide a comprehensive insurance program for school districts, board members and retirees and public school employees and retirees with the State. The Insurance Authority provides risk related insurance to the District such as worker's compensation, property and casualty insurance, general automobile and fire insurance and general liability insurance for the District, its property, its board members and employees. The Insurance Authority also provides health, dental and vision insurance to the District.

Intergovernmental Agreements

The District has entered into various joint powers agreements with other governmental entities in the State that permit them to provide equipment purchases and other services jointly.

School Property

In addition to the school buildings and their contents, the District owns the land upon which school buildings and facilities are located, which includes the District Administration Building, a Federal Directors Building, a Maintenance Shop and Custodial Center, and an instructional materials warehouse. In addition, the District owns several vehicles, including a fleet of over 40 buses.

Enrollment

The District's enrollment has increased 1.47% over the 2016-17 school year. Set forth below is the District's enrollment for the last five years. For a discussion of the relationship between student enrollment and amounts of financial support provided by the State for public schools, see "FINANCES OF THE EDUCATIONAL PROGRAM - SOURCES OF REVENUES".

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Elementary	3,175	3,135	3,153	3,105	3,044	3,057
Middle	1,336	1,313	1,281	1,260	1,276	1,314
High	1,796	1,675	1,618	1,549	1,540	1,575
Total	6,307	6,123	6,052	5,914	5,860	5,946

Source: *New Mexico Public Education Department*

FINANCES OF THE EDUCATIONAL PROGRAM

The basic format for the financial operation of the District is provided by the PED through the School Budget Planning Division, which is directed by State law to supervise and control the preparation of all budgets of all school districts. The District receives revenue from a variety of local, state and federal sources, the most important of which are described below. New Mexico's public school finance laws are subject to review and examination through both the judicial and legislative processes. As a result, the District cannot anticipate with certainty all of the factors that may influence the financing of its future activities. There is no assurance that there will not be any change in, interpretation of or additions to the applicable laws, provisions and regulations that would have a material effect, directly or indirectly, on the affairs of the District.

Recent and Current Legislative Action

The New Mexico State Legislature met in special session in October, 2016, to address the statewide budget deficit. The state equalization guarantee for public schools support was reduced by \$37,800,000. The effect of that reduction was to reduce the District's 2016-2017 state equalization guarantee appropriation. However the APS had growth on the 40th day count; therefore, the district experienced a slight growth in SEG of \$179,036.99, despite the drop in unit value. The New Mexico State Legislature additionally reduced appropriations to both the Transportation Fund and the Instructional Material Fund. APS chose the option to reduce the entire amount of \$226,294.21 from the instructional materials fund. The total reduction to District's 2016-2017 operational budget is anticipated to be \$779,391.41. The reductions in State appropriations are expected to largely be absorbed by the District by drawing down its General Fund balance.

During the 2017 Regular Legislative Session for the State of New Mexico the Legislature passed and the governor signed legislation for the purpose reestablishing the State's fund balance and addressing the State's 2017 budget. The resulting legislation allows the State to "sweep" balances from school districts. The actual fund balance sweep for the District will not be known until second half of March, 2017.

The New Mexico State Legislature is currently in its 2017 regular session and is in the process of adopting its 2018 budget. At this time it cannot be anticipated if or any legislation will be introduced that may impact the state equalization guarantee or its fund balances.

See "LITIGATION" for a discussion of current litigation that could impact the funding of education in the State.

Sources of Revenues for General Fund

The General Fund is used to account for resources of the operational fund, student activity funds and other resources not accounted for in another fund. The sources of revenue for the District's General Fund are:

Local Revenues - Local revenues are a minor source of revenue to the District made up, in part, by a property tax annually levied on and against all of the taxable property within the District for operational purposes. The levy, is limited by State law, to a rate of 50 cents for each \$1,000 of net taxable value of taxable property. Other sources of local revenues include interest income earned on the District's investments, rentals and sale of property. In the fiscal year 2015, the District received \$475,160 from local sources.

Federal Revenues - Another minor source of annual revenue for the District's General Fund is derived from indirect costs of direct federal grant funds related to vocational, special education, and various other programs and P.L. 874 federal impact moneys paid to the District in lieu of taxes on federal land located in the District. In fiscal year 2016, the District received \$1,142,446 in federal revenues for its General Fund.

State Revenues - The District's largest source of annual revenue is derived from the State Equalization Guarantee distribution described below. During fiscal year 2016 the District received \$40,849,681 from state sources. Such payments represented approximately 96% of actual fiscal year 2016 General Fund Revenues.

State Equalization Guarantee Program

The State Legislature enacted New Mexico's current public school funding formula in 1974. Designed to distribute operational funds to local school districts in an objective manner, the funding formula is based upon the educational needs of individual students and costs of the programs designed to meet those needs. Program cost differentials are based upon nationwide data regarding the relative costs of various school programs, as well as data specific to New Mexico. The objectives of the formula are (1) to equalize educational opportunity statewide (by crediting certain local and federal support and then distributing state support in an objective manner) and (2) to retain local autonomy in actual use of funds by allowing funds to be used in local districts at the discretion of local policy making bodies. The formula is divided into three basic parts:

1. Educational program units that reflect the different costs of identified programs;
2. Training and experience units that attempt to provide additional funds so that districts may hire and retain better educated and more experienced instructional staff; and
3. Size adjustment units that recognize local school and community needs, economies of scale, types of students, marginal costs increases for growth in enrollment from one year to the next, and adjustments for the creation of new districts.

SEG payments are made monthly and prior to June 30 each fiscal year. The calculation of the distribution is also based on the local and federal revenues received from July 1 of the previous fiscal year through May 31 of the fiscal year for which the State distribution is being computed. In the event that a district receives more SEG funds than its entitlement, the district must make a refund to the State's general fund.

Even though the current public school funding formula has been in place for more than two decades, some districts have indicated a concern about the fact that some districts receive less revenue per pupil compared to others. In response to these concerns, the Legislature, the Governor, and the State Board of Education authorized an independent, comprehensive study of the formula that was conducted in 1996. In its principal finding the independent consultant concluded, "...When evaluated on the basis of generally accepted standards of equity, the New Mexico public school funding formula is a highly equitable formula. . . .[S]pending disparities are less than in other states and statistically insignificant."

Despite the acknowledged equity of the formula, the independent consultant pointed out a strong perception of unfairness in the so-called "density" factor and in the training and experience computations of some districts. As a result, the Legislature enacted the following changes to the funding formula:

- Required that special education students be counted with regular students with "add-on" weights assigned depending upon the severity of the disability;
- Changed weights for special education ancillary services and included diagnosticians in ancillary services computations; and
- Repealed the so-called "density" factor and replaced it with an at-risk factor that is available to all school districts.

In addition, the equalization funding for a district is based on previous year's enrollment rather than current year enrollment.

SEG payments to the District are as follows:

Year	Program Unit Value	Number of Program Units	SEG Payment
2016-17	\$3,979.63	9,965	\$39,658,541
2015-16	4,027.75	9,702	39,077,520
2014-15	4,005.75	9,769	39,131,034
2013-14	3,817.55	10,383	39,637,038
2012-13	3,668.18	10,611	38,923,913

Source: New Mexico Public Education Department and the District.

The PED receives federal mineral-leasing funds from which it makes annual allocations to the District for purchasing textbooks. In fiscal year 2016, the District received \$418,116 for textbook purchases.

The District is also reimbursed by the State for the costs of transporting pupils to and from school. These payments are based upon a formula consisting of the number of students per square mile that are transported. In fiscal year 2016, the District received \$1,643,052 for transportation purposes.

Balance Sheet

The following is a history of the District's General Fund Balance Sheet. The General Fund includes Operational, Transportation and Instructional Materials. See financial statements for the fiscal year ending June 30, 2016 attached as Appendix B. The complete audit report for the fiscal year ending June 30, 2016 and the prior four fiscal years can be downloaded from the State Auditor's website using the following link http://www.saonm.org/audit_reports.

	<u>06/30/12</u>	<u>06/30/13</u>	<u>06/30/14</u>	<u>06/30/15</u>	<u>06/30/16</u>
ASSETS:					
Cash & Cash equivalents	\$ 2,147,135	\$ 5,497,645	\$ 6,559,766	\$ 8,748,567	\$ 6,691,288
Receivables					
Property Taxes	21,300	22,217	21,494	21,593	20,331
Due from other governments	-	46,314	59	-	-
Other	40,440	11,557	5,676	10,655	-
Inventory	51,264	52,349	62,128	59,452	-
Due from other funds	1,938,505	852,768	1,091,638	1,009,856	1,691,212
Total Assets	\$ 4,198,644	\$ 6,482,850	\$ 7,740,761	\$ 9,850,123	\$ 8,402,831
LIABILITIES AND EQUITY:					
Accounts payable	562,404	209,521	153,405	144,688	93,265
Deposits payable	-	-	-	-	-
Accrued payroll	510,343	2,019,622	2,073,715	2,181,906	2,030,822
Accrued compensated absences	4,385	-	-	-	-
Interfund payables	-	-	-	-	-
Deferred revenue - property taxes	14,446	15,768	-	-	-
Total Liabilities	\$ 1,091,578	\$ 2,244,911	\$ 2,227,120	\$ 2,326,594	\$ 2,124,087
<i>Deferred inflows of resources</i>					
Unavailable revenue-property taxes	-	-	\$ 19,153	\$ 17,640	\$ 17,269
<i>Total deferred inflows of resources</i>	-	-	19,153	17,640	17,269
Fund balances:					
Nonspendable					
Inventory	\$ 51,264	\$ 52,349	\$ 62,128	\$ 59,452	\$ -
Restricted for Instruction Material	257,606	574,510	350,016	614,364	292,271
Restricted for transportation	-	2	-	-	-
Committed for Minimum fund balance	-	-	327,988	437,428	334,564
Committed for Subsequent year's expenditures	1,121,124	1,123,169	1,519,767	3,411,498	2,954,756
Unassigned	1,677,172	2,487,909	3,234,589	2,983,147	2,679,884
Total Fund balances	\$ 3,107,166	\$ 4,237,939	\$ 5,494,488	\$ 7,505,889	\$ 6,261,475
Total Liabilities and fund balances	\$ 4,198,744	\$ 6,482,850	\$ 7,740,761	\$ 9,850,123	\$ 8,402,831

Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. A portion of the independent audit report for fiscal 2016 is attached as Appendix B.

Statement of Revenues, Expenditures & Changes in Fund Balances

The following is a history of the District's General Fund Statement of Statement of Revenues, Expenditures & Changes in Fund Balances. The General Fund includes Operational, Transportation and Instructional Materials. See financial statements for the fiscal year ending June 30, 2016 attached as Appendix B. The complete audit report for the fiscal year ending June 30, 2016 and the prior four fiscal years can be downloaded from the State Auditor's website using the following link http://www.saonm.org/audit_reports.

STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES - GENERAL FUND ⁽¹⁾

	<u>06/30/2012</u>	<u>06/30/2013</u>	<u>06/30/2014</u>	<u>06/30/2015</u>	<u>06/30/2016</u>
Revenues:					
Taxes	\$253,474	\$264,993	\$268,407	\$282,230	\$289,274
Federal funding	1,413,956	1,632,683	1,078,387	1,149,066	1,142,446
State funding	40,287,516	40,338,497	40,064,459	41,288,612	39,206,629
Transportation distribution	1,071,812	1,381,982	1,531,518	1,490,802	1,643,052
Charges for services	188,806	162,552	471,103	192,204	173,702
Miscellaneous	35,115	1,896	215	8,745	12,184
Total Revenues	\$43,250,679	\$43,782,603	\$43,414,089	\$44,411,659	\$42,467,287
Expenditures:					
Instruction	\$26,099,466	\$25,136,476	\$25,079,231	\$24,807,505	\$25,507,932
Student support services	3,657,061	3,788,103	3,703,077	4,075,068	4,142,586
Support Services Instruction	1,296,020	886,370	815,608	899,934	683,480
Support Services General Administration	930,445	925,104	874,921	782,582	1,072,208
Support Services School Administration	2,210,412	2,254,852	2,253,048	2,412,555	2,398,910
Central services	1,962,469	1,985,053	2,002,887	2,101,213	2,206,118
Operation & maintenance of plant	6,014,100	5,759,686	5,641,657	5,688,229	6,032,195
Student transportation	1,396,454	1,620,521	1,548,220	1,490,869	1,643,416
Food services	40,918	38,423	-	138,507	23,252
Other support services	96,766	204,167	72,637	-	1,604
Capital outlay	164,172	72,855	192,670	5,310	-
Total Expenditures	\$43,868,283	\$42,671,610	\$42,183,956	\$42,401,772	\$43,711,701
Excess (deficiency) of revenues					
over expenditures	(617,604)	1,110,993	1,230,133	2,009,887	(1,244,414)
Other financing sources	164,008	19,780	26,416	1,514	-
Net changes in fund balances	(453,596)	1,130,773	1,256,549	2,011,401	(1,244,414)
Fund Balance, beginning of year	3,560,762	3,107,166	4,237,939	5,494,488	7,505,889
Fund Balance, end of year	\$3,107,166	\$4,237,939	\$5,494,488	\$7,505,889	\$6,261,475 ⁽²⁾
GF Balance as % of Revenues	7.2%	9.7%	12.7%	16.9%	14.7% ⁽²⁾

(1) General Fund includes Operational, Transportation and Instructional Materials.

(2) See discussion in "FINANCES OF THE EDUCATIONAL PROGRAM - Recent and Current Legislative Actions".

Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to purport to be complete. A portion of the independent audit report for fiscal 2016 is attached as Appendix B.

Title I Special Revenue Funds

The Special Revenue Fund program is used to provide supplemental educational opportunity for academically disadvantaged children residing in the area. 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 criterion that identifies a campus; educational need determines the students to be served. These funds are allocated to the District through the New Mexico Public Education Department. Authority is Part A of Chapter I of Title I of Elementary and Secondary Education Act ESEA of 1965, as amended, Public Law 103-383.

Debt Service

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

Bond Building Capital Projects

The Bond Building Capital Projects Fund is used to account for bond proceeds plus any income earned thereon. The proceeds are restricted for the purpose of making additions to any furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.

Agency Funds

The Agency 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.

District Budget Process

Each year, the school district budget process begins with the educational appropriations passed by the Legislature and signed into law by the Governor. The actual budget process follows specific steps set forth in the Public School Finance Act:

- Before April 15 of each year, the District must submit an estimated budget for the next school year to the PED. If the District fails to submit a budget, the PED must prepare a District budget for the ensuing year.
- Before June 20 of each year, the District Board must hold a public hearing to fix the estimated budget for the next school year.
- On or before July 1 of each year, the PED must approve and certify an approved operating budget for use by the District board.

No school board, officer or employee of a school district may make an expenditure or incur any obligation for the expenditure of public funds unless that expenditure is made in accordance with an operating budget approved by the PED. This requirement, however, does not prohibit the transfer of funds between line items within a series of a budget. Final budgets may not be altered or amended after approval by the PED except upon the District's request to the PED. Instances in which such requests will be approved include a change within the budget that does not increase the total amount of the budget. Additional budget items may also be approved if the District is to receive unanticipated revenues. Finally, if it becomes necessary to increase the District's budget by more than \$1,000 for any reason other than those listed above, the PED may order a special public hearing to consider the requested increase.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Debt Service Fund with appropriations lapsing at year-end. Total expenditures of any function category may not exceed categorical appropriations.

To conform to the PED's requirements, budgets for all funds of the District are adopted on the cash basis of accounting except for state instructional material credit. State instructional material funds provide for free textbooks from the PED. As a result, budgets are not prepared in conformity with generally accepted accounting principles GAAP, and budgetary comparisons are presented on the Non-GAAP basis of accounting.

Employees and Retirement Plan

The District employs approximately 369 teachers, 162 instructional support staff, 139 non-instructional support staff, 55 food service employees, and 32 Administrators, Principals, and Coordinators, and 1 legal counsel for an approximate total of 758 full time employees.

ERB Pension Plan

Employees of the District participate in a public employee retirement system authorized under the Educational Retirement Act ("ERA"). The Educational Retirement Board ("ERB"), pursuant to NMSA 1978, Section 22-11-6, is the administrator of the "Plan", which is a cost-sharing, multiple-employer defined benefit retirement plan. The Plan provides for retirement benefits, disability benefits, survivor benefits, and cost-of-living adjustments to Plan members and beneficiaries. The ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information of the Plan. That report is available on the ERB's website at www.nmerb.org. Following is a partial history of employer and employee contributions statewide, and average asset balance of the Plan:

Fiscal Year Ending June 30	Employer Contributions	Employee Contributions	Average Asset Balance
2012	253,845,277	289,852,094	9,606,304,017
2013	299,657,530	248,785,187	10,358,058,861
2014	362,462,537	268,693,991	11,442,171,449
2015	395,129,621	294,560,840	11,642,543,051
2016	396,988,557	295,946,396	11,755,860,387

Source: State of New Mexico Educational Retirement Board

Funding Policy

Contributions. The contribution requirements of plan members and the District are established in state statute under NMSA 1978, Chapter 10, Article 11. For the fiscal year ended June 30, 2014 (and thereafter) employers contributed 13.90% of employees' gross annual salary to the Plan; participating employees earning more than \$20,000 annually contributed 10.70% of their gross salary. Employees earning \$20,000 or less contributed 7.90%. Contributions to the Plan from the District were \$3,936,409 for the year ended June 30, 2016.

Net Pension Liability. The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. 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 \$65,430,753 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2015. The contribution amounts were defined by NMSA 1978, Section 22-11-21. At June 30, 2015, the District's proportion was 1.01016 percent, which was a decrease of 0.0103 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$3,777,956.

On June 25, 2012, the Governmental Accounting Standards Board approved Statement No. 68 which addresses accounting and financial reporting for pensions that are provided to employees of state and local government employers through pension plans that are administered through trusts and also establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. According

to Statement No. 68, the District, as a contributor to ERB, is required to recognize its proportionate share of the collective net pension liability, pension expense, and deferred inflows or outflows of resources of the cost-sharing, multi-employer plan with ERB. The District is assessing the full extent of the effect of the new standards on the District's audited financial statements. Statement No. 68 is effective beginning with the fiscal year ending June 30, 2015 for the District.

In July 2012, the ERB adopted goals of achieving 95%, plus or minus 5% funded ratio by the year 2042. To achieve this goal, the New Mexico Legislature amended the Act in the 2013 legislative session (Senate Bill 115; Chapter 61, Laws 2013). The amendments increased employee contributions for members whose salary exceeds \$20,000 per year to 10.1% in Fiscal Year 2014 and 10.7% in Fiscal Year 2015 (ERB members who make less than \$20,000 contribute 7.9% of their gross salary). The legislation also kept in place scheduled increases in employer contribution rates, created a new tier membership for persons who become members of the ERB Fund on or after July 1, 2013, created certain actuarial limitations on benefits of new tier members, placed limitations on future cost of living adjustments ("COLA") for current and future retirees which are tied to the future funded ratios of the Plan, and made certain other clarifying and technical changes.

In December 2013, the New Mexico Supreme Court, *Barlett v. Cameron*, 316 P.3d 889 (N.M. 2013), rejected the claims of certain retired teachers, professors and other public education employees challenging the state constitutionality of Senate Bill 115 to the extent that it reduces the future amounts that all education retirees might receive as annual COLA. The Court held that Article XX, Section 22 of the New Mexico Constitution did not grant the retirees a right to an annual COLA based on the formula in effect on the date of their retirement for the entirety of their retirement. The Court held that in the absence of any contrary indication from the New Mexico Legislature, any future COLA to a retirement benefit is merely a year-to-year expectation that, until paid, does not create a property right under the New Mexico Constitution. Once paid, the COLA, by statute, becomes part of the retirement benefit, and a property right subject to those constitutional protections.

Post-Employment Benefits

The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority ("RHCA"). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (NMSA 1978, Chapter 10, Article 7C). The Board is responsible 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 made contributions as a participant in the plan; 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.

Funding Policy

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

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

The Retiree Health Care Act (NMSA 1978 Section 10-7C-15) 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 officer 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, 2015 and 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 1.0% of their salary. In addition, pursuant to NMSA 1978 Section 10-7C-15 (G), at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to NMSA 1978 Section 7-1-6.1 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 contribution to the RHCA for the years ended June 30, 2016, 2015, and 2014 were \$566,583, \$574,428, \$561,500, respectively, which equal the required contributions for each year.

TAX MATTERS

Federal Income Tax Opinion

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Austin, Texas, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest of which would be included as an alternative minimum tax preference item under Section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated in this subsection and the subsection "New Mexico Income Tax Opinion," Co-Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See Appendix D Form of Opinion of McCall, Parkhurst & Horton L.L.P.

In rendering its opinion, McCall, Parkhurst & Horton L.L.P. will rely upon (a) the District's federal tax certificate and (b) covenants of the District with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure of the District to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of McCall, Parkhurst & Horton L.L.P. is conditioned on compliance by the District with such requirements, and McCall, Parkhurst & Horton L.L.P. has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

The opinion rendered by McCall, Parkhurst & Horton L.L.P. represents its legal judgement based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. The opinion rendered by McCall, Parkhurst & Horton L.L.P. is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the Issuer with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal

Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion rendered by McCall, Parkhurst & Horton L.L.P. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

New Mexico Income Tax Opinion

On the date of initial delivery of the Bonds, Cuddy & McCarthy, LLP, Santa Fe, New Mexico and McCall, Parkhurst & Horton L.L.P., Austin, Texas, will render their opinions that interest on the Bonds will be excluded from net income for purposes of New Mexico state income tax. Cuddy & McCarthy, LLP, expresses no opinion as to any other federal, state or local tax consequences, except as described in this subsection.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof of one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (1) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (2) the "initial offering price to the public" of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods, which do not exceed one year.

Under existing law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see the discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profit tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

Under Section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of an obligation issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local & Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under Section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of non- U.S. holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank," as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The District expects to designate the Bonds as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action which would assure, or to refrain from such action which would adversely affect, the treatment of the Bonds as "qualified tax-exempt obligations." **Potential purchasers should be aware that if the issue price to the public exceeds \$10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of \$10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the aforementioned dollar limitation and the Bonds would not be "qualified tax-exempt obligations."**

CONTINUING DISCLOSURE UNDERTAKING

In the Bond Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be publicly available on the MSRB's website at www.emma.msrb.org.

Annual Reports

The District will provide annually certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under the headings "DEBT AND OTHER FINANCIAL OBLIGATIONS", "TAX BASE", "THE DISTRICT - Enrollment" and "FINANCES OF THE EDUCATIONAL PROGRAM - State Equalization Guarantee Program, Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances" and "Appendix B." The District will update and provide this information March 31 of each fiscal year beginning in 2018.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the District commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the District will provide unaudited financial statements by the required time and will provide audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with accounting principles as in the District's annual financial statements attached hereto or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year end is June 30. Accordingly, it must provide updated information by March 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds: 1) Principal and interest payment delinquencies; 2) Non-payment related defaults, if material within the meaning of the federal securities laws; 3) Unscheduled draws on debt service reserves reflecting financial difficulties; 4) Unscheduled draws on credit enhancements reflecting financial difficulties; 5) Substitution of credit or liquidity providers, or their failure to perform; 6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; 7) Modifications to rights of holders of the Bonds, if material within the meaning of the federal securities laws; 8) Bond calls, if material within the meaning of the federal securities laws; 9) Defeasances; 10) Release, substitution, or sale of property securing repayment of the Bonds, if material within the meaning of the federal securities laws; 11) Rating changes; 12) tender offers; 13) Bankruptcy, insolvency, receivership or similar event of the District; 14) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material within the meaning of the federal securities laws; and 15) Appointment of a successor or additional trustee or the change of name of a trustee, if material with the meaning of the federal securities laws.

In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from the MSRB

The District has agreed to provide the foregoing information only to the MSRB. All documents provided by the District to the MSRB described under "Annual Reports" and "Event Notices" will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

The address of the MSRB is 1900 Duke Street, Suite 6000, Alexandria, Virginia 22314 and its telephone number is (703) 797-6600.

Limitations and Amendments

The District has agreed to update information and to provide notices of material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

This continuing disclosure agreement may be amended by the District from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law or a change in the identity, nature, status or type of operations of the District, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Bond Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the Holders and beneficial owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling bonds in the primary offering of the Bonds.

Compliance with Prior Undertakings

During the past five years the District has made continuing disclosure agreements in accordance with SEC Rule 15c2-12 and is in material compliance with such agreements.

LITIGATION

At the time of the original delivery of the Bonds, the District will deliver a no-litigation certificate to the effect that no litigation or administrative action or proceedings are pending or, to the knowledge of the appropriate officials, threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, the effectiveness of the Bond Resolution, the levying or collecting of taxes to pay the principal of and interest on the Bonds except as described below or contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds.

Recently two lawsuits were filed challenging the funding of the State's primary and secondary education system. In March 2014, individual plaintiffs in New Mexico District Court in McKinley County brought suit against the State, among others, alleging, among other things, that the State's educational funding formula violates the sufficiency of education and uniform system of public schools provision of the New Mexico Constitution and asks the court for injunctive relief ordering the State to develop a budget and funding formula that sufficiently, uniformly and equitably funds the public school system. In April 2014, individual plaintiffs in New Mexico District Court in Santa Fe County brought suit against the State, among others, alleging, among other things, that the State has failed to provide a sufficient and uniform system of education in violation of the sufficiency, uniformity, equal protection and due process provisions of the New Mexico Constitution because of an inadequate and arbitrary funding system. The lawsuits ask for a declaratory judgment and injunctive relief requiring the adoption of a school finance system to remedy these violations. No final decisions have been reached in these cases and it is premature to assess what effect, if any, these lawsuits might have on the State's school finance system.

RATING

Moody's Investors Service has assigned the Bonds a rating of "Aa2" with the understanding that the Bonds will qualify under the New Mexico School District Enhancement Program. See "New Mexico School District Enhancement Program" herein. The underlying rating on the Bonds is "Aa3". An explanation of the significance of the rating given by Moody's Investors Service may be obtained from Moody's Investors Service, 99 Church Street, New York, New York 10007. There is no assurance that the rating will not be revised downward or withdrawn entirely by the rating agency, if in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

LEGAL MATTERS

The written approval of the New Mexico Attorney General as to form and legality of the Bonds will be supplied. In addition, the legality of the bonds will be approved by Cuddy & McCarthy, LLP, Santa Fe, New Mexico, and McCall, Parkhurst & Horton L.L.P., Austin, Texas, as Co-Bond Counsel, whose unqualified opinion approving the legality of the Bonds will be furnished to the successful bidder at no cost to the successful bidder.

In connection with the transactions described in this Official Statement, Co-Bond Counsel represent the District. The fee to be paid to Co-Bond Counsel is contingent upon the sale and delivery of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

DISCLOSURE CERTIFICATE

The final certificate included in the transcript of legal proceedings will include the following: At closing the Superintendent or Director of Finance will sign a certificate stating, after reasonable investigation, that to the best of his or her knowledge (a) no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, public board, or body, is pending, or, to the best of his or her knowledge, threatened in any way contesting the completeness or accuracy of the Final Official Statement, (b) the Final Official Statement, as it pertains to the District and the Bonds, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (c) no event affecting the District has occurred since the date of the Final Official Statement, which should be disclosed therein for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any respect; provided, however, that the District does not make any representation concerning the pricing information contained in the Final Official Statement.

ADDITIONAL MATTERS

All summaries of the statutes, resolutions, opinions, contracts, agreements, financial and statistical data and other related reports described in this Official Statement are subject to the actual provisions of such documents. The summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available for inspection during normal business hours at the offices of the District located at the School Administration Office, or at the offices of RBC Capital Markets, LLC, 6301 Uptown Boulevard NE, Suite 110, Albuquerque, New Mexico 87110.

A LAST WORD

Anything in this Official Statement involving matters of opinion or estimates – whether labeled as such or not – are just that. They are not representations of fact. They might not prove true. Neither this Official Statement nor any other written or oral information is to be construed as a contract with the registered owners of the Bonds.

The District has duly authorized the execution and delivery of this Official Statement.

/s/ _____
President, Board of Education

/s/ _____
Secretary, Board of Education

APPENDIX A

ECONOMIC & DEMOGRAPHIC INFORMATION

THE ECONOMY

The City of Alamogordo is an incorporated municipality and a political subdivision of the State of New Mexico (the "State") organized and existing under and pursuant to the Constitution and the laws of the State and a home rule charter. The City was incorporated as a village in 1912, operated as a city with a Commission-Manager form of government under the general statutes from 1950 to 1983, adopted its home rule charter in 1983, and since 1983 has been and now is operating with a Commission-Manager form of government under such charter. The City is located in the southern portion of the State approximately 215 miles south of Albuquerque and approximately 65 miles northeast of Las Cruces. The City has a land area of approximately 17.5 square miles. Alamogordo is the largest community in Otero County and serves as the county seat.

The City of Alamogordo is dissected by Highway 54, a northwest arterial and is situated at the crossroads of two transcontinental highways, U.S. 70 and 82. The District is also served by the Southern Pacific Railroad, and additional surface transportation is provided by all major bus and trucking companies.

The economy of the District is largely centered around governmental facilities, including Holloman Air Force Base, White Sands Missile Range, and the German Air Force Training Center. Holloman Air Force Base has been in operation since May 1942, covers 59,904.32 acres, and is presently home to the 49th Wing. The 49th Wing supports national security objectives by deploying worldwide to support peacetime and wartime activities. The wing provides combat-ready airmen and aircraft, and trains MQ-1 Predator and MQ-9 Reaper pilots and sensor operators. The 54th Fighter group, a detachment from Luke AFB in Arizona, is stationed at Holloman to facilitate high speed training, live fire weapons training and night flying. Holloman Air Force Base is the largest employer in Otero County, employing 3,348 military and 864 civilians¹.

White Sands Missile Range is the birthplace of the U.S. rocket program in the 1940's, and the north end of the range was the site of the first atomic bomb detonation on July 16, 1945. The range covers two million acres or about 3,200 square miles and is the premier test range in the world. The range is still used for testing missiles and missile defense systems and other defense-related research. Since 1992, the German Air Force has maintained a tactical training center at Holloman Air Force Base ("HAFB") to train its pilots using the White Sands Missile Range and for joint strike training with the U.S. Air Force. The German Air Force will leave the base in 2019; the German Air Force is terminating its contract with the U.S. Air Force to operate the Tactical Training Center at Holloman and will move its training to Deutsche Luftwaffe bases at Schleswig and Buechel in Germany².

Tourism

The other important component of the area economy is tourism. White Sands National Monument is located within the District. Here, great wave-like dunes of white gypsum cover almost 300 square miles of desert. White Sands is New Mexico's number one National Monument attraction.

Lincoln National Forest is well known as the birthplace of Smokey Bear, the national symbol of the campaign against human-caused forest fires. The forest consists of three mountain ranges, Sacramento, Guadalupe and Capitan, that cover 1,103,441 acres spanning four New Mexico counties. Lincoln National Forest provides a watershed and hunting, fishing and camping opportunities for area residents and visitors. Other tourist attractions in the area include the New Mexico Museum of Space History, the Oliver Lee Memorial State Park, the Three Rivers Petroglyph Site, the Old Town Alamogordo, and the Toy Train Depot in Alameda Park.

The Alamogordo Branch Community College District is situated in the foothills, at the base of the Sacramento Mountains. This vantage point overlooks the city of Alamogordo and the Tularosa Basin. The service area of the school includes Holloman Air Force Base (HAFB), White Sands Missile Range, and stretches beyond the view to

¹ Department of Defense. Military Installations. http://www.militaryinstallations.dod.mil/MOS/F?p=MI:CONTENT:0:::P4_INST_ID,P4_CONTENT_TITLE,P4_CONTENT_EKMT_ID,P4_CONTENT_DIRECTOR Y:3565,Installation%20Overview,30.90.30.30.0.0.0.0,1

² German Air Force leaving Holloman. Albuquerque Journal. 4/15/2016 http://www.abqjournal.com/757845/news/german-air-force-leaving-holloman-afb.html?paperboy=loggedin&utm_source=Albuquerque+Journal+Newsletters&utm_campaign=c32d13c691-paperboy_breaking_news_160415_091943&utm_medium=email&utm_term=0_2dcf4c82cd-c32d13c691-108029073

include the Mescalero Apache Reservation and approximately twenty villages and towns. Much of the south central New Mexico region benefits from the convenient location of the campus.

New Mexico State University – Alamogordo (“NMSU-A”) was established in 1958 with an initial enrollment of 278 students. The classes were held at night on the Alamogordo High School campus. The objective of this post secondary educational venture was to serve the military and civilian personnel from HAFB, as well as students from the local non-military population.

There are approximately 1,750 students enrolled in degree and certificate programs based on the fall 2016 headcount³. At the same time, the number and the character of students' objectives have also grown. The basic two year traditional university credited education has been expanded and enriched. NMSU-A has evolved from offering only two year traditional education courses to providing occupational/technical programs and courses for personal enrichment as well as selected bachelor completion programs through NMSU-Las Cruces Distance Education. NMSU-A currently offers 11 Associate Degree Programs, 13 Associate of Applied Science Degree Programs and over 10 Certificate Programs⁴.

NMSU-A is a two year community college campus dedicated to the concept of high-quality, cost-effective education that meets the needs of a diverse community. While some students continue to value the long established core courses, others are seeking alternatives to the traditional liberal arts education. Every possible effort is being made at NMSU-A to keep programs and curricula flexible in order to accommodate varied and expanding community educational needs.

³ New Mexico State University Alamogordo Branch Community College. Annual Disclosure Report. <http://emma.msrb.org/EP974540-EP756022-EP1157645.pdf>

⁴ New Mexico State University Alamogordo Branch Community College. Degrees and Certificates. <http://nmsua.edu/degrees-certificates/>

Population

Based on information gained from the Bureau of Business & Economic Research, the following table shows the historical and projected population data for the City of Alamogordo, Otero County and the State.

Census Year	City of Alamogordo	Otero County	State of New Mexico
1960	21,723	36,976	951,023
1970	23,035	41,097	1,017,055
1980	24,024	44,665	1,303,143
1990	27,986	51,928	1,515,069
2000	35,582	62,298	1,826,280
2010	30,403	63,797	2,065,826
2016*	30,753	64,362	2,081,015
2017 ⁽¹⁾	29,888	63,750	2,087,058
2022 ⁽¹⁾	29,246	63,264	2,110,892
Projected Growth 2017-2022⁽²⁾	-1.98%	0.08%	1.12%

*Estimates. Source: U.S. Census Bureau: State and County QuickFacts.

(1) Estimates. Source: The Nielsen Company, February 2017.

(2) Projected. Source: The Nielsen Company, February 2017.

The following table sets forth a comparative age distribution profile for Otero County, the State and the United States.

Age Group	Otero County	New Mexico	United States
0 - 17	24.87%	23.91%	22.77%
18 - 24	3.97%	4.13%	4.23%
25 - 34	6.16%	5.67%	5.52%
35 - 44	14.27%	13.28%	13.43%
45 - 54	11.13%	11.87%	12.62%
55 and Older	39.60%	41.13%	41.43%

Source: The Nielsen Company, February 2017.

Income

The following table reflects the percentage of households by Effective Buying Income ("EBI") and a five-year comparison of the estimated median household income as reported by The Nielsen Company. EBI is personal income less personal tax and non-tax payments. Personal income includes wages and salaries, other labor income, proprietors' income, rental income, dividends, personal interest income and transfer payments. Deductions are made for federal, state and local taxes, non-tax payments such as fines and penalties, and personal contributions for social security insurance. During the period shown in the following chart, the median household income level for the County compares favorably with the United States, however, the median household income level for the State has been lower than both.

Effective Buying Income Group	Otero County	New Mexico	United States
Under \$25,000	30.06%	27.94%	21.90%
\$25,000 - \$34,999	9.92%	10.75%	9.68%
\$35,000 - \$49,999	18.01%	14.09%	13.22%
\$50,000 - \$74,999	18.42%	16.63%	17.38%
\$75,000 & Over	23.59%	30.60%	37.82%
2013 Est. Median Household Income	\$40,023	\$43,273	\$49,297
2014 Est. Median Household Income	\$39,100	\$44,292	\$51,579
2015 Est. Median Household Income	\$42,177	\$45,633	\$53,706
2016 Est. Median Household Income	\$43,522	\$45,445	\$55,551
2017 Est. Median Household Income	\$43,348	\$47,043	\$57,462

Source: The Nielsen Company, February 2017.

Employment

The following table provides a ten-year history of labor force and unemployment rates for Otero County, the State and the United States.

Year⁽¹⁾	Otero County		State of New Mexico		United States
	Labor Force	% Unemployed	Labor Force	% Unemployed	% Unemployed
2016 ⁽²⁾	25,826	5.70%	935,358	6.30%	4.50%
2015	24,709	6.20%	919,889	6.60%	5.30%
2014	24,818	6.10%	918,206	6.50%	6.20%
2013	25,526	6.30%	922,960	6.90%	7.40%
2012	25,397	6.40%	928,050	7.10%	8.10%
2011	24,975	6.70%	929,862	7.60%	8.90%
2010	25,160	7.20%	936,088	8.10%	9.60%
2009	25,939	6.70%	940,352	7.50%	9.30%
2008	25,888	4.40%	944,548	4.50%	5.80%
2007	25,992	3.80%	934,027	3.80%	4.60%

(1) Numbers are annual averages.

(2) Data for the month of December 2016. Numbers are Preliminary.

Source: U.S. Bureau of Labor Statistics, February 2017.

Average Annual Employment by Sector (Covered Wage & Salary Workers)

New Mexico Workforce Solutions publishes quarterly reports of covered employment and wages classified according to the [North American Industry Classification System \(NAICS\)](#).

Otero County					
	2012	2013	2014	2015	2016 ⁽¹⁾
Grand Total	17,543	17,741	17,348	17,550	18,025
Total Private	11,542	11,581	11,297	11,445	11,729
Accommodation and Food Services	1,724	1,697	1,664	1,686	1,755
Administrative and Waste Services	1,074	1,168	1,167	1,183	1,351
Agriculture, Forestry, Fishing & Hunting	112	104	117	118	134
Arts, Entertainment, and Recreation	77	70	63	63	78
Construction	986	998	1,055	1,075	952
Educational Services	231	213	91	32	55
Finance and Insurance	404	403	391	385	380
Health Care and Social Assistance	2,335	2,267	2,277	2,412	2,625
Information	251	247	231	230	232
Management of Companies and Enterp	Confidential	Confidential	11	9	Confidential
Manufacturing	184	205	177	96	79
Mining	Confidential	Confidential	74	68	Confidential
Professional and Technical Services	456	405	401	375	376
Public Administration	748	863	790	716	529
Real Estate and Rental and Leasing	126	123	124	133	142
Retail Trade	2,178	2,154	2,128	2,304	2,401
Transportation and Warehousing	276	277	271	281	273
Utilities	116	121	121	121	121
Wholesale Trade	196	184	146	159	166
Total Government	6,074	6,128	6,051	6,375	6,295
Federal	1,911	1,834	1,702	1,732	1,762
State	692	691	685	682	673
Local	3,471	3,603	3,664	3,961	3,860

(1) Data as of Second Quarter of 2016

* Withheld to avoid disclosing confidential data. Data that are not disclosed for individual industries are always included in the totals. Therefore, the individual industries may not sum to the totals.

Major Employers

Following is a list of major employers (1,000+ employees) in Otero County.

Employer	Type of Business
Holloman Air Force Base	Defense
White Sands Missile Range	Defense
German Air Force Training Center	Defense
Alamogordo Public Schools	Education
Inn of the Mountain Gods	Resort
Wal-Mart Supercenter	Retail
Gerald Champion Regional Medical Center	Medical
ACS	Direct Line
City of Alamogordo	City Government
NMSU - Alamogordo	Education

Source: Otero County Economic Development <http://www.ocado.com/leading-local-employers/>

APPENDIX B

JUNE 30, 2016 AUDITED FINANCIAL STATEMENTS



Learning is our Legacy

Alamogordo Municipal School District No. 1

Annual Financial Report

For the year Ended

June 30, 2016



INTRODUCTORY SECTION

**STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1**

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ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

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STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

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STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Official Roster
June 30, 2016

<u>Name</u>		<u>Title</u>
	<u>Board of Education</u>	
David W. Weaver		Board President
Stephen C. Jaszai		Board Vice President
Timothy C. Wolfe		Board Secretary
David Ceballes		Board Member
David Borunda		Board Member
	<u>Administrative Officials</u>	
Adrienne Salas		Superintendent
Carol Genest		Director of Business and Finance
Tom Bregler		Comptroller

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Timothy Keller
New Mexico State Auditor and
The Board of Education
Office of Management and Budget
Alamogordo Municipal School District No. 1
Alamogordo, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the General Fund and major Special Revenue Funds of Alamogordo Municipal School District No. 1 (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, the combining financial statements for the General Fund, and the budgetary comparisons for the major capital projects fund and all nonmajor funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Alamogordo Municipal School District No. 1, as of June 30, 2016, and the respective changes in financial position thereof and, the respective budgetary comparison for the general fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Other Matters

Required Supplementary Information

Management has omitted the *Management Discussion and Analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require Schedules I and II and Notes to Required Supplementary Information on pages 57 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to us inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the District's financial statements, the combining, and individual fund financial statements, and the budgetary comparisons. The schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the Supporting Schedules III through VI required by section 2.2.2. NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and Schedule VII 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 November 08, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Harshwal & Company LLP
Certified Public Accountants

Harshwal & Company LLP

Albuquerque, New Mexico
November 08, 2016

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Exhibit A-1

Statement of Net Position
For The Year Ended June 30, 2016

	<u>Primary Government</u>	<u>Governmental Activities</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 18,705,902	
Receivables:		
Property taxes	421,440	
Due from other governments	1,871,930	
Inventory	<u>42,655</u>	
Total current assets	<u>21,041,927</u>	
Noncurrent assets		
Restricted assets:		
Cash and cash equivalents	4,669,118	
Capital assets	157,024,311	
Less: accumulated depreciation	<u>(75,747,624)</u>	
Total noncurrent assets	<u>85,945,805</u>	
Total assets	<u>106,987,732</u>	
Deferred outflows of resources		
Changes of assumptions	2,250,512	
Employer contributions subsequent to the measurement date	<u>3,936,409</u>	
Total deferred outflows of resources	<u>6,186,921</u>	
Total assets and deferred outflows of resources	<u>\$ 113,174,653</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Exhibit A-1

Statement of Net Position
For The Year Ended June 30, 2016

	<u>Primary Governmental Activities</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 611,249
Accrued payroll	2,362,011
Accrued interest	331,583
Accrued compensated absences	186,591
Current portion of bonds payable	<u>3,840,000</u>
Total current liabilities	<u>7,331,434</u>
Noncurrent liabilities	
Accrued compensated absences	63,489
Bonds payable	32,575,000
Bond premium, net of accumulated amortization of \$318,178	532,222
Net pension liability	<u>65,430,753</u>
Total noncurrent liabilities	<u>98,601,464</u>
Total liabilities	<u>105,932,898</u>
Deferred inflows of resources	
Change in proportion	1,923,362
Actuarial experience	1,213,026
Investment experience	294,520
Change in proportion after reallocation of inactive employers	<u>506,706</u>
Total deferred inflows of resources	<u>3,937,614</u>
Net position	
Net investment in capital assets	44,861,687
Restricted for:	
Debt service	4,993,913
Capital projects	10,275,147
Special revenue	1,374,595
Unrestricted	<u>(58,201,201)</u>
Total net position	<u>3,304,141</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 113,174,653</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Exhibit A-2

Statement of Activities
For The Year Ended June 30, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating grants and contributions	Capital grants and contributions	Governmental activities
Primary Government:					
Governmental Activities:					
Instruction	\$28,838,904	\$ 314,347	\$ 4,954,879	\$ 13,662	\$ (23,556,016)
Support services - students	5,433,820		2,054,809		(3,379,011)
Support services - instruction	4,150,551				(4,150,551)
Support services - general administration	1,457,948				(1,457,948)
Support services - school administration	2,643,194				(2,643,194)
Central services	2,414,455				(2,414,455)
Operation and maintenance of plant	9,063,349			4,050	(9,059,299)
Student transportation	1,697,589		1,643,052		(54,537)
Other support services	9,036				(9,036)
Food services operations	2,456,113	539,815	2,457,541		541,243
Community services operations	60				(60)
Interest and other charges	<u>799,948</u>				<u>(799,948)</u>
Total governmental activities	<u>\$58,964,967</u>	<u>\$ 854,162</u>	<u>\$ 11,110,281</u>	<u>\$ 17,712</u>	<u>\$ (46,982,812)</u>
General Revenues:					
Property taxes:					
Levied for operating programs					289,274
Levied for debt services					4,793,034
Levied for capital projects					1,464,111
State equalization guarantee					38,665,770
Investment income					6,452
Miscellaneous income					<u>12,184</u>
Total general revenues					<u>45,230,825</u>
Change in net position					<u>(1,751,987)</u>
Net position - beginning					5,056,128
Net position - ending					<u>\$ 3,304,141</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit B-1

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Balance Sheet

Governmental Funds

For the Year Ended June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>
	<u>11000, 13000, 14000</u>	<u>Title I IASA 24101</u>
<i>Assets:</i>		
Cash and cash equivalents	\$ 6,691,288	\$
Receivables:		
Property taxes	20,331	
Due from other governments		609,914
Due from other funds (Note 4)	1,691,212	
Inventories		
<i>Total assets</i>	<u>8,402,831</u>	<u>609,914</u>
<i>Liabilities, deferred inflows of resources and fund balance:</i>		
Accounts payable	93,265	
Accrued payroll	2,030,822	53,915
Due to other funds		555,999
<i>Total liabilities</i>	<u>2,124,087</u>	<u>609,914</u>
<i>Deferred inflows of resources:</i>		
Unavailable revenue - property taxes	17,269	
<i>Total deferred inflows of resources</i>	<u>17,269</u>	
<i>Fund balances:</i>		
Nonspendable:		
Inventory		
Spendable:		
Restricted for:		
Instructional materials	292,271	
Food services		
Extracurricular activities		
Education		
Capital acquisitions		
Debt service		
Committed:		
Minimum fund balance	334,564	
Subsequent year's expenditures	2,954,756	
Unassigned	2,679,884	
<i>Total fund balances</i>	<u>6,261,475</u>	
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 8,402,831</u>	<u>\$ 609,914</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit B-1

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Balance Sheet

Governmental Funds

For the Year Ended June 30, 2016

	<u>Capital Projects Fund</u>		
	Bond Building 31100		Other Governmental Funds
<i>Assets:</i>			
Cash and cash equivalents	\$ 9,704,145	\$	6,979,587
Receivables:			
Property taxes			401,109
Due from other governments			1,262,016
Due from other funds (Note 4)			
Inventories			42,655
<i>Total assets</i>	<u>9,704,145</u>		<u>8,685,367</u>
<i>Liabilities, deferred inflows of resources and fund balance:</i>			
Accounts payable	456,924		61,060
Accrued payroll			277,274
Due to other funds			1,135,213
<i>Total liabilities</i>	<u>456,924</u>		<u>1,473,547</u>
<i>Deferred inflows of resources:</i>			
Unavailable revenue - property taxes			335,335
<i>Total deferred inflows of resources</i>			<u>335,335</u>
<i>Fund balances:</i>			
Nonspendable:			
Inventory			42,655
Spendable:			
Restricted for:			
Instructional materials			
Food services			755,726
Extracurricular activities			73,530
Education			545,339
Capital acquisitions	9,247,221		967,039
Debt service			4,719,465
Committed:			
Minimum fund balance			
Subsequent year's expenditures			
Unassigned			(227,269)
<i>Total fund balances</i>	<u>9,247,221</u>		<u>6,876,485</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 9,704,145</u>	<u>\$</u>	<u>8,685,367</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Exhibit B-1

Balance Sheet
 Governmental Funds
 For the Year Ended June 30, 2016

	Total
<i>Assets:</i>	
Cash and cash equivalents	\$ 23,375,020
Receivables:	
Property taxes	421,440
Due from other governments	1,871,930
Due from other funds (Note 4)	1,691,212
Inventories	42,655
<i>Total assets</i>	27,402,257
<i>Liabilities, deferred inflows of resources and fund balance:</i>	
Accounts payable	611,249
Accrued payroll	2,362,011
Due to other funds	1,691,212
<i>Total liabilities</i>	4,664,472
<i>Deferred inflows of resources:</i>	
Unavailable revenue - property taxes	352,604
<i>Total deferred inflows of resources</i>	352,604
<i>Fund balances:</i>	
Nonspendable:	
Inventory	42,655
Spendable:	
Restricted for:	
Instructional materials	292,271
Food services	755,726
Extracurricular activities	73,530
Education	545,339
Capital acquisitions	10,214,260
Debt service	4,719,465
Committed:	
Minimum fund balance	334,564
Subsequent year's expenditures	2,954,756
Unassigned	2,452,615
<i>Total fund balances</i>	22,385,181
<i>Total liabilities, deferred inflows and fund balances</i>	\$ 27,402,257

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Exhibit B-1

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended June 30, 2016

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

Fund balances - total governmental funds	\$ 22,385,181
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	81,276,687
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities	352,604
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds:	
Deferred outflows of resources related to pension	6,186,921
Deferred inflows of resources related to pension	(3,937,614)
Liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds:	
Accrued compensated absences not due and payable	(250,080)
Accrued interest payable	(331,583)
Bond premiums	(532,222)
Bonds payable	(36,415,000)
Net pension liability	<u>(65,430,753)</u>
Total net position - governmental activities	<u>\$ 3,304,141</u>

The accompanying notes are an integral part of these financial statements

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>
	11000, 13000, 14000	Title I IASA 24101
Revenues:		
Property taxes	\$ 289,274	\$
Intergovernmental revenue		
Federal flowthrough	152,145	1,487,511
Federal direct	990,301	
State flowthrough	540,859	
State direct	38,665,770	
Transportation distribution	1,643,052	
Charges for services	173,702	
Investment Income		
Miscellaneous	12,184	
<i>Total revenues</i>	<u>42,467,287</u>	<u>1,487,511</u>
Expenditures:		
Current:		
Instruction	25,507,932	704,814
Support services- students	4,142,586	88,087
Support services- instruction	683,480	490,576
Support services- general administration	1,072,208	129,574
Support services- school administration	2,398,910	4,333
Central services	2,206,118	62,695
Operation and maintenance of plant	6,032,195	
Student transportation	1,643,416	
Other support services	1,604	
Food services operations	23,252	
Community services operations		
Other support services- students		7,432
Facilities acquisition and construction		
Capital outlay		
Debt service		
Principal		
Interest		
<i>Total expenditures</i>	<u>43,711,701</u>	<u>1,487,511</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>(1,244,414)</u>	
Other financing sources (uses):		
Bond proceeds		
Bond premium		
Total other financing sources (uses)		
Net change in fund balance	(1,244,414)	
Fund balances, beginning	7,505,889	
Fund balances, end of year	<u>\$ 6,261,475</u>	<u>\$</u>

The accompanying notes are an integral part of these financial statements

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2016

	<u>Capital Projects Fund</u>	
	Bond Building 31100	Other Governmental Funds
Revenues:		
Property taxes	\$	\$ 6,284,859
Intergovernmental revenue		
Federal flowthrough		4,460,895
Federal direct		1,454,683
State flowthrough	4,050	378,214
State direct		16,283
Transportation distribution		
Charges for services		680,459
Investment Income	3,972	2,480
Miscellaneous		
<i>Total revenues</i>	<u>8,022</u>	<u>13,277,873</u>
Expenditures:		
Current:		
Instruction		2,195,711
Support services- students		1,198,315
Support services- instruction		314,031
Support services- general administration		205,136
Support services- school administration		239,951
Central services		53,067
Operation and maintenance of plant	1,997,576	750,610
Student transportation		54,173
Other support services		
Food services operations		2,414,931
Community services operations		60
Other support services- students		
Facilities acquisition and construction		
Capital outlay	1,413,028	2,602,243
Debt service		
Principal		3,740,000
Interest		820,703
<i>Total expenditures</i>	<u>3,410,604</u>	<u>14,588,931</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>(3,402,582)</u>	<u>(1,311,058)</u>
Other financing sources (uses):		
Bond proceeds	5,000,000	
Bond premium		130,720
Total other financing sources (uses)	<u>5,000,000</u>	<u>130,720</u>
Net change in fund balance	1,597,418	(1,180,338)
Fund balances, beginning	7,649,803	8,056,823
Fund balances, end of year	<u>\$ 9,247,221</u>	<u>\$ 6,876,485</u>

The accompanying notes are an integral part of these financial statements

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	Total
Revenues:	
Property taxes	\$ 6,574,133
Intergovernmental revenue	
Federal flowthrough	6,100,551
Federal direct	2,444,984
State flowthrough	923,123
State direct	38,682,053
Transportation distribution	1,643,052
Charges for services	854,161
Investment Income	6,452
Miscellaneous	12,184
	57,240,693
<i>Total revenues</i>	
Expenditures:	
Current:	
Instruction	28,408,457
Support services- students	5,428,988
Support services- instruction	1,488,087
Support services- general administration	1,406,918
Support services- school administration	2,643,194
Central services	2,321,880
Operation and maintenance of plant	8,780,381
Student transportation	1,697,589
Other support services	1,604
Food services operations	2,438,183
Community services operations	60
Other support services- students	7,432
Facilities acquisition and construction	
Capital outlay	4,015,271
Debt service	
Principal	3,740,000
Interest	820,703
	63,198,747
<i>Total expenditures</i>	
Excess/(deficiency) of revenues over/(under) expenditures	(5,958,054)
Other financing sources (uses):	
Bond proceeds	5,000,000
Bond premium	130,720
	5,130,720
Total other financing sources (uses)	
Net change in fund balance	(827,334)
Fund balances, beginning	23,212,515
Fund balances, end of year	\$ 22,385,181

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit B-2

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Reconciliation of Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds	\$ (827,334)
--------------------------------------------------------	--------------

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	4,015,271
Depreciation expense	(3,745,594)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:

Change in unavailable revenue related to property taxes receivables	(27,714)
---------------------------------------------------------------------	----------

Governmental funds report District pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense

District pension contribution	3,936,409
Pension expense as per actuarial report	(3,777,956)
Add: Difference between prior year deferred outflows associated with 2015 actual employer contributions and the schedule of employer allocations 2015 actual employer contributions	(384)
Less: Rounding off difference	<u>2</u>
Net adjusted pension expenditure	(3,778,338)

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 premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Original bond premiums	(130,720)
Current year amortization of bond premium	62,593
Bond proceeds	(5,000,000)
Increase in accrued compensated absences not due and payable	(17,316)
Decrease in accrued interest payable	20,756
Principal payments on bonds	<u>3,740,000</u>

Changes in net position - governmental activities	\$ <u><u>(1,751,987)</u></u>
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The accompanying notes are an integral part of these financial statements

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
CASH BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS)
AND ACTUAL**

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
General Fund (11000, 13000, 14000)
Statement of Revenues, Expenditures and Changes in Fund Balance Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenue				
Federal indirect	\$ 81,376	\$ 81,376	\$ 152,145	\$ 70,769
Federal direct	768,271	970,677	990,301	19,624
State flowthrough	395,327	487,086	540,859	53,773
State direct	38,967,947	38,675,716	38,665,770	(9,946)
Transportation distribution	1,387,127	1,643,052	1,643,052	
Charges for services	81,258	81,258	183,702	102,444
Property Taxes	279,911	279,911	290,165	10,254
Miscellaneous			<u>23,768</u>	<u>23,768</u>
Total revenues	<u>41,961,217</u>	<u>42,219,076</u>	<u>42,489,762</u>	<u>270,686</u>
Expenditures				
Current				
Instruction	26,968,420	26,581,919	25,509,903	1,072,016
Support services - students	4,227,297	4,302,805	4,142,586	160,219
Support services - instruction	877,789	887,827	683,493	204,334
Support services - general administration	733,830	1,128,445	1,072,540	55,905
Support services - school administration	2,809,458	2,589,969	2,398,919	191,050
Central services	2,150,964	2,320,480	2,148,097	172,383
Food Services Operations		23,268	23,252	16
Operation and Maintenance of Plant	6,344,986	6,611,537	5,929,776	681,761
Student transportation	1,387,127	1,643,488	1,643,483	5
Other support services	240,559	89,887	33,931	55,956
Capital Outlay	<u>89,197</u>	<u>161,397</u>	<u>125,357</u>	<u>36,040</u>
Total expenditures	<u>45,829,627</u>	<u>46,341,022</u>	<u>43,711,337</u>	<u>2,629,685</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u>(3,868,410)</u>	<u>(4,121,946)</u>	<u>(1,221,575)</u>	<u>2,900,371</u>
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)	<u>3,868,410</u>	<u>4,121,946</u>		<u>(4,121,946)</u>
Total other financing uses	<u>3,868,410</u>	<u>4,121,946</u>		<u>(4,121,946)</u>
Net change in fund balance			(1,221,575)	(1,221,575)
Fund balance, June 30, 2015			<u>9,758,423</u>	<u>9,758,423</u>
Fund balance, June 30, 2016	<u>\$</u>	<u>\$</u>	<u>\$ 8,536,848</u>	<u>\$ 8,536,848</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ (1,221,575)
Adjustment to revenue for accruals and other deferrals				(22,475)
Adjustment to expenditures for payables, prepaids and other accruals				<u>(364)</u>
Net change in fund balances (GAAP Basis)				<u>\$ (1,244,414)</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Title I IASA Special Revenue Fund (24101)
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

Revenues	<u>Budgeted Amounts</u>		<u>Actual (Non-GAAP Basis)</u>	<u>Variance Positive-(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough	1,291,918	1,747,519	1,311,295	(436,224)
Federal direct				
Local sources				
State flowthrough				
State direct				
Transportation distribution				
Charges for services				
Investment Income				
Miscellaneous				
Total revenues	<u>1,291,918</u>	<u>1,747,519</u>	<u>1,311,295</u>	<u>(436,224)</u>
Expenditures				
Current				
Instruction	457,009	873,384	705,220	168,164
Support services - students	127,535	105,317	95,519	9,798
Support services - instruction	504,956	526,247	490,576	35,671
Support services - general administration	149,664	150,009	129,574	20,435
Support services - school administration		19,099	4,333	14,766
Central services	52,754	73,463	62,770	10,693
Operation and maintenance of plant				
Total expenditures	<u>1,291,918</u>	<u>1,747,519</u>	<u>1,487,992</u>	<u>259,527</u>
Excess/(deficiency) of revenues over/(under) expenditures			<u>(176,697)</u>	<u>(176,697)</u>
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets				
Total other financing uses				
Net change in fund balance			(176,697)	(176,697)
Fund balance, June 30, 2015			<u>(370,365)</u>	<u>(370,365)</u>
Fund balance, June 30, 2016	<u>\$</u>	<u>\$</u>	<u>\$ (547,062)</u>	<u>\$ (547,062)</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ (176,697)
Adjustment to revenue for accruals and other deferrals				(1,207,898)
Adjustment to expenditures for payables, prepaids and other accruals				<u>1,384,595</u>
Net change in fund balances (GAAP Basis)				<u>\$</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Statement of Fiduciary Net Position
Agency Funds
For the Year Ended June 30, 2016

Exhibit D-1

Current Assets:

Cash and cash equivalents	\$ <u>671,589</u>
Total current assets	<u>671,589</u>
Total assets	<u><u>671,589</u></u>

Current Liabilities

Accounts payable	14,608
Accrued payroll	376
Due to student organizations	<u>656,605</u>
Total liabilities	<u><u>\$ 671,589</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Alamogordo Municipal School District No. 1 (District) is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education of the City of Alamogordo. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources, and must comply with the requirements of these funding source entities.

The School Board is authorized to establish policies and regulations for its own government, consistent with the laws of the State of New Mexico and the regulations of the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years. The District operates sixteen schools within the District, with a total enrollment of approximately 6,000 pupils. In conjunction with the regular educational programs, some of these schools offer special education. In addition, the School Board provides transportation and school food services for the students.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of the District's management that is responsible for the financial statements. 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.

During the year ended June 30, 2016, the District adopted the following GASB Statements-

GASB Statement 72, Fair Value Measurement and Application:

This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68:

The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter period equity, and creating additional transparency. Implementation of this standard did not have a significant impact on the District's financial.

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued.)

GASB Statement 79, Certain External Investment Pools and Pool Participants:

This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. Implementation of this standard did not have a significant impact on the District's financial.

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. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental agency.

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued.)

B. Government-wide and fund financial statements

The government-wide financial statements (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 District does not have any business-type activities.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis by column, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – Net investment in capital assets, restricted net position; and unrestricted net position.

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, state equalization, and other items not properly included among program revenues are reported instead as general revenues.

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 is 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 levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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.

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

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, subject to the availability criterion. 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, subject to the availability criterion.

All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *General Fund* is the District'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 the District's school tax levy, state equalization and transportation funds, state instructional material allocations, and earnings from investments. Expenditures include all costs associated with the daily operations of the school except for those items included in other funds. The General Fund includes the Pupil Transportation Fund, which is used to account for transportation distribution received from the New Mexico Public Education Department which is used to pay for the costs associated with transporting school-age children. It also includes the Instructional Materials Fund, which is used to account for the monies received from the New Mexico Public Education Department for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

The *Title I IASA Fund* is used to account for a program funded by a Federal grant to assist the District in providing supplemental education opportunities for academically disadvantaged children in the area in which they reside. Funding is allocated to the District through the New Mexico Public Education Department. Authority for the creation of this fund is Part A, Chapter I, Title I of the Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 102-383.

The *Bond Building Capital Projects Fund* is used to account for bond proceeds plus any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District. Authority for the creation of this fund is the New Mexico Public Education Department.

Additionally, the District reports the following agency fund:

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. 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.

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued.)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources 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.

Money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost as provided in paragraph 9 of GASB No. 72.

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

Restricted Assets: The Debt Service Fund is used to report resources set aside for the payment of long-term debt principal and interest.

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 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 Treasurer, and are remitted to the District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurer in July and August 2016 is considered "measurable and available" and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2016. Period of availability is deemed to be sixty days subsequent to year end.

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.

Inventory: The District's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed. Inventory is valued at cost, and 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.

Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued.)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued.)

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District 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 received prior to June 15, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at acquisition value. 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 District was a Phase II government for purposes of implementing GASB Statement No. 34. However, the District does not have any infrastructure assets to report.

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. Library books are not capitalized because they are considered to have a useful life of less than one year.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Construction projects paid for by the Public School Capital Outlay Council are included in the District's capital assets. No interest was included as part of the cost of capital assets under construction.

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

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

Deferred Outflows of Resources: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The District has pension related deferred outflows of resources items that qualify for reporting in this category.

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued.)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued.)

Deferred Inflows of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The District has two types of items, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue - property taxes is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

In addition, the District has pension related deferred inflows of resources items that qualify for reporting in this category.

Compensated Absences: It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Twelve-month employees may accumulate up to 20 days of vacation leave; any leave beyond these limits must be used by June 30th of the current contract year unless carryover approval is obtained from the Superintendent.

Qualified employees are entitled to accumulate sick leave. There is no limit to the amount of sick leave which an employee may accumulate; however, upon termination, sick leave is not paid out to the employee.

All vacation pay 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. In the past, the liability has been paid from the General Fund.

Accrued Payroll: In the fund financial statements, governmental fund types recognize the accrual of unpaid wages and benefits that employees have earned at the close of each fiscal year. The amount recognized in the fund financial statements represents checks that were held at year end in relation to employees' summer payroll.

Long-term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if the difference from the effective interest method is minimal.

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued.)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued.)

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 Balance Classification Policies and Procedures: The District has implemented GASB Statement No. 54 and has defined the various categories reported in fund balance. For committed fund balance, the District's highest level of decision-making authority is the Board of Education. The formal action that is required to be taken to establish a fund balance commitment is a resolution by the Board of Education.

For assigned fund balance, the Board of Education or an official or body to which the School Board of Education delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the District considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also, for the classification of fund balances, the District considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable Fund Balance: At June 30, 2016, the District had nonspendable fund balance categorized in the governmental funds balance sheet as detailed on Page no. 67 for inventory in the amount of \$42,655.

Restricted and Committed Fund Balance: At June 30, 2016, the restricted fund balance on the governmental funds balance sheet is made up of \$1,666,866 restricted for providing transportation, instructional materials, food services, extracurricular activities and education to the students of the District; \$10,214,260 restricted for the purpose of erecting, remodeling, making additions to and furnishing school buildings and purchasing or improving school grounds and purchasing computer software and hardware for student use in public schools; providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act [22-24-1 NMSA 1978]; or any combination of these purposes; and \$4,719,465 restricted for the payment of principal and interest of the future debt service requirements. The District has also committed fund balance in the amount of \$334,564 for minimum fund balance; and \$2,954,756 for expenditures in the subsequent year.

Minimum Fund Balance Policy: The District's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the District holds cash reserves of 5% of the General Fund cash balance. The amount at June 30, 2016, for the District is \$334,564.

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued.)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued.)

Net Position: Equity is classified as net position, and displayed in three components:

- (a) *Net investment in capital assets:* Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (b) *Restricted Net Position:* Net position is reported as restricted when constraints are placed on the use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for “special revenue, capital projects, and debt service” are described on pages 29 and 62-66.
- (c) *Unrestricted Net Position:* Net position that does not meet the definition of “Restricted” or “Net Investment in Capital Assets.”

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. Significant estimates for the District are management’s estimate of depreciation on assets over their estimated useful lives, net pension liability calculations, and the current portion of accrued compensated absences.

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.

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 \$38,665,770 in state equalization guarantee distributions during the year ended June 30, 2016.

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued.)

E. Revenues (Continued.)

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 \$6,546,419 in tax revenues in the government-wide 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 12 attending public school within the school district. The District received \$1,643,052 in transportation distributions during the year ended June 30, 2016.

Instructional Materials: The Public Education Department (Department) 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, seventy percent is restricted to the requisition of materials listed in the State Board of Education “State Adopted Instructional Material” list, while thirty percent of each allocation is available for purchases directly from vendors. Allocations received from the state for the year ended June 30, 2016 totaled \$418,116.

SB-9 State Match: The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1 of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. However, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

Public School Capital Outlay: The public school capital outlay fund was created under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used for: capital expenditures deemed by the public school capital outlay council to be necessary for an adequate educational program per Section 22-24-4(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L).

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration, following certification by the council that the application has been approved.

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued.)

E. Revenues (Continued.)

Federal Grants: The District receives revenues from various Federal departments (both direct and indirect), which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program operates under its own budget, which has been approved by the Federal Department or the flow-through agency (usually the New Mexico Public Education Department). The various budgets are approved by the local School Board and the New Mexico Public Education Department.

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 Public Education Department. 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 restricted fund balance.

Actual expenditures may not exceed the budget at the function (or “series”) level. 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 District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico Public Education Department.
2. In May or June of each year, the proposed “operating” budget will be reviewed and approved by the DBPU, and certified and approved by the local school board at a public hearing of which notice has been published by the local school board, which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting is open to the general public unless a closed meeting has been called.

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued.)

Budgetary Information (Continued.)

4. The “operating” budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
6. Legal budget control for expenditures is by function.
7. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year’s budget. The budget schedules included in the accompanying financial statements reflect the original budget and the final budget.
8. 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.

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 the District from exceeding budgetary control at the function level.

The appropriated budget for the year ended June 30, 2016, was properly amended by the District’s Board of Education throughout the year. These amendments resulted in the following changes:

	<u>Excess (deficiency) of revenues over expenditures</u>	
	<u>Original Budget</u>	<u>Final Budget</u>
Budgeted Funds:		
General Fund	\$ (3,868,410)	\$ (4,121,946)
Bond Building	(6,440,677)	(12,969,101)
Other Governmental Funds	\$ (6,342,940)	\$ (8,424,717)

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

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund are included in each individual budgetary comparison.

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 3: DEPOSITS AND INVESTMENTS

State statutes authorize the investment of 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 noninterest-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 collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

The rate of interest in nondemand 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 asking price on United States Treasury bills of the same maturity on the day of deposit.

Excess 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.

Beginning January 1, 2013, all of the District's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for all deposit accounts out of state, and up to \$250,000 for all time and saving accounts, plus up to \$250,000 for all demand deposit accounts held at a single institution in state.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2016, \$23,447,021 of the District's bank balances of \$24,197,021 was exposed to custodial credit risk. \$14,914,458 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the District's name, and \$8,532,563 was uninsured and uncollateralized.

	First American Bank	First National Bank	Wells Fargo Bank	Total
Amount of deposits	\$ 15,331,149	\$ 3,752,838	\$ 5,113,034	\$ 24,197,021
FDIC coverage	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(750,000)</u>
Total uninsured public funds	<u>15,081,149</u>	<u>3,502,838</u>	<u>4,863,034</u>	<u>23,447,021</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>8,052,235</u>	<u>3,704,904</u>	<u>3,157,319</u>	<u>14,914,458</u>
Uninsured and uncollateralized	<u>\$ 7,028,914</u>	<u>\$ (202,066)</u>	<u>\$ 1,705,715</u>	<u>\$ 8,532,563</u>
Collateral requirement (50%)	\$ 7,540,575	\$ 1,751,419	\$ 2,431,517	\$ 11,723,511
Pledged securities	<u>8,052,235</u>	<u>3,704,904</u>	<u>3,157,319</u>	<u>14,914,458</u>
Over (under) collateralized	<u>\$ 511,660</u>	<u>\$ 1,953,485</u>	<u>\$ 725,802</u>	<u>\$ 3,190,947</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 3: DEPOSITS AND INVESTMENTS (Continued.)

The collateral pledged is listed on Schedule V 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.

The District utilizes internal pooled accounts for some of their programs and funds. Negative cash balances in individual funds that were part of the pooled accounts were reclassified as due to/from accounts in the combining balance sheet as of June 30, 2016. Funds 24101 through 25254 are federal funds, and 27107 through 27190 are nonfederal funds. The following individual funds had negative cash balances as of June 30, 2016:

24101	Title I IASA	\$ 555,999
24106	Entitlement IDEA-B	327,749
24109	Preschool IDEA-B	43,279
24118	Fresh Fruits & Vegetables	129
24124	Title I 1003g Grant	39,624
24132	Results Driven Accountability	1,915
24154	Teacher/Principal Training/Recruiting	27,916
24162	Title I School Improvement	696
24174	Carl D. Perkins Secondary Current	34,564
24176	Carl D. Perkins Secondary Redistribution	6,735
24184	Teen Dating Violence Awareness Program	6,741
24186	Youth Resiliency Project	200
25254	DOD Education Activity	92,042
27107	2012 G.O. Bond Student Library	24,742
27183	NM Grown FFV	46
27188	Pay for Performance - Individual	200,662
27114	New Mexico Reads to Lead	23,253
27190	Pay for Performance - Group	<u>4,920</u>
	Total	<u>\$ 1,391,212</u>

Investments

As of June 30, 2016, the District did not have any investment balances.

Reconciliation to the Statement of Net Position

The carrying amount of deposits and investments shown above are included in the District's statement of net position as follows:

Cash and cash equivalents per Exhibit A-1	\$ 18,705,902
Restricted cash per Exhibit A-1	4,669,118
Cash - Statement of Fiduciary Assets and Liabilities per Exhibit D-1	<u>671,589</u>
Total cash and cash equivalents	24,046,609
Add: Net reconciling items	150,792
Less: petty cash	<u>(380)</u>
Bank balance of deposits	<u>\$ 24,197,021</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 4: ACCOUNTS RECEIVABLE

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

	<u>General Fund</u>	<u>Title I IASA</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property taxes receivable	\$ 20,331	\$	\$ 401,109	\$ 421,440
Due from other governments: Federal and State sources		609,914	1,262,016	1,871,930
	<u>\$ 20,331</u>	<u>\$ 609,914</u>	<u>\$ 1,663,125</u>	<u>\$ 2,293,370</u>

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$352,604 that were not collected within the period of availability have been reclassified as deferred inflows of resources in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

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>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
Operational Fund(11000)	Food Service(21000)	\$ 300,000
Operational Fund(11000)	Title I IASA(24101)	555,999
Operational Fund(11000)	Entitlement IDEA-B(24106)	327,749
Operational Fund(11000)	Preschool IDEA-B(24109)	43,279
Operational Fund(11000)	Fresh Fruits & Vegetables(24118)	129
Operational Fund(11000)	Title I 1003g Grant(24124)	39,624
Operational Fund(11000)	Results Driven Accountability(24132)	1,915
Operational Fund(11000)	Teacher/Principal Training/Recruiting(24154)	27,916
Operational Fund(11000)	Title I School Improvement(24162)	696
Operational Fund(11000)	Carl D. Perkins Secondary Current(24174)	34,564
Operational Fund(11000)	Carl D. Perkins Secondary Redistribution(24176)	6,735
Operational Fund(11000)	Teen Dating Violence Awareness Program(24184)	6,741
Operational Fund(11000)	Youth Resiliency Project(24186)	200
Operational Fund(11000)	DOD Education Activity(25254)	92,042
Operational Fund(11000)	2012 G.O. Bond Student Library(27107)	24,742
Operational Fund(11000)	NM Grown FFV(27183)	46
Operational Fund(11000)	Pay for Performance - Individual(27188)	200,662
Operational Fund(11000)	New Mexico Reads to Lead(27114)	23,253
Operational Fund(11000)	Pay for Performance - Group(27190)	<u>4,920</u>
	Total	<u>\$ 1,691,212</u>

All interfund balances are intended to be repaid within one year.

There were no net operating transfers, made to close out funds and to supplement other funding sources for the year ended June 30, 2016.

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 6: CAPITAL ASSETS AND DEPRECIATION

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 and construction in progress are not subject to depreciation.

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfer</u>	<u>Re- classification</u>	<u>Balance</u> <u>June 30, 2016</u>
Governmental activities:						
Capital assets, not being depreciated:						
Land	\$ 3,826,619	\$	\$	\$	\$	\$ 3,826,619
Construction in progress	<u>5,133,587</u>	<u>44,978</u>	<u> </u>	<u>(5,099,369)</u>	<u> </u>	<u>79,196</u>
Total capital assets, not being depreciated	<u>8,960,206</u>	<u>44,978</u>	<u> </u>	<u>(5,099,369)</u>	<u> </u>	<u>3,905,815</u>
Capital assets being depreciated:						
Buildings and improvements	134,083,026	2,903,067	<u> </u>	5,099,369	(657,142)	141,428,320
Land improvements	2,535,673	773,636	<u> </u>	<u> </u>	636,671	3,945,980
Furniture, fixtures and equipment	<u>7,603,898</u>	<u>293,590</u>	<u>(205,671)</u>	<u> </u>	<u>52,379</u>	<u>7,744,196</u>
Total capital assets, being depreciated	<u>144,222,597</u>	<u>3,970,293</u>	<u>(205,671)</u>	<u>5,099,369</u>	<u>31,908</u>	<u>153,118,496</u>
Total capital assets	<u>153,182,803</u>	<u>4,015,271</u>	<u>(205,671)</u>	<u> </u>	<u>31,908</u>	<u>157,024,311</u>
Less: accumulated depreciation:						
Buildings and improvements	(65,949,815)	(3,184,285)	<u> </u>	<u> </u>	<u> </u>	(69,134,100)
Land improvements	(435,941)	(266,018)	<u> </u>	<u> </u>	<u> </u>	(701,959)
Furniture, fixtures and equipment	<u>(5,790,037)</u>	<u>(295,291)</u>	<u>205,671</u>	<u> </u>	<u>(31,908)</u>	<u>(5,911,565)</u>
Total accumulated depreciation	<u>(72,175,793)</u>	<u>(3,745,594)</u>	<u>205,671</u>	<u> </u>	<u>(31,908)</u>	<u>(75,747,624)</u>
Total capital assets, being depreciated, net	<u>72,046,804</u>	<u>224,699</u>	<u> </u>	<u>5,099,369</u>	<u> </u>	<u>77,370,872</u>
Governmental activities capital assets, net	<u>\$ 81,007,010</u>	<u>\$ 269,677</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 81,276,687</u>

Depreciation expense for the year ended June 30, 2016 was charged to the following functions:

Direct instruction	\$ 633,795
Support services - students	4,832
Support services - instruction	2,662,464
General administration	51,030
Central services	92,575
Operation and maintenance of plant	282,968
Food services operation	<u>17,930</u>
Total	<u>\$ 3,745,594</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 6: CAPITAL ASSETS AND DEPRECIATION (Continued.)

During the year ending June 30, 2016, the District considered that the capital assets for the Agency fund should not be included in the "Statement of Fiduciary Net Position". These capital assets are inventoried for custodial purposes but not reported in the "Agency Fund Statement of Net Position". As a result, these capital assets were removed from the Agency Funds' Statement of Fiduciary Net Position and Schedule of Changes in Assets and Liabilities by \$8,397. A summary of agency funds' capital assets and changes occurring during the year ended June 30, 2016.

<u>Agency activities:</u>	<u>Balance June 30,</u> <u>2015</u>	<u>Deductions</u>	<u>Balance June 30,</u> <u>2016</u>
Capital assets being depreciated:			
Furniture, fixtures, and equipment	\$ <u>15,268</u>	\$ <u>15,268</u>	\$ _____
Total capital assets, being depreciated	<u>15,268</u>	<u>15,268</u>	_____
Less: accumulated depreciation for			
Furniture, fixtures, and equipment	<u>6,871</u>	<u>6,871</u>	_____
Total accumulated depreciation	<u>6,871</u>	<u>6,871</u>	_____
Total capital assets, being depreciated, net	\$ <u><u>8,397</u></u>	\$ <u><u>8,397</u></u>	\$ <u><u> </u></u>

NOTE 7: LONG-TERM DEBT

General obligation bonds and the capital lease are secured by and payable solely from the Debt Service Fund and the Ed Tech Debt Service Fund. 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.

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

	<u>Series 2009</u>	<u>Series 2010</u>	<u>Series 2011</u>	<u>2011 ED Tech</u>	<u>Series 2012</u>
Original Issue	671,589	\$ 4,000,000	\$ 10,000,000	\$ 1,330,000	\$ 6,000,000
Principal	1-Aug	1-Aug	1-Aug	1-Aug	1-Aug
Interest	1-Aug 2-Feb	1-Aug 2-Feb	1-Aug 2-Feb	1-Aug 2-Feb	1-Aug 2-Feb
Interest Rates	3.00-4.00%	2.00-2.125%	2.00-4.00%	1.45-2.50%	1.40-2.00%
Maturity Date	Aug-20	Aug-15	Aug-21	Aug-16	Aug-24
	<u>Series 2013</u>	<u>Series 2014</u>	<u>2014A ED Tech</u>	<u>Series 2015</u>	<u>Series 2016</u>
Original Issue	\$ 5,000,000	\$ 5,000,000	\$ 1,500,000	\$ 5,565,000	\$ 5,000,000
Principal	1-Aug	1-Aug	1-Aug	1-Aug	1-Aug
Interest	1-Aug 2-Feb	1-Aug 2-Feb	1-Aug 2-Feb	1-Aug 2-Feb	1-Aug 2-Feb
Interest Rates	2.00-2.50%	1.00-2.50%	0.05-2.00%	2.00-2.10%	2.00%
Maturity Date	Aug-25	Aug-26	Aug-19	Aug-25	Aug-29

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Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 7: LONG-TERM DEBT (Continued.)

During the year ended June 30, 2016, the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>
General Obligation Bonds Series 2009	3,850,000		750,000	3,100,000	800,000
General Obligation Bonds Series 2010	500,000		500,000		
General Obligation Bonds Series 2011	8,650,000		850,000	7,800,000	1,300,000
Ed Tech Note Series 2011B	490,000		250,000	240,000	240,000
General Obligation Bonds Series 2012	5,300,000		100,000	5,200,000	125,000
General Obligation Bonds Series 2013	4,325,000		350,000	3,975,000	225,000
General Obligation Bonds Series 2014	4,975,000		350,000	4,625,000	225,000
Ed Tech Note Series 2014A	1,500,000		20,000	1,480,000	125,000
General Obligation Bonds Series 2015	5,565,000		570,000	4,995,000	800,000
Series 2016		<u>5,000,000</u>		<u>5,000,000</u>	
Total Bonds	35,155,000	5,000,000	3,740,000	36,415,000	3,840,000
Compensated Absences	<u>232,764</u>	<u>203,907</u>	<u>186,591</u>	<u>250,080</u>	<u>186,591</u>
Total Long-Term Debt	<u>\$ 35,387,764</u>	<u>\$ 5,203,907</u>	<u>\$ 3,926,591</u>	<u>\$ 36,665,080</u>	<u>\$ 4,026,591</u>

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 7: LONG-TERM DEBT (Continued.)

The annual requirements to amortize the general obligation bonds outstanding as of June 30, 2016, including interest payments, are as follows:

<u>Fiscal Year Ending June 30, 2016</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 3,840,000	\$ 811,036	\$ 4,651,036
2018	4,075,000	751,547	4,826,547
2019	3,800,000	646,608	4,446,608
2020	3,920,000	535,533	4,455,533
2021	3,750,000	423,520	4,173,520
2022-2026	13,930,000	1,106,384	15,036,384
2027-2030	<u>3,100,000</u>	<u>96,500</u>	<u>3,196,500</u>
	<u>\$ 36,415,000</u>	<u>\$ 4,371,128</u>	<u>\$ 40,786,128</u>

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2016, compensated absences increased \$17,316 from the prior year accrual. In prior years, the General Fund was typically used to liquidate such long-term liabilities. See Note 1 for more details.

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error omissions; and natural disasters, for which 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 \$15,000 deductible per occurrence with a maximum annual deductible of \$60,000. 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.

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD

Plan description: NMERB 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. NMERB issues a publicly available financial 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 or 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

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

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

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

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and

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Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued.)

(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 plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. For the fiscal year ended June 30, 2014 (and thereafter) employers contributed 13.90% of employees' gross annual salary to the Plan; participating employees earning more than \$20,000 annually contributed 10.70% of their gross salary. Employees earning \$20,000 or less contributed 7.90%. Contributions to the pension plan from the District were \$3,936,409 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, 2015. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. 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 \$65,430,753 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2015. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2015, the District's proportion was 1.01016 percent, which was a decrease of 0.0103 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$3,777,956. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 1,213,026
Change in proportion		1,923,362
Change in assumptions	2,250,512	
Net Difference between Projected and Actual Earnings on Pension Plan Investments		294,520
Change in proportion after reallocation of inactive employers		506,706
District's contributions subsequent to the measurement date	3,936,409	
Total	\$ 6,186,921	\$ 3,937,614

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Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued.)

\$3,936,409 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of June 30, 2015, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amortization</u>
2017	\$ (1,348,573)
2018	(1,190,031)
2019	(57,284)
2020	908,771
Rounding off	<u>15</u>
Total	<u>\$ (1,687,102)</u>

Actuarial assumptions. As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2015. The total ERB pension liability was rolled forward from the valuation date to the plan year ending June 30, 2015, using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 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, 2015, and thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55, and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until NMERB attains a 100% funded status.
4. These assumptions were adopted by ERB on June 12, 2015 in conjunction with the six-year experience study period ending June 30, 2014.

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

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

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Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued.)

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

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

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Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 9: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued.)

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

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

	1% Decrease <u>(6.75%)</u>	Current Discount Rate <u>(7.75%)</u>	1% Decrease <u>(8.75%)</u>
District's proportionate share of the net pension liability	\$ 88,041,450	\$ 65,430,753	\$ 46,435,414

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2016 and June 30, 2015, which are publicly available at www.nmerb.org.

NOTE 10: POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

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

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

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 10: POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (Continued.)

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plan 3, 4 or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 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, 2015 and 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 1.0% 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 contribution to the RHCA for the years ended June 30, 2016, 2015, and 2014 were \$566,583, \$574,428, \$561,500, respectively, which equal the required contributions for each year.

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Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 11: 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 District 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 12: 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: The District had the following funds with deficit fund balances for the year ended June 30, 2016.

Nonmajor Funds

Kindergarten - Three Plus	\$13,269
NM Grown FFV	\$46
Pay for Performance Individual	\$208,841
Pay for Performance Group	\$5,113

- B. Excess of expenditures over appropriations: The following funds had line item expenditures in excess of the budgeted appropriations for the year ended June 30, 2016.

Nonmajor Funds

ED tech debt service fund (43000)	
Support services - general administration	\$170

- C. Designated cash appropriations in excess of available balance: The District did not have any fund with designated cash appropriations in excess of available balances for the year ended June 30, 2016.

NOTE 13: CONCENTRATIONS

The District depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the District is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State Appropriations.

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 14: COMMITMENTS

The District had multiple construction projects ongoing as of the year ended June 30, 2016 that are to continue into the following fiscal year. During the fiscal year ended June 30, 2016, The District transferred totaling approximately \$5,099,369 from its ongoing construction projects into the Buildings and improvements.

NOTE 15: JOINT POWERS AGREEMENTS

The City of Alamogordo and the District are in agreement for the water rates charged to the District and reciprocal use of fields and recreation areas. The City and the District are both responsible parties. The contract term is from July 1, 2014 to June 30, 2018.

The New Mexico State University at Alamogordo (NMSU-A) and the District are in agreement to sponsor the APS-NMSU-A Joint Community Education Program to meet the needs for life-long learning and personal enrichment within the Alamogordo community. The responsible party is the NM State University. The audit responsibility is with NMSU-A. Total cost for the District is \$20,000. The contract term is from July 1, 2015 to June 30, 2016

The Dell City Independent School District, Texas, and the District are in agreement that students who reside in Cienega, NM, within the Alamogordo Municipal School District, may be permitted to attend schools within the Dell City Independent School District. The District shall pay tuition to Dell City Independent School District for the students who attend Dell City Independent School District. The contract term is from September 2015 to May 2016.

The New Mexico Mathematically Connected Communities (MC²) and the District are in agreement to provide participation in MC² professional development, including math labs for teachers/instructional coaches, leadership academies for administrators, and school-based professional development during the school year. The District cost is \$650 per participant for a total of \$31,850. The contract term is from July 1, 2015 to June 30, 2016.

The City of Alamogordo and the District are in agreement for the purpose of providing safety and security for the secondary schools and other law enforcement related functions and school activities through the use of School Resource Officers. The compensation for the SRO positions will be paid mutually, and reflects an approximate 50% split of the total costs. The District shall reimburse the City \$119,073.58. The contract term is from July 1, 2015, to June 30, 2016.

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 16: RESTRICTED NET POSITION

The government-wide statement of net position reports \$16,643,655 of restricted net position, all of which is restricted by enabling legislation. For descriptions of the related restrictions for net position restricted for special revenue, debt service and capital projects, see pages 29 and 62-66.

NOTE 17: SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 08, 2016, the date which the financial statements were available to be issued.

NOTE 18. SUBSEQUENT ACCOUNTING STANDARD PRONOUNCEMENTS

In June 2015, GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, was issued. The provisions of this Statement are effective for postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In June 2015, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was issued. The provisions of this Statement are effective for addressing accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In August 2015, GASB Statement No. 77, Tax Abatement Disclosures, was issued. The provisions of this Statement require governments that enter into tax abatement agreements to disclose relevant information about those agreements, and is effective for fiscal years beginning after December 15, 2015. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In December 2015, GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, was issued. The provisions of this Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plans, and is effective for fiscal years beginning after December 15, 2015. The District is still evaluating how this standard will affect the District.

In January 2016, GASB Statement No. 80, Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14, was issued. The provisions of this Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, determining whether certain organizations are component units, and is effective for reporting periods beginning after June 15, 2016. The District is still evaluating how this standard will affect the District.

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements

For the Year Ended June 30, 2016

NOTE 18: SUBSEQUENT ACCOUNTING STANDARD PRONOUNCEMENTS (Continued.)

In March 2016, GASB Statement No. 81, Irrevocable Split-Interest Agreements, was issued. The provisions of this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period, and is effective for reporting periods beginning after December 15, 2016. The District is still evaluating how this standard will affect the District.

In March 2016, GASB Statement No. 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73, was issued. The provisions of this Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions, and is effective for reporting periods after June 15, 2016. The District is still evaluating how this standard will affect the District.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO

Schedule I

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Schedule of Proportionate Share of the Net Pension Liability
Educational Retirement Board (ERB) Pension Plan

For the Year Ended June 30, 2016

	<u>2015</u>	<u>2016</u>
Alamogordo Municipal School District No 1's proportion of the net pension liability (asset)	1.0205 %	1.01016 %
Alamogordo Municipal School District No. 1's proportionate share of the net pension liability (assets)	\$58,224,692	\$ 65,430,753
Alamogordo Municipal School District No. 1's covered – employee payroll	28,127,555	27,580,604
Alamogordo Municipal School District No. 1's proportionate share of the net pension liability (asset) as a percentage of its covered – employee payroll	207 %	237 %
Plan fiduciary net position as a percentage of the total pension liability	66.54 %	63.97 %

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Alamogordo Municipal School District No. 1 will present information for those years for which information is available.

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
 Schedule of Contributions
 Education Retirement Board (ERB) Pension Plan
 For the Year Ended June 30, 2016

Schedule II

	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 3,991,823	\$ 3,936,409
Contributions in relations to the contractually required contribution	<u>3,991,823</u>	<u>3,936,409</u>
Contribution deficiency (excess)	\$ <u> </u>	\$ <u> </u>
District's covered – employee payroll	28,728,908	28,333,240
Contributions as a percentage of covered – employee payroll	13.89%	13.89%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Alamogordo Municipal School District No. 1 will present information for those years for which information is available.

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Notes to Required Supplementary Information
For the Year Ended June 30, 2016

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

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

1. Fiscal year 2015 valuation assumptions that changed based on this study:
 - (a) Lower wage inflation from 4.25% to 3.75%
 - (b) Population growth per year from .50% to zero (no impact on valuation results).
 - (c) Minor changes to demographic assumptions
2. Assumptions that were not changed:
 - (a) Investment return will remain at 7.75%
 - (b) Inflation will remain at 3.00%
 - (c) Payroll growth will remain at 3.50%.

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

See independent auditor's report

SUPPLEMENTARY INFORMATION

NON MAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Schedule for Nonmajor Governmental Fund Descriptions
For the Year Ended June 30, 2016

Special Revenue Funds

ALL FEDERAL FUNDS – The Special Revenue Funds are used to account for grant funds received from the U.S. Department of Education through the New Mexico Public Education Department. These funds are to be used for purposes specified in the grant awards, and may not be used for any other purpose.

Food Services (21000) - This fund is used to account for all financial transactions related to the food service operation. Authority for the creation of this fund is the National School Lunch Act, as amended, 42 U.S.C. 1751 1760, 1779.

Athletics (22000) – 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.

Entitlement IDEA-B (24106) - This fund is used to account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101476, 20 U.S.C. 1411-1420.

Preschool IDEA-B (24109) – 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 disabled children from ages three to five. Federal revenues accounted for in this fund are allocated to the Schools through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is the Individuals with Disabilities Education Act (IDEA), Part B, Section 619, as amended, 20 U.S.C. 1419.

Education of Homeless (24113) – This fund is used to provide tutoring and remedial academic services to homeless children and youth within the District. Funding is by the New Mexico Public Education Department.

IDEA-B Private School Share (24115) – Under 34 CFR § 300.132-300.133, an LEA must spend a proportionate amount of their IDEA-B Basic Entitlement and, if applicable, Preschool sub-grant funds for special education and related services (“equitable participation services”) to students with disabilities who are parentally placed in private elementary and secondary schools (“equitable participation services”) located in the school district served by the LEA. The private schools must be nonprofit institutions. Children aged three through five are considered to be parentally-placed private school children with disabilities, only if they are enrolled in a private school that meets the definition of elementary school in 34 CFR §300.13. New Mexico State law defines an elementary school as “a public school providing instruction for grades kindergarten through eight, unless there is a junior high school program approved by the state board [department], in which case it means a public school providing instruction for grades kindergarten through six” 22-1-3(A) NMSA 1978.

Fresh Fruits & Vegetables (24118) – This fund is used to assist States, through cash grants, in providing free fresh fruits and vegetables to school children in designated participating schools beginning in school year 2004/2005. Authorized by National School Lunch Act, as amended, 42 U.S.C. 1769.

IDEA-B “Risk Pool” (24120) – Reallocation by PED based upon available amounts from Fund 24106 Entitlement IDEA-B. This fund accounts for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U.S.C. 1411-1420.

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Schedule for Nonmajor Governmental Fund Descriptions
For the Year Ended June 30, 2016

Special Revenue Funds (Continued.)

Title I 1003g Grant (24124) – The objective of this grant is to provide in conjunction with Title I funds for school improvement reserved under section 1003(a) of the ESEA. School Improvement Grants under section 1003(g) of the ESEA are used to improve student achievement in Title I schools identified for improvement, corrective action, or restructuring so as to enable those schools to make adequate yearly progress (AYP) and exit improvement status. Funding is by the Elementary and Secondary Education Act of 1965, as amended, Title I, Part B, Subpart 1.

IDEA-B Results Plan (24132) – Funding for support activities included the Education Plan for Student Success for Elementary Schools.

Teacher/Principal Training/Recruiting (24154) – 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 the Rehabilitation Act of 1973, as amended, Title III, Section 303(b)-(d). 20 U.S.C. 777a and 797a.

Title I School Improvement (24162) – This fund is used to improve student achievement in Title I Schools with a status of Priority or Focus. Authority for creation of this fund is Title 34, Code of Federal Regulations (CFR), Parts 74-86 and 97-99.

Carl D. Perkins (24174 – Carl D. Perkins Secondary Current) (24176 – Carl D. Perkins Secondary - Redistribution) – The objective of this grant is to provide secondary and post-secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Public Education Department. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332.

Teen Dating Violence Awareness Program (24184) – The objective of this grant is to provide support for expectant parenting teens, women, fathers and their families for the State of New Mexico. This fund enables Alamogordo Public Schools to carry out its Teen Dating Violence Prevention and Campaign Awareness program. Authorized by U.S. Department of Health and Human Services (1SP1AH000021-02-00).

Youth Resiliency Project (24186) – To account for funds used to promote adolescent health through school-based Human Immunodeficiency Virus (HIV) / sexually transmitted infections prevention and school-based surveillance program in the state of New Mexico as part of the Youth Resiliency Project. Authorized by U.S. Centers for Disease Control (5-U87PS004195-02).

Impact Aid Special Education (25145) – To account for funding of a Federal program 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), or where there are a significant number of children who reside on Federal (including Indian) lands and/or children whose parents are employed on Federal property or in the Uniformed Services (Section 3(a) and 3(b): where there is a significant decrease (Section 3(c) or a sudden and substantial increase (Section 4) in school enrollment as the result of Federal activities; to provide disaster assistance for reduced or increased operating costs (Section 7(a), for replacing or repairing damaged or destroyed supplies, equipment, and books, and for repairing minor damage to facilities. Funding authorized by Public Law 81-874.

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Schedule for Nonmajor Governmental Fund Descriptions
For the Year Ended June 30, 2016

Special Revenue Funds (Continued.)

Title XIX Medicaid (25153) – This fund is used to account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. Authority for the creation of this fund is the Social Security Act, Title XIX, as amended; Public Laws 89-97, 90-248, and 91-56; 42 U.S.C. 1396 et seq., as amended; Public Law 92-223; Public Law 92-603; Public Law 93-66; Public Law 93-233; Public Law 96-499; Public Law 97-35; Public Law 97-248; Public Law 98-369; Public Law 99-272; Public Law 99-509; Public Law 100-93; Public Law 100-202; Public Law 100-203; Public Law 100-360; Public Law 100-436; Public Law 100-485; Public Law 100-647; Public Law 101-166; Public Law 101-234; Public Law 101-239; Public Law 101-508; Public Law 101-517; Public Law 102-234; Public Law 102-170; Public Law 102-394; Public Law 103-66; Public Law 103-112; Public Law 103-333; Public Law 104-91; Public Law 104-191; Public Law 104-193; Public Law 104-208, 104-134; Balanced Budget Act of 1997, Public Law 105-33; Public Law 106-113; Public Law 106-554; Public Law 108-27; Public Law 108-173; Public Law 109-91; Public Law 109-171; Public Law 109-432; Public Law 110-28.

Alamo DOD (25179) – To provide assistance to schools with significant numbers of military dependent students. Required by the New Mexico Public Education Department Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund. Funding authorized by Public Law 111-84.

DOD Education Activity (25254) – To provide *Power Up* – 21st Century technology skills for Grades 5, 6, and 9. Mathematics and Reading Achievement for Grades 5, 6, and 9 and easing the challenges of military students for all grades. Required by the New Mexico Public Education Department Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund. Funding authorized by Section 574 (d) of Public Law 109-364, as amended.

Dual Credit Instructional Materials (27103) – SB943 (2007) and SB31 (2008) create a dual credit program that allows public high school students in school districts, charter schools and state-supported schools in the state to earn both high school and college credit for qualifying dual credit courses. Authority for the creation of this fund is the New Mexico Public Education Department.

2012 G.O. Bond Student Library Fund (27107) – This award allows schools to acquire library books, equipment and library resources for public school libraries statewide. The funding was made available through Senate Bill 66, Laws of 2012, 2nd Session, 2012 Senate and House Bill.

New Mexico Reads to Lead (27114) – This fund is used to purchase core reading program materials for grades K-5 in alignment with Common Core State Standards. Authority for the creation of this fund is the New Mexico Public Education Department.

Breakfast for Elementary Students (27155) – To account for Legislative Appropriation to implement Breakfast in the Classroom for elementary schools in need of improvement based on AYP designation. Authority for the creation of this fund is the New Mexico Public Education Department.

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Schedule for Nonmajor Governmental Fund Descriptions
For the Year Ended June 30, 2016

Special Revenue Funds (Continued.)

Kindergarten – Three Plus (27166) – Funds allow for an extended school year for Kindergarten through third grade students. The program focuses on acclimating young students to the structure of a classroom environment and spending additional time to prepare them for the next grade. Authority for the creation of this fund is the New Mexico Public Education Department.

2010 GOB Instructional Materials (27171) – Used to purchase books and instructional materials for schools which received a letter grade of “A” or those which are recognized as a “Top Growth” school. Authority for the creation of this fund is the New Mexico Public Education Department.

Workforce Readiness (27179) – This fund is used to help students discover the wide range of career options available to them, chart the most efficient path for students to achieve those goals, and work directly with business and industry partners to ensure that their experience results in the most necessary skills, credentials, and technical knowledge to be successful in the students’ next step as they enter postsecondary or workforce engagement. House Bill 2 of the regular 2013 Legislative Session provides funding for this fund.

NM Grown FFV (27183) – Funds under this award are to be used to purchase locally grown New Mexico fresh fruits and vegetables, to be made available at no charge to students.

Next Generation Assessments (27185) – This is used to remediate deficiencies in computer devices compliant with the Partnership for assessment of Readiness for College and Careers (PARCC) assessment requirements. Districts must complete 3 requirements, Technology Readiness Tool, School Speed Test, and Project 24 Self-Assessment. Authority for the creation of this fund is the New Mexico Public Education Department.

Pay for Performance Individual (27188) - The New Mexico Pay for Performance Pilot establishes group and individual based incentive programs designed to recognize and reward New Mexico’s high performing teachers and principals. By using local expertise and negotiating with local partners, PPP grantees will create innovative systems primarily to reward teachers and principals for their excellence.

Pay for Performance - Group (27190) - The New Mexico Pay for Performance Pilot establishes group and individual based incentive programs designed to recognize and reward New Mexico’s high performing teachers and principals. By using local expertise and negotiating with local partners, PPP grantees will create innovative systems primarily to reward teachers and principals for their excellence.

GRADS – Instruction (28190) – To assist in the cost for caps and gowns for students who are graduating. Authority for the creation of this fund is the New Mexico Public Education Department.

Grads Plus (28203) – To account for a program as an instructional component for teenage parents to be used for summer case management and GRADS case management period. Special Revenue fund established by the local school board.

Private Direct Grants (Categorical) (29102) – To account for local grants awarded to provide additional funding for specific projects. Authority for the creation of this fund is the New Mexico Public Education Department.

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Schedule for Nonmajor Governmental Fund Descriptions
For the Year Ended June 30, 2016

Capital Projects Funds

Capital Improvements SB-9 (31700) – To account for resources received through Senate Bill 9 and local tax levies obtained for the purpose of building, remodeling, and equipping classroom facilities. Authority for the creation of this fund is the New Mexico Public Education Department.

Energy Efficiency Act (31800) – To account for school projects designed to increase the efficiency of the District’s buildings. The legislation allows the District to incur long-term contracts to complete these projects. Savings from the modifications made are used to fund the projects. This was approved by the Public Building Energy Efficiency Act (6-21-1 to 6-23-10, NMSA 1978)

Education Technology Equipment Act (31900) – To ensure that American children have skills they need to succeed in the information-intensive 21st century, the federal government is committed to working with the private sector to promote four major developments in American education: making modern computer technology an integral part of every classroom; providing information infrastructure; and encouraging the creation of excellent educational software. The authority for the creation of this fund is the Federal Property and Administrative Services Act of 1949, Ch. 288, 63 Stat 377, and the National Defense Authorization Act for the fiscal year 1996, Public Law 104-106.

Debt Service Funds

Debt Service Fund (41000) - To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Ed Tech Debt Service (43000) – To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Authority for the creation of this fund is the New Mexico Public Education Department.

STATE OF NEW MEXICO

Schedule A-1

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Combining Balance Sheet
Nonmajor Governmental Funds

For the Year Ended June 30, 2016

	Special Revenue Fund			
	21000 - Food Services	22000 - Athletics	24106 - Entitlement IDEA-B	24109 - Preschool IDEA-B
ASSETS:				
Cash and cash equivalents	\$ 713,130	\$ 73,839	\$	\$
Receivables:				
Property taxes				
Due from other governments	439,880		435,585	47,507
Due from other funds				
Inventory	<u>42,655</u>	<u></u>	<u></u>	<u></u>
Total assets	<u>1,195,665</u>	<u>73,839</u>	<u>435,585</u>	<u>47,507</u>
LIABILITIES				
Accounts payable	7,834		10,750	
Accrued payroll	89,450	309	97,086	4,228
Due to other funds	<u>300,000</u>	<u></u>	<u>327,749</u>	<u>43,279</u>
Total liabilities	<u>397,284</u>	<u>309</u>	<u>435,585</u>	<u>47,507</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	<u></u>	<u></u>	<u></u>	<u></u>
Total deferred inflows of resources	<u></u>	<u></u>	<u></u>	<u></u>
FUND BALANCES:				
Nonspendable:				
Inventories	42,655			
Spendable:				
Restricted:				
Food services	755,726			
Extracurricular activities		73,530		
Education				
Capital acquisitions				
Debt service				
Unassigned				
Special revenue funds	<u></u>	<u></u>	<u></u>	<u></u>
Total fund balances	<u>798,381</u>	<u>73,530</u>	<u></u>	<u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,195,665</u>	<u>\$ 73,839</u>	<u>\$ 435,585</u>	<u>\$ 47,507</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

Schedule A-1

	Special Revenue				
	24113 - Education of Homeless	24115 - IDEA- B Private School Share	24118 - Fresh Fruits & Vegetables	24120 - IDEA-B "Risk Pool	24124 - Title I 1003g Grant
ASSETS:					
Cash and cash equivalents	\$	\$	\$	\$	\$
Receivables:					
Property taxes					
Due from other governments			174		41,694
Due from other funds					
Inventory					
Total assets			174		41,694
LIABILITIES					
Accounts payable					
Accrued payroll			45		2,070
Due to other funds			129		39,624
Total liabilities			174		41,694
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes					
Total deferred inflows of resources					
FUND BALANCES:					
Nonspendable:					
Inventories					
Spendable:					
Restricted:					
Food services					
Extracurricular activities					
Education					
Capital acquisitions					
Debt service					
Unassigned					
Special revenue funds					
Total fund balances					
Total liabilities, deferred inflows of resources, and fund balances	\$	\$	\$ 174	\$	\$ 41,694

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule A-1

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Combining Balance Sheet
Nonmajor Governmental Funds

For the Year Ended June 30, 2016

	Special Revenue		
	24132 - Results Driven Accountability	24154 - Teacher/Principal training/Recruiting	24162 - Title I School Improvement
ASSETS:			
Cash and cash equivalents	\$	\$	\$
Receivables:			
Property taxes			
Due from other governments	2,112	40,924	696
Due from other funds			
Inventory			
Total assets	<u>2,112</u>	<u>40,924</u>	<u>696</u>
LIABILITIES			
Accounts payable			
Accrued payroll	197	13,008	
Due to other funds	<u>1,915</u>	<u>27,916</u>	<u>696</u>
Total liabilities	<u>2,112</u>	<u>40,924</u>	<u>696</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property taxes			
Total deferred inflows of resources			
FUND BALANCES:			
Nonspendable:			
Inventories			
Spendable:			
Restricted:			
Food services			
Extracurricular activities			
Education			
Capital acquisitions			
Debt service			
Unassigned			
Special revenue funds			
Total fund balances			
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>2,112</u>	\$ <u>40,924</u>	\$ <u>696</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule A-1

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Combining Balance Sheet
Nonmajor Governmental Funds

For the Year Ended June 30, 2016

	Special Revenue		
	24174 - Carl D. Perkins Secondary Current	24176 - Carl D. Perkins Secondary Redistribution	24184 - Teen Dating Violence Awareness Program
ASSETS:			
Cash and cash equivalents	\$	\$	\$
Receivables:			
Property taxes			
Due from other governments	34,564	6,735	6,904
Due from other funds			
Inventory			
Total assets	<u>34,564</u>	<u>6,735</u>	<u>6,904</u>
LIABILITIES			
Accounts payable			
Accrued payroll			163
Due to other funds	<u>34,564</u>	<u>6,735</u>	<u>6,741</u>
Total liabilities	<u>34,564</u>	<u>6,735</u>	<u>6,904</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property taxes			
Total deferred inflows of resources			
FUND BALANCES:			
Nonspendable:			
Inventories			
Spendable:			
Restricted:			
Food services			
Extracurricular activities			
Education			
Capital acquisitions			
Debt service			
Unassigned			
Special revenue funds			
Total fund balances			
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 34,564</u>	<u>\$ 6,735</u>	<u>\$ 6,904</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule A-1

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Combining Balance Sheet
Nonmajor Governmental Funds

For the Year Ended June 30, 2016

	Special Revenue			
	24186 - Youth Resiliency Project	25123 - Title XIX Medicaid	25145 - Impact Aid Special Education	25153 - Title XIX Medicaid 3/21 Years
ASSETS:				
Cash and cash equivalents	\$	\$	\$ 231,578	\$ 228,891
Receivables:				
Property taxes				
Due from other governments	200		48,506	
Due from other funds				
Inventory				
Total assets	<u>200</u>	<u></u>	<u>280,084</u>	<u>228,891</u>
LIABILITIES				
Accounts payable				39,100
Accrued payroll			1,548	7,664
Due to other funds	<u>200</u>	<u></u>	<u></u>	<u></u>
Total liabilities	<u>200</u>	<u></u>	<u>1,548</u>	<u>46,764</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes				
Total deferred inflows of resources	<u></u>	<u></u>	<u></u>	<u></u>
FUND BALANCES:				
Nonspendable:				
Inventories				
Spendable:				
Restricted:				
Food services				
Extracurricular activities				
Education			278,536	182,127
Capital acquisitions				
Debt service				
Unassigned				
Special revenue funds	<u></u>	<u></u>	<u></u>	<u></u>
Total fund balances	<u></u>	<u></u>	<u>278,536</u>	<u>182,127</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>200</u>	\$ <u></u>	\$ <u>280,084</u>	\$ <u>228,891</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule A-1

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Combining Balance Sheet
Nonmajor Governmental Funds

For the Year Ended June 30, 2016

	Special Revenue			
	25179 - ALAMO DOD	25254 - DOD Education Activity	27103 - Dual Credit Instructional Materials	27107 - 2012 G.O. Bond Student Library Fund
ASSETS:				
Cash and cash equivalents	\$ 65,906	\$	\$	\$
Receivables:				
Property taxes				
Due from other governments	13,662	94,878		24,742
Due from other funds				
Inventory				
Total assets	<u>79,568</u>	<u>94,878</u>		<u>24,742</u>
LIABILITIES				
Accounts payable				
Accrued payroll	480	2,836		
Due to other funds		<u>92,042</u>		<u>24,742</u>
Total liabilities	<u>480</u>	<u>94,878</u>		<u>24,742</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes				
Total deferred inflows of resources				
FUND BALANCES:				
Nonspendable:				
Inventories				
Spendable:				
Restricted:				
Food services				
Extracurricular activities				
Education	79,088			
Capital acquisitions				
Debt service				
Unassigned				
Special revenue funds				
Total fund balances	<u>79,088</u>			
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 79,568</u>	<u>\$ 94,878</u>	<u>\$</u>	<u>\$ 24,742</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

Schedule A-1

	Special Revenue			
	27114 - New Mexico Reads to Lead	27155 - Breakfast for Elementary Students	27166 - Kindergarten Three Plus	27171 - 2010 GOB Instructional Materials
ASSETS:				
Cash and cash equivalents	\$	\$	\$ 36,549	\$
Receivables:				
Property taxes				
Due from other governments	23,253			
Due from other funds				
Inventory				
Total assets	23,253		36,549	
LIABILITIES				
Accounts payable				
Accrued payroll			49,818	
Due to other funds	23,253			
Total liabilities	23,253		49,818	
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes				
Total deferred inflows of resources				
FUND BALANCES:				
Nonspendable:				
Inventories				
Spendable:				
Restricted:				
Food services				
Extracurricular activities				
Education				
Capital acquisitions				
Debt service				
Unassigned				
Special revenue funds			(13,269)	
Total fund balances			(13,269)	
Total liabilities, deferred inflows of resources, and fund balances	\$ 23,253	\$	\$ 36,549	\$

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule A-1

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Combining Balance Sheet
Nonmajor Governmental Funds

For the Year Ended June 30, 2016

	Special Revenue			
	27179 - Workforce Readiness	27183 - NM Grown FFV	27185 - Next Generation Assessments	27188 - Pay For Performance- Individual
ASSETS:				
Cash and cash equivalents	\$	\$	\$	\$
Receivables:				
Property taxes				
Due from other governments				
Due from other funds				
Inventory	_____	_____	_____	_____
Total assets	_____	_____	_____	_____
LIABILITIES				
Accounts payable				
Accrued payroll				8,179
Due to other funds	_____	46	_____	200,662
Total liabilities	_____	46	_____	208,841
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	_____	_____	_____	_____
Total deferred inflows of resources	_____	_____	_____	_____
FUND BALANCES:				
Nonspendable:				
Inventories				
Spendable:				
Restricted:				
Food services				
Extracurricular activities				
Education				
Capital acquisitions				
Debt service				
Unassigned				
Special revenue funds	_____	(46)	_____	(208,841)
Total fund balances	_____	(46)	_____	(208,841)
Total liabilities, deferred inflows of resources, and fund balances	\$ _____	\$ _____	\$ _____	\$ _____

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

Schedule A-1

	Special Revenue			
	27190 - Pay For Performance- Group	28190 - GRADS- Instructions	28203 - Grads Plus	29102 - Private Direct Grants (Categorical)
ASSETS:				
Cash and cash equivalents	\$	\$ 1,759	\$ 1,262	\$ 2,567
Receivables:				
Property taxes				
Due from other governments				
Due from other funds				
Inventory				
Total assets	1,759	1,759	1,262	2,567
LIABILITIES				
Accounts payable				
Accrued payroll	193			
Due to other funds	4,920			
Total liabilities	5,113			
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes				
Total deferred inflows of resources				
FUND BALANCES:				
Nonspendable:				
Inventories				
Spendable:				
Restricted:				
Food services				
Extracurricular activities				
Education		1,759	1,262	2,567
Capital acquisitions				
Debt service				
Unassigned				
Special revenue funds	(5,113)			
Total fund balances	(5,113)	1,759	1,262	2,567
Total liabilities, deferred inflows of resources, and fund balances	\$	\$ 1,759	\$ 1,262	\$ 2,567

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

Schedule A-1

	Capital project			
	31400 - Special Capital Outlay State	31700 - Capital Improvements SB-9	31800 - Energy Efficiency Act	31900 - Education Technology Equipment Act
ASSETS:				
Cash and cash equivalents	\$	\$ 661,710	\$	\$ 293,278
Receivables:				
Property taxes		76,314		
Due from other governments				
Due from other funds				
Inventory				
Total assets		738,024		293,278
LIABILITIES				
Accounts payable				3,376
Accrued payroll				
Due to other funds				
Total liabilities				3,376
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes		60,887		
Total deferred inflows of resources		60,887		
FUND BALANCES:				
Nonspendable:				
Inventories				
Spendable:				
Restricted:				
Food services				
Extracurricular activities				
Education				
Capital acquisitions		677,137		289,902
Debt service				
Unassigned				
Special revenue funds				
Total fund balances		677,137		289,902
Total liabilities, deferred inflows of resources, and fund balances	\$	\$ 738,024	\$	\$ 293,278

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

Schedule A-1

		<u>Capital project</u>	<u>Debt Service</u>		
		32100 - Public School Capital Outlay 20%	41000 - Debt Services	43000 - Ed Tech Debt Services	<u>Total</u>
ASSETS:					
Cash and cash equivalents	\$	\$ 4,251,189	\$ 417,929	\$	6,979,587
Receivables:					
Property taxes		298,986	25,809		401,109
Due from other governments					1,262,016
Due from other funds					
Inventory					<u>42,655</u>
Total assets		<u>4,550,175</u>	<u>443,738</u>		<u>8,685,367</u>
LIABILITIES					
Accounts payable					61,060
Accrued payroll					277,274
Due to other funds					<u>1,135,213</u>
Total liabilities					<u>1,473,547</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes		<u>252,616</u>	<u>21,832</u>		<u>335,335</u>
Total deferred inflows of resources		<u>252,616</u>	<u>21,832</u>		<u>335,335</u>
FUND BALANCES:					
Nonspendable:					
Inventories					42,655
Spendable:					
Restricted:					
Food services					755,726
Extracurricular activities					73,530
Education					545,339
Capital acquisitions					967,039
Debt service		4,297,559	421,906		4,719,465
Unassigned					
Special revenue funds					<u>(227,269)</u>
Total fund balances		<u>4,297,559</u>	<u>421,906</u>		<u>6,876,485</u>
Total liabilities, deferred inflows of resources, and fund balances	\$	<u>\$ 4,550,175</u>	<u>\$ 443,738</u>	\$	<u>\$ 8,685,367</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule A-2

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the Year Ended June 30, 2016

	Special Revenue			
	21000 - Food Services	22000 - Athletics	24106 - Entitlement IDEA-B	24109 - Preschool IDEA-B
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue:				
Federal flowthrough	2,343,434		1,423,175	103,397
Federal direct				
Local sources				
State flowthrough				
State direct				
Charges for services	539,815	140,644		
Investment income	142	35		
<i>Total revenues</i>	<u>2,883,391</u>	<u>140,679</u>	<u>1,423,175</u>	<u>103,397</u>
Expenditures				
Current:				
Instruction		116,223	615,572	91,227
Support services - students			609,977	7,397
Support services - instruction			39,950	
Support services - general admin			61,780	4,773
Support services - school admin				
Central services			42,723	
Operation and maintenance of plant				
Student transportation			53,173	
Food services operations	2,300,778			
Community service operations				
Other support services- students				
Facilities acquisition and construction				
Capital outlay				
Debt Service:				
Principal				
Interest				
<i>Total expenditures</i>	<u>2,300,778</u>	<u>116,223</u>	<u>1,423,175</u>	<u>103,397</u>
Excess (deficiency) of revenues over expenditures	582,613	24,456		
Other financing sources (uses)				
Bond premium				
Bond proceeds				
<i>Total other financing sources (uses)</i>				
Net change in fund balances	582,613	24,456		
Fund balances - beginning	<u>215,768</u>	<u>49,074</u>		
Fund balances - end of year	<u>\$ 798,381</u>	<u>\$ 73,530</u>	<u>\$</u>	<u>\$</u>

The accompanying notes are an integral part of these financial statements

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the Year Ended June 30, 2016

	<u>Special Revenue</u>			
	<u>24113 - Education of Homeless</u>	<u>24115 - IDEA-B Private School Share</u>	<u>24118 - Fresh Fruits & Vegetables</u>	<u>24120 - IDEA-B "Risk Pool</u>
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue:				
Federal flowthrough	10,336		49,443	
Federal direct				
Local sources				
State flowthrough				
State direct				
Charges for services				
Investment income				
<i>Total revenues</i>	<u>10,336</u>		<u>49,443</u>	
Expenditures				
Current:				
Instruction				
Support services - students	9,276			
Support services - instruction				
Support services - general admin				
Support services - school admin				
Central services				
Operation and maintenance of plant				
Student transportation	1,000			
Food services operations			49,443	
Community service operations	60			
Other support services- students				
Facilities acquisition and construction				
Capital outlay				
Debt Service:				
Principal				
Interest				
<i>Total expenditures</i>	<u>10,336</u>		<u>49,443</u>	
Excess (deficiency) of revenues over expenditures				
Other financing sources (uses)				
Bond premium				
Bond proceeds				
<i>Total other financing sources (uses)</i>				
Net change in fund balances				
Fund balances - beginning				
Fund balances - end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

The accompanying notes are an integral part of these financial statements

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the Year Ended June 30, 2016

	Special Revenue			
	24124 - Title I 1003g Grant	24132 Results Driven Accountability	24154 - Teacher/Principal training/Recruiting	24162 - Title I School Improvement
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue:				
Federal flowthrough	107,195	39,304	288,020	12,662
Federal direct				
Local sources				
State flowthrough				
State direct				
Charges for services				
Investment income				
<i>Total revenues</i>	<u>107,195</u>	<u>39,304</u>	<u>288,020</u>	<u>12,662</u>
Expenditures				
Current:				
Instruction	105,298	36,404	55,471	12,077
Support services - students		2,900		
Support services - instruction			179,678	
Support services - general admin			41,477	585
Support services - school admin	1,897		1,050	
Central services			10,344	
Operation and maintenance of plant				
Student transportation				
Food services operations				
Community service operations				
Other support services- students				
Facilities acquisition and construction				
Capital outlay				
Debt Service:				
Principal				
Interest				
<i>Total expenditures</i>	<u>107,195</u>	<u>39,304</u>	<u>288,020</u>	<u>12,662</u>
Excess (deficiency) of revenues over expenditures				
Other financing sources (uses)				
Bond premium				
Bond proceeds				
<i>Total other financing sources (uses)</i>				
Net change in fund balances				
Fund balances - beginning				
Fund balances - end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

The accompanying notes are an integral part of these financial statements

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the Year Ended June 30, 2016

	Special Revenue			
	24174 - Carl D. Perkins Secondary Current	24176 - Carl D. Perkins Secondary Redistribution	24184 - Teen Dating Violence Awareness Program	24186 - Youth Resiliency Project
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue:				
Federal flowthrough	58,585	6,735	11,756	6,853
Federal direct				
Local sources				
State flowthrough				
State direct				
Charges for services				
Investment income				
<i>Total revenues</i>	<u>58,585</u>	<u>6,735</u>	<u>11,756</u>	<u>6,853</u>
Expenditures				
Current:				
Instruction	53,057	5,690	11,756	5,428
Support services - students				1,425
Support services - instruction				
Support services - general admin	3,554	311		
Support services - school admin	1,974	734		
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Community service operations				
Other support services- students				
Facilities acquisition and construction				
Capital outlay				
Debt Service:				
Principal				
Interest				
<i>Total expenditures</i>	<u>58,585</u>	<u>6,735</u>	<u>11,756</u>	<u>6,853</u>
Excess (deficiency) of revenues over expenditures				
Other financing sources (uses)				
Bond premium				
Bond proceeds				
<i>Total other financing sources (uses)</i>				
Net change in fund balances				
Fund balances - beginning				
Fund balances - end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule A-2

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the Year Ended June 30, 2016

	Special Revenue				
	25123 - Title XIX Medicaid	25145 - Impact Aid Special Education	25153 - Title XIX Medicaid 3/21 Years	25179 - ALAMO DOD	25254 - DOD Education Activity
Revenues					
Property taxes	\$	\$	\$	\$	\$
Intergovernmental revenue:					
Federal flowthrough					
Federal direct		164,156	456,853	13,662	820,012
Local sources					
State flowthrough			35		
State direct					
Charges for services					
Investment income					
<i>Total revenues</i>	<u></u>	<u>164,156</u>	<u>456,888</u>	<u>13,662</u>	<u>820,012</u>
Expenditures					
Current:					
Instruction		87,770	160	439	717,100
Support services - students		69,053	435,902	896	40,922
Support services - instruction					61,990
Support services - general admin		7,297	20,827		
Support services - school admin				12,328	
Central services					
Operation and maintenance of plant		36			
Student transportation					
Food services operations					
Community service operations					
Other support services- students					
Facilities acquisition and construction					
Capital outlay					
Debt Service:					
Principal					
Interest					
<i>Total expenditures</i>	<u></u>	<u>164,156</u>	<u>456,889</u>	<u>13,663</u>	<u>820,012</u>
Excess (deficiency) of revenues over expenditures			(1)	(1)	
Other financing sources (uses)					
Bond premium					
Bond proceeds					
<i>Total other financing sources (uses)</i>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Net change in fund balances			(1)	(1)	
Fund balances - beginning	<u></u>	<u>278,536</u>	<u>182,128</u>	<u>79,089</u>	<u></u>
Fund balances - end of year	<u>\$</u>	<u>\$ 278,536</u>	<u>\$ 182,127</u>	<u>\$ 79,088</u>	<u>\$</u>

The accompanying notes are an integral part of these financial statements

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-Major Governmental Funds
 For the Year Ended June 30, 2016

	Special Revenue		
	27103 - Dual Credit Instructional Materials	27107 - 2012 G.O. Bond Student Library Fund	27114 - New Mexico Reads to Lead
Revenues			
Property taxes	\$	\$	\$
Intergovernmental revenue:			
Federal flowthrough			
Federal direct			
Local sources			
State flowthrough	14,284	29,093	158,501
State direct			
Charges for services			
Investment income			
<i>Total revenues</i>	<u>14,284</u>	<u>29,093</u>	<u>158,501</u>
Expenditures			
Current:			
Instruction	14,284		153,612
Support services - students			
Support services - instruction		29,093	3,320
Support services - general admin			1,569
Support services - school admin			
Central services			
Operation and maintenance of plant			
Student transportation			
Food services operations			
Community service operations			
Other support services- students			
Facilities acquisition and construction			
Capital outlay			
Debt Service:			
Principal			
Interest			
<i>Total expenditures</i>	<u>14,284</u>	<u>29,093</u>	<u>158,501</u>
Excess (deficiency) of revenues over expenditures			
Other financing sources (uses)			
Bond premium			
Bond proceeds			
<i>Total other financing sources (uses)</i>			
Net change in fund balances			
Fund balances - beginning			
Fund balances - end of year	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>

The accompanying notes are an integral part of these financial statements

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-Major Governmental Funds
 For the Year Ended June 30, 2016

	<u>Special Revenue</u>		
	<u>27155 - Breakfast for Elementary Students</u>	<u>27166 - Kindergarten Three Plus</u>	<u>27171 - 2010 GOB Instructional Materials</u>
Revenues			
Property taxes	\$	\$	\$
Intergovernmental revenue:			
Federal flowthrough			
Federal direct			
Local sources			
State flowthrough	61,480	111,637	
State direct			
Charges for services			
Investment income			
<i>Total revenues</i>	<u>61,480</u>	<u>111,637</u>	
Expenditures			
Current:			
Instruction		100,475	
Support services - students		16,417	
Support services - instruction			
Support services - general admin			
Support services - school admin		8,014	
Central services			
Operation and maintenance of plant			
Student transportation			
Food services operations	61,480		
Community service operations			
Other support services- students			
Facilities acquisition and construction			
Capital outlay			
Debt Service:			
Principal			
Interest			
<i>Total expenditures</i>	<u>61,480</u>	<u>124,906</u>	
Excess (deficiency) of revenues over expenditures		(13,269)	
Other financing sources (uses)			
Bond premium			
Bond proceeds			
<i>Total other financing sources (uses)</i>			
Net change in fund balances		(13,269)	
Fund balances - beginning			
Fund balances - end of year	<u>\$</u>	<u>\$ (13,269)</u>	<u>\$</u>

The accompanying notes are an integral part of these financial statements

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the Year Ended June 30, 2016

	Special Revenue			
	27179 - Workforce Readiness	27183 - NM Grown FFV	27185 - Next Generation Assessments	27188 - Pay For Performance- Individual
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue:				
Federal flowthrough				
Federal direct				
Local sources				
State flowthrough		3,184		
State direct				
Charges for services				
Investment income				
<i>Total revenues</i>	<u> </u>	<u> 3,184 </u>	<u> </u>	<u> </u>
Expenditures				
Current:				
Instruction				
Support services - students				
Support services - instruction				
Support services - general admin				
Support services - school admin				208,841
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations		3,230		
Community service operations				
Other support services- students				
Facilities acquisition and construction				
Capital outlay				
Debt Service:				
Principal				
Interest				
<i>Total expenditures</i>	<u> </u>	<u> 3,230 </u>	<u> </u>	<u> 208,841 </u>
Excess (deficiency) of revenues over expenditures		(46)		(208,841)
Other financing sources (uses)				
Bond premium				
Bond proceeds				
<i>Total other financing sources (uses)</i>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balances		(46)		(208,841)
Fund balances - beginning				
Fund balances - end of year	<u> </u>	<u> (46) </u>	<u> </u>	<u> (208,841) </u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Schedule A-2

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the Year Ended June 30, 2016

	Special Revenue			
	27190 - Pay For Performance- Group	28190 - GRADS- Instructions	28203 - Grads Plus	29102 - Private Direct Grants (Categorical)
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue:				
Federal flowthrough				
Federal direct				
Local sources				
State flowthrough				
State direct		11,000	5,283	
Charges for services				
Investment income				
<i>Total revenues</i>	<u> </u>	<u>11,000</u>	<u>5,283</u>	<u> </u>
Expenditures				
Current:				
Instruction		11,304	2,364	
Support services - students			4,150	
Support services - instruction				
Support services - general admin				
Support services - school admin	5,113			
Central services				
Operation and maintenance of plant				
Student transportation				
Food services operations				
Community service operations				
Other support services- students				
Facilities acquisition and construction				
Capital outlay				
Debt Service:				
Principal				
Interest				
<i>Total expenditures</i>	<u>5,113</u>	<u>11,304</u>	<u>6,514</u>	<u> </u>
Excess (deficiency) of revenues over expenditures	(5,113)	(304)	(1,231)	
Other financing sources (uses)				
Bond premium				
Bond proceeds				
<i>Total other financing sources (uses)</i>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balances	(5,113)	(304)	(1,231)	
Fund balances - beginning	<u> </u>	<u>2,063</u>	<u>2,493</u>	<u>2,567</u>
Fund balances - end of year	<u>\$ (5,113)</u>	<u>\$ 1,759</u>	<u>\$ 1,262</u>	<u>\$ 2,567</u>

The accompanying notes are an integral part of these financial statements

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-Major Governmental Funds
 For the Year Ended June 30, 2016

	<u>Capital Projects</u>			
	<u>31400 - Special Capital Outlay State</u>	<u>31700 - Capital Improvements SB-9</u>	<u>31800 - Energy Efficiency Act</u>	<u>31900 - Education Technology Equipment Act</u>
Revenues				
Property taxes	\$	\$ 1,464,111	\$	\$
Intergovernmental revenue:				
Federal flowthrough				
Federal direct				
Local sources				
State flowthrough				
State direct				
Charges for services				
Investment income		692		494
<i>Total revenues</i>		<u>1,464,803</u>		<u>494</u>
Expenditures				
Current:				
Instruction				
Support services - students				
Support services - instruction				
Support services - general admin		14,673		
Support services - school admin				
Central services				
Operation and maintenance of plant		182,261		568,313
Student transportation				
Food services operations				
Community service operations				
Other support services- students				
Facilities acquisition and construction				
Capital outlay		2,430,678		171,565
Debt Service:				
Principal				
Interest				
<i>Total expenditures</i>		<u>2,627,612</u>		<u>739,878</u>
Excess (deficiency) of revenues over expenditures		(1,162,809)		(739,384)
Other financing sources (uses)				
Bond premium				
Bond proceeds				
<i>Total other financing sources (uses)</i>				
Net change in fund balances		(1,162,809)		(739,384)
Fund balances - beginning		<u>1,839,946</u>		<u>1,029,286</u>
Fund balances - end of year	\$	<u>\$ 677,137</u>	\$	<u>\$ 289,902</u>

The accompanying notes are an integral part of these financial statements

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the Year Ended June 30, 2016

	<u>Debt Service</u>		<u>Total</u>
	<u>41000 - Debt Services</u>	<u>43000 - Ed Tech Debt Services</u>	
Revenues			
Property taxes	\$ 4,454,315	\$ 366,433	\$ 6,284,859
Intergovernmental revenue:			
Federal flowthrough			4,460,895
Federal direct			1,454,683
Local sources			
State flowthrough			378,214
State direct			16,283
Charges for services			680,459
Investment income	<u>990</u>	<u>127</u>	<u>2,480</u>
<i>Total revenues</i>	<u>4,455,305</u>	<u>366,560</u>	<u>13,277,873</u>
Expenditures			
Current:			
Instruction			2,195,711
Support services - students			1,198,315
Support services - instruction			314,031
Support services - general admin	44,620	3,670	205,136
Support services - school admin			239,951
Central services			53,067
Operation and maintenance of plant			750,610
Student transportation			54,173
Food services operations			2,414,931
Community service operations			60
Other support services- students			
Facilities acquisition and construction			
Capital outlay			2,602,243
Debt Service:			
Principal	3,470,000	270,000	3,740,000
Interest	<u>787,065</u>	<u>33,638</u>	<u>820,703</u>
<i>Total expenditures</i>	<u>4,301,685</u>	<u>307,308</u>	<u>14,588,931</u>
Excess (deficiency) of revenues over expenditures	153,620	59,252	(1,311,058)
Other financing sources (uses)			
Bond premium	130,720		130,720
Bond proceeds			
<i>Total other financing sources (uses)</i>	<u>130,720</u>		<u>130,720</u>
Net change in fund balances	284,340	59,252	(1,180,338)
Fund balances - beginning	<u>4,013,219</u>	<u>362,654</u>	<u>8,056,823</u>
Fund balances - end of year	<u>\$ 4,297,559</u>	<u>\$ 421,906</u>	<u>\$ 6,876,485</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Food Services Special Revenue Fund (21000)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
and Actual (Non-GAAP Budgetary Basis) Nonmajor Fund
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough	1,771,206	1,771,206	1,903,555	132,349
Federal direct				
Local sources				
State flowthrough				
State direct				
Transportation distribution				
Charges for services	451,000	451,000	541,793	90,793
Investment Income	100	100	142	42
Miscellaneous				
Total revenues	<u>2,222,306</u>	<u>2,222,306</u>	<u>2,445,490</u>	<u>223,184</u>
Expenditures				
Current				
Food Services Operations	2,222,306	2,424,143	2,323,867	100,276
Support services - students				
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay				
Total expenditures	<u>2,222,306</u>	<u>2,424,143</u>	<u>2,323,867</u>	<u>100,276</u>
Excess/(deficiency) of revenues over/(under) expenditures		<u>(201,837)</u>	<u>121,623</u>	<u>323,460</u>
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)		201,837		(201,837)
Proceeds from sale of capital assets				
Total other financing uses		<u>201,837</u>		<u>(201,837)</u>
Net change in fund balance			121,623	121,623
Fund balance, June 30, 2015			<u>312,236</u>	<u>312,236</u>
Fund balance, June 30, 2016	\$	\$	\$ <u>433,859</u>	\$ <u>433,859</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ 121,623
Adjustment to revenue for accruals and other deferrals				437,901
Adjustment to expenditures for payables, prepaids and other accruals				<u>23,089</u>
Net change in fund balances (GAAP Basis)				<u>\$ 582,613</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Athletics Special Revenue Fund (22000)
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough				
Federal direct				
Local sources				
State flowthrough				
State direct				
Transportation distribution				
Charges for services	110,482	110,482	140,644	30,162
Investment Income	22	22	35	13
Miscellaneous				
	<u>110,504</u>	<u>110,504</u>	<u>140,679</u>	<u>30,175</u>
Total revenues				
Expenditures				
Current				
Instruction	134,382	134,382	116,224	18,158
Support services - students				
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay				
Total expenditures	<u>134,382</u>	<u>134,382</u>	<u>116,224</u>	<u>18,158</u>
Excess/(deficiency) of revenues over/(under) expenditures	(23,878)	(23,878)	24,455	48,333
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)	23,878	23,878		(23,878)
Proceeds from sale of capital assets				
Total other financing uses	<u>23,878</u>	<u>23,878</u>		<u>(23,878)</u>
Net change in fund balance			24,455	24,455
Fund balance, June 30, 2015			<u>49,377</u>	<u>49,377</u>
Fund balance, June 30, 2016	\$ <u> </u>	\$ <u> </u>	\$ <u>73,832</u>	\$ <u>73,832</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ 24,455
Adjustment to revenue for accruals and other deferrals				
Adjustment to expenditures for payables, prepaids and other accruals				<u>1</u>
Net change in fund balances (GAAP Basis)				\$ <u>24,456</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Entitlement IDEA-B Special Revenue Fund (24106)
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough	1,340,908	2,011,582	1,306,812	(704,770)
Federal direct				
Local sources				
State flowthrough				
State direct				
Transportation distribution				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>1,340,908</u>	<u>2,011,582</u>	<u>1,306,812</u>	<u>(704,770)</u>
Expenditures				
Current				
Instruction	719,117	1,034,030	626,926	407,104
Support services - students	477,968	727,511	608,496	119,015
Support services - instruction	39,599	39,955	39,950	5
Support services - general administration	62,752	93,445	61,781	31,664
Support services - school administration				
Central services	41,472	43,055	42,723	332
Operation and maintenance of plant				
Student transportation		73,586	53,173	20,413
Other support services				
Capital Outlay				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>1,340,908</u>	<u>2,011,582</u>	<u>1,433,049</u>	<u>578,533</u>
Excess/(deficiency) of revenues over/(under) expenditures	<u> </u>	<u> </u>	<u>(126,237)</u>	<u>(126,237)</u>
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other financing uses	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance			(126,237)	(126,237)
Fund balance, June 30, 2015			(216,316)	(216,316)
Fund balance, June 30, 2016	<u>\$</u>	<u>\$</u>	<u>\$ (342,553)</u>	<u>\$ (342,553)</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ (126,237)
Adjustment to revenue for accruals and other deferrals				(1,203,415)
Adjustment to expenditures for payables, prepaids and other accruals				<u>1,329,652</u>
Net change in fund balances (GAAP Basis)				<u>\$</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Preschool IDEA-B Special Revenue Fund (24109)
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough	70,406	123,634	70,839	(52,795)
Federal direct				
Local sources				
State flowthrough				
State direct				
Transportation distribution				
Charges for services				
Investment Income				
Miscellaneous				
Total revenues	<u>70,406</u>	<u>123,634</u>	<u>70,839</u>	<u>(52,795)</u>
Expenditures				
Current				
Instruction	59,429	100,199	91,227	8,972
Support services - students	7,727	17,726	7,397	10,329
Support services - general administration	3,250	5,709	4,773	936
Support services - school administration				
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay				
Total expenditures	<u>70,406</u>	<u>123,634</u>	<u>103,397</u>	<u>20,237</u>
Excess/(deficiency) of revenues over/(under) expenditures			(32,558)	(32,558)
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets				
Total other financing uses				
Net change in fund balance			(32,558)	(32,558)
Fund balance, June 30, 2015			(10,708)	(10,708)
Fund balance, June 30, 2016	<u>\$</u>	<u>\$</u>	<u>\$ (43,266)</u>	<u>\$ (43,266)</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ (32,558)
Adjustment to revenue for accruals and other deferrals				32,558
Adjustment to expenditures for payables, prepaids and other accruals				
Net change in fund balances (GAAP Basis)				<u>\$</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Education of Homeless Special Revenue Fund (24113)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough	9,246	10,629	11,136	507
Federal direct				
Local sources				
State flowthrough				
State direct				
Transportation distribution				
Charges for services				
Investment Income				
Miscellaneous				
Total revenues	<u>9,246</u>	<u>10,629</u>	<u>11,136</u>	<u>507</u>
Expenditures				
Current				
Instruction				
Support services - students	7,846	9,569	9,275	294
Support services - general administration	300			
Community Services Operations	100	60	60	
Student transportation	1,000	1,000	1,000	
Other support services				
Capital Outlay				
Total expenditures	<u>9,246</u>	<u>10,629</u>	<u>10,335</u>	<u>294</u>
Excess/(deficiency) of revenues over/(under) expenditures			801	801
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets				
Total other financing uses				
Net change in fund balance			801	801
Fund balance, June 30, 2015			(10,708)	(10,708)
Fund balance, June 30, 2016	<u>\$</u>	<u>\$</u>	<u>\$ (9,907)</u>	<u>\$ (9,907)</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ 801
Adjustment to revenue for accruals and other deferrals				(800)
Adjustment to expenditures for payables, prepaids and other accruals				(1)
Net change in fund balances (GAAP Basis)				<u>\$</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
IDEA-B Private School Share Special Revenue Fund (24115)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough				
Federal direct	18,370	35,544		(35,544)
Local sources				
State flowthrough				
State direct				
Transportation distribution				
Charges for services				
Total revenues	<u>18,370</u>	<u>35,544</u>	<u> </u>	<u>(35,544)</u>
Expenditures				
Current				
Instruction				
Support services - students	8,370	8,370		8,370
Support services - instruction	10,000	27,174		27,174
Support services - general administration				
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay				
Total expenditures	<u>18,370</u>	<u>35,544</u>	<u> </u>	<u>35,544</u>
Excess/(deficiency) of revenues over/(under) expenditures				
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets				
Total other financing uses				
Net change in fund balance				
Fund balance, June 30, 2015				
Fund balance, June 30, 2016	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
Net change in fund balances (Non-GAAP budgetary basis)				\$
Adjustment to revenue for accruals and other deferrals				
Adjustment to expenditures for payables, prepaids and other accruals				<u> </u>
Net change in fund balances (GAAP Basis)				\$ <u> </u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Fresh Fruits & Vegetables Special Revenue Fund (24118)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough				
Federal direct		62,877	56,085	(6,792)
Local sources				
State flowthrough				
State direct				
Transportation distribution				
Charges for services				
Investment Income				
Miscellaneous	_____	_____	_____	_____
Total revenues	_____	<u>62,877</u>	<u>56,085</u>	<u>(6,792)</u>
Expenditures				
Current				
Instruction				
Support services - students				
Food Services Operations		62,877	49,443	13,434
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay	_____	_____	_____	_____
Total expenditures	_____	<u>62,877</u>	<u>49,443</u>	<u>13,434</u>
Excess/(deficiency) of revenues over/(under) expenditures			6,642	6,642
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets	_____	_____	_____	_____
Total other financing uses	_____	_____	_____	_____
Net change in fund balance			6,642	6,642
Fund balance, June 30, 2015			(6,816)	(6,816)
Fund balance, June 30, 2016	\$	\$	\$ (174)	\$ (174)
Net change in fund balances (Non-GAAP budgetary basis)				\$ 6,642
Adjustment to revenue for accruals and other deferrals				(6,642)
Adjustments to expenditures for payables, prepaids and other accruals				_____
Net change in fund balances (GAAP Basis)				\$ _____

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Idea-B "Risk Pool" Special Revenue Fund (24120)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough		1,172		(1,172)
Federal direct				
Local sources				
State flowthrough				
State direct				
Transportation distribution				
Charges for services				
Investment Income				
Miscellaneous				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues		<u>1,172</u>		<u>(1,172)</u>
Expenditures				
Current				
Instruction		1,117		1,117
Support services - students				
Support services - general administration		55		55
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures		<u>1,172</u>		<u>1,172</u>
Excess/(deficiency) of revenues over/(under) expenditures				
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other financing uses				
Net change in fund balance				
Fund balance, June 30, 2015				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balance, June 30, 2016	\$	\$	\$	\$
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balances (Non-GAAP budgetary basis)				\$
Adjustment to revenue for accruals and other deferrals				
Adjustments to expenditures for payables, prepaids and other accruals				
				<u> </u>
Net change in fund balances (GAAP Basis)				\$ <u> </u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Title I 1003G Grant Special Revenue Fund (24124)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough		264,828	99,343	(165,485)
Federal direct				
Local sources				
State flowthrough				
State direct				
Transportation distribution				
Charges for services				
Investment Income				
Miscellaneous				
Total revenues		<u>264,828</u>	<u>99,343</u>	<u>(165,485)</u>
Expenditures				
Current				
Instruction		260,078	105,298	154,780
Support services - students				
Support services - school administration		4,750	1,897	2,853
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay				
Total expenditures		<u>264,828</u>	<u>107,195</u>	<u>157,633</u>
Excess/(deficiency) of revenues over/(under) expenditures			(7,852)	(7,852)
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets				
Total other financing uses				
Net change in fund balance			(7,852)	(7,852)
Fund balance, June 30, 2015			<u>(32,771)</u>	<u>(32,771)</u>
Fund balance, June 30, 2016	\$	\$	<u><u>(40,623)</u></u>	<u><u>(40,623)</u></u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ (7,852)
Adjustment to revenue for accruals and other deferrals				7,852
Adjustment to expenditures for payables, prepaids and other accruals				
Net change in fund balances (GAAP Basis)				<u><u>\$</u></u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Result Driven Accountability Fund (24132)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough	60,000	60,000	37,192	(22,808)
Federal direct				
Local sources				
State flowthrough				
State direct				
Transportation distribution				
Charges for services				
Investment Income				
Miscellaneous				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>37,192</u>	<u>(22,808)</u>
Expenditures				
Current				
Instruction	58,920	56,140	36,404	19,736
Support services - students	1,080	3,860	2,900	960
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>60,000</u>	<u>60,000</u>	<u>39,304</u>	<u>20,696</u>
Excess/(deficiency) of revenues over/(under) expenditures			(2,112)	(2,112)
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other financing uses	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance			(2,112)	(2,112)
Fund balance, June 30, 2015				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balance, June 30, 2016	<u>\$</u>	<u>\$</u>	<u>\$ (2,112)</u>	<u>\$ (2,112)</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ (2,112)
Adjustment to revenue for accruals and other deferrals				2,112
Adjustment to expenditures for payables, prepaids and other accruals				<u> </u>
Net change in fund balances (GAAP Basis)				<u>\$</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Teacher/Principal Training/Recruiting Special Revenue Fund (24154)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough	288,460	494,088	301,640	(192,448)
Federal direct				
Local sources				
State flowthrough				
State direct				
Transportation distribution				
Charges for services				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>288,460</u>	<u>494,088</u>	<u>301,640</u>	<u>(192,448)</u>
Expenditures				
Current				
Instruction	57,807	155,657	55,471	100,186
Support services - students		4,000		4,000
Support services - instruction	164,079	232,509	179,678	52,831
Support services - general administration	54,034	57,397	41,477	15,920
Support services - school administration	12,540	33,376	1,050	32,326
Central services		11,149	10,344	805
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>288,460</u>	<u>494,088</u>	<u>288,020</u>	<u>206,068</u>
Excess/(deficiency) of revenues over/(under) expenditures			13,620	13,620
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other financing uses	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance			13,620	13,620
Fund balance, June 30, 2015			(41,059)	(41,059)
Fund balance, June 30, 2016	\$ <u> </u>	\$ <u> </u>	\$ <u>(27,439)</u>	\$ <u>(27,439)</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ 13,620
Adjustment to revenue for accruals and other deferrals				(13,620)
Adjustment to expenditures for payables, prepaids and other accruals				<u> </u>
Net change in fund balances (GAAP Basis)				\$ <u> </u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Title I School Improvement Special Revenue Fund (24162)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough		31,047	11,966	(19,081)
Federal direct				
Local sources				
State flowthrough				
State direct				
Transportation distribution				
Charges for services				
Investment Income				
Miscellaneous				
Total revenues		<u>31,047</u>	<u>11,966</u>	<u>(19,081)</u>
Expenditures				
Current				
Instruction		29,613	12,078	17,535
Support services - students				
Support services - general administration		1,434	585	849
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay				
Total expenditures		<u>31,047</u>	<u>12,663</u>	<u>18,384</u>
Excess/(deficiency) of revenues over/(under) expenditures			(697)	(697)
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets				
Total other financing uses				
Net change in fund balance			(697)	(697)
Fund balance, June 30, 2015				
Fund balance, June 30, 2016	\$	\$	\$ (697)	\$ (697)
Net change in fund balances (Non-GAAP budgetary basis)				\$ (697)
Adjustment to revenue for accruals and other deferrals				696
Adjustment to expenditures for payables, prepaids and other accruals				<u>1</u>
Net change in fund balances (GAAP Basis)				\$ <u> </u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
 Carl D. Perkins Secondary Current Special Revenue Fund (24174)
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
 (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough	63,699	67,284	62,964	(4,320)
Federal direct				
Local sources				
State flowthrough				
State direct				
Transportation distribution				
Charges for services				
Investment Income				
Miscellaneous				
Total revenues	<u>63,699</u>	<u>67,284</u>	<u>62,964</u>	<u>(4,320)</u>
Expenditures				
Current				
Instruction	59,936	59,221	53,057	6,164
Support services - students				
Support services - general administration	3,763	4,097	3,554	543
Support services - school administration		3,966	1,974	1,992
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay				
Total expenditures	<u>63,699</u>	<u>67,284</u>	<u>58,585</u>	<u>8,699</u>
Excess/(deficiency) of revenues over/(under) expenditures			4,379	4,379
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets				
Total other financing uses				
Net change in fund balance			4,379	4,379
Fund balance, June 30, 2015			(38,943)	(38,943)
Fund balance, June 30, 2016	\$	\$	\$ (34,564)	\$ (34,564)
Net change in fund balances (Non-GAAP budgetary basis)				\$ 4,379
Adjustment to revenue for accruals and other deferrals				(4,379)
Adjustment to expenditures for payables, prepaids and other accruals				
Net change in fund balances (GAAP Basis)				\$

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Carl D. Perkins Secondary Redistribution Special Revenue Fund (24176)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough		12,440	3,632	(8,808)
Federal direct				
Local sources				
State flowthrough				
State direct				
Transportation distribution				
Charges for services				
Investment Income				
Miscellaneous	_____	_____	_____	_____
Total revenues	_____	12,440	3,632	(8,808)
Expenditures				
Current				
Instruction		10,310	5,690	4,620
Support services - students				
Support services - general administration		575	311	264
Support services - school administration		1,555	734	821
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay	_____	_____	_____	_____
Total expenditures	_____	12,440	6,735	5,705
Excess/(deficiency) of revenues over/(under) expenditures			(3,103)	(3,103)
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets	_____	_____	_____	_____
Total other financing uses	_____	_____	_____	_____
Net change in fund balance			(3,103)	(3,103)
Fund balance, June 30, 2015	_____	_____	(3,620)	(3,620)
Fund balance, June 30, 2016	\$	\$	\$ (6,723)	\$ (6,723)
Net change in fund balances (Non-GAAP budgetary basis)				\$ (3,103)
Adjustment to revenue for accruals and other deferrals				3,103
Adjustment to expenditures for payables, prepaids and other accruals				_____
Net change in fund balances (GAAP Basis)				\$

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Teen Dating Violence Awareness Program Special Revenue Fund (24184)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough		15,150	7,797	(7,353)
Federal direct				
Local sources				
State flowthrough				
State direct				
Transportation distribution				
Charges for services				
Investment Income				
Miscellaneous				
Total revenues		<u>15,150</u>	<u>7,797</u>	<u>(7,353)</u>
Expenditures				
Current				
Instruction		15,150	11,756	3,394
Support services - students				
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay				
Total expenditures		<u>15,150</u>	<u>11,756</u>	<u>3,394</u>
Excess/(deficiency) of revenues over/(under) expenditures			(3,959)	(3,959)
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets				
Total other financing uses				
Net change in fund balance			(3,959)	(3,959)
Fund balance, June 30, 2015			<u>(2,591)</u>	<u>(2,591)</u>
Fund balance, June 30, 2016	\$	\$	<u><u>(6,550)</u></u>	<u><u>(6,550)</u></u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ (3,959)
Adjustment to revenue for accruals and other deferrals				3,959
Adjustment to expenditures for payables, prepaids and other accruals				
Net change in fund balances (GAAP Basis)				<u><u>\$</u></u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Youth Resiliency Project Special Revenue Fund (24186)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough		7,500	11,830	4,330
Federal direct				
Local sources				
State flowthrough				
State direct				
Transportation distribution				
Charges for services				
Investment Income				
Miscellaneous				
Total revenues		<u>7,500</u>	<u>11,830</u>	<u>4,330</u>
Expenditures				
Current				
Instruction		5,586	5,428	158
Support services - students		1,914	1,425	489
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay				
Total expenditures		<u>7,500</u>	<u>6,853</u>	<u>647</u>
Excess/(deficiency) of revenues over/(under) expenditures			4,977	4,977
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets				
Total other financing uses				
Net change in fund balance			4,977	4,977
Fund balance, June 30, 2015			(5,176)	(5,176)
Fund balance, June 30, 2016	\$	\$	\$ (199)	\$ (199)
Net change in fund balances (Non-GAAP budgetary basis)				\$ 4,977
Adjustment to revenue for accruals and other deferrals				(4,977)
Adjustment to expenditures for payables, prepaids and other accruals				
Net change in fund balances (GAAP Basis)				\$

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Impact Aid Special Education Special Revenue Fund (25145)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough				
Federal direct	100,000	100,000	115,649	15,649
Local sources				
State flowthrough				
State direct				
Transportation distribution				
Charges for services				
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>115,649</u>	<u>15,649</u>
Expenditures				
Current				
Instruction	84,600	104,825	87,770	17,055
Support services - students	195,363	256,036	69,053	186,983
Support services - instruction				
Support services - general administration	13,560	16,875	7,296	9,579
Support services - school administration				
Central services		600		600
Operation and maintenance of plant	200	200	36	164
Student transportation				
Other support services				
Capital Outlay				
Total expenditures	<u>293,723</u>	<u>378,536</u>	<u>164,155</u>	<u>214,381</u>
Excess/(deficiency) of revenues over/(under) expenditures	(193,723)	(278,536)	(48,506)	230,030
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)	193,723	278,536		(278,536)
Proceeds from sale of capital assets				
Total other financing uses	<u>193,723</u>	<u>278,536</u>		<u>(278,536)</u>
Net change in fund balance			(48,506)	(48,506)
Fund balance, June 30, 2015			<u>278,536</u>	<u>278,536</u>
Fund balance, June 30, 2016	<u>\$</u>	<u>\$</u>	<u>\$ 230,030</u>	<u>\$ 230,030</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ (48,506)
Adjustment to revenue for accruals and other deferrals				48,507
Adjustment to expenditures for payables, prepaids and other accruals				<u>(1)</u>
Net change in fund balances (GAAP Basis)				<u>\$</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Title XIX Medicaid Special Revenue Fund (25153)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

Revenues	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough				
Federal direct	400,000	400,000	547,763	147,763
Local sources				
State flowthrough				
State direct				
Transportation distribution				
Charges for services				
Investment Income				
Miscellaneous			35	35
Total revenues	<u>400,000</u>	<u>400,000</u>	<u>547,798</u>	<u>147,798</u>
Expenditures				
Current				
Instruction	500	500	160	340
Support services - students	422,049	499,851	430,152	69,699
Support services - general administration	20,451	24,218	20,827	3,391
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay				
Total expenditures	<u>443,000</u>	<u>524,569</u>	<u>451,139</u>	<u>73,430</u>
Excess/(deficiency) of revenues over/(under) expenditures	(43,000)	(124,569)	96,659	221,228
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)	43,000	124,569		(124,569)
Proceeds from sale of capital assets				
Total other financing uses	<u>43,000</u>	<u>124,569</u>		<u>(124,569)</u>
Net change in fund balance			96,659	96,659
Fund balance, June 30, 2015			<u>131,900</u>	<u>131,900</u>
Fund balance, June 30, 2016	<u>\$</u>	<u>\$</u>	<u>\$ 228,559</u>	<u>\$ 228,559</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ 96,659
Adjustment to revenue for accruals and other deferrals				(90,910)
Adjustment to expenditures for payables, prepaids and other accruals				<u>(5,750)</u>
Net change in fund balances (GAAP Basis)				<u>\$ (1)</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Alamo DOD Special Revenue Fund (25179)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough				
Federal direct	252,726			
Local sources				
State flowthrough				
State direct				
Transportation distribution				
Charges for services				
Total revenues	<u>252,726</u>			
Expenditures				
Current				
Instruction	52,438	5,760	439	5,321
Support services	274,574	73,328	13,224	60,104
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay				
Total expenditures	<u>327,012</u>	<u>79,088</u>	<u>13,663</u>	<u>65,425</u>
Excess/(deficiency) of revenues over/(under) expenditures	(74,286)	(79,088)	(13,663)	65,425
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)	74,286	79,088		(79,088)
Proceeds from sale of capital assets				
Total other financing uses	<u>74,286</u>	<u>79,088</u>		<u>(79,088)</u>
Net change in fund balance			(13,663)	(13,663)
Fund balance, June 30, 2015			<u>95,661</u>	<u>95,661</u>
Fund balance, June 30, 2016	<u>\$</u>	<u>\$</u>	<u>\$ 81,998</u>	<u>\$ 81,998</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ (13,663)
Adjustment to revenue for accruals and other deferrals				13,662
Adjustment to expenditures for payables, prepaids and other accruals				
Net change in fund balances (GAAP Basis)				<u>\$ (1)</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
 Dod Education Activity Special Revenue Fund (25254)
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
 (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2016

Revenues	Budgeted Amounts		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	Original	Final		
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough				
Federal direct	1,081,280	1,082,636	992,950	(89,686)
Local sources				
State flowthrough				
State direct				
Transportation distribution				
Charges for services				
Investment Income				
Miscellaneous				
Total revenues	1,081,280	1,082,636	992,950	(89,686)
Expenditures				
Current				
Instruction	905,972	954,103	718,176	235,927
Support services - instruction	128,243	85,000	61,990	23,010
Support services - students	47,065	43,533	40,922	2,611
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay				
Total expenditures	1,081,280	1,082,636	821,088	261,548
Excess/(deficiency) of revenues over/(under) expenditures			171,862	171,862
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets				
Total other financing uses				
Net change in fund balance			171,862	171,862
Fund balance, June 30, 2015			(265,062)	(265,062)
Fund balance, June 30, 2016	\$	\$	\$ (93,200)	\$ (93,200)
Net change in fund balances (Non-GAAP budgetary basis)				\$ 171,862
Adjustment to revenue for accruals and other deferrals				(172,938)
Adjustment to expenditures for payables, prepaids and other accruals				1,076
Net change in fund balances (GAAP Basis)				\$

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Dual Credit Instructional Materials Special Revenue Fund (27103)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough				
Federal direct				
Local sources				
State flowthrough		14,284	14,284	
State direct				
Transportation distribution				
Charges for services				
Investment Income				
Miscellaneous				
Total revenues	<u> </u>	<u> 14,284 </u>	<u> 14,284 </u>	
Expenditures				
Current				
Instruction		14,284	14,284	
Support services - students				
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay				
Total expenditures	<u> </u>	<u> 14,284 </u>	<u> 14,284 </u>	
Excess/(deficiency) of revenues over/(under) expenditures				
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets				
Total other financing uses	<u> </u>	<u> </u>	<u> </u>	
Net change in fund balance				
Fund balance, June 30, 2015	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balance, June 30, 2016	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>
Net change in fund balances (Non-GAAP budgetary basis)				\$
Adjustment to revenue for accruals and other deferrals				
Adjustment to expenditures for payables, prepaids and other accruals				<u> </u>
Net change in fund balances (GAAP Basis)				<u>\$ </u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
2012 G.O. Bond Student Library Fund Special Revenue Fund (27107)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

Revenues	Budgeted Amounts		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	Original	Final		
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough				
Federal direct				
Local sources				
State flowthrough	60,785	60,785	18,672	(42,113)
State direct				
Transportation distribution				
Charges for services				
Investment Income				
Miscellaneous	1,591	2,144		(2,144)
Total revenues	62,376	62,929	18,672	(44,257)
Expenditures				
Current				
Instruction				
Support services - students				
Support services - instruction	62,376	62,929	29,094	33,835
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay				
Total expenditures	62,376	62,929	29,094	33,835
Excess/(deficiency) of revenues over/(under) expenditures			(10,422)	(10,422)
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets				
Total other financing uses				
Net change in fund balance			(10,422)	(10,422)
Fund balance, June 30, 2015			(14,319)	(14,319)
Fund balance, June 30, 2016	\$	\$	\$ (24,741)	\$ (24,741)
Net change in fund balances (Non-GAAP budgetary basis)				\$ (10,422)
Adjustment to revenue for accruals and other deferrals				10,421
Adjustment to expenditures for payables, prepaids and other accruals				1
Net change in fund balances (GAAP Basis)				\$

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
New Mexico Reads To Lead Special Revenue Fund (27114)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

Revenues	<u>Budgeted Amounts</u>		Actual (Non-GAAP Basis)	Variance Positive-(Negative)
	<u>Original</u>	<u>Final</u>		
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough				
Federal direct				
Local sources				
State flowthrough	162,500	162,500	136,557	(25,943)
State direct				
Transportation distribution				
Charges for services				
Investment Income				
Miscellaneous				
Total revenues	<u>162,500</u>	<u>162,500</u>	<u>136,557</u>	<u>(25,943)</u>
Expenditures				
Current				
Instruction	155,875	157,175	153,612	3,563
Support services - students				
Support services - instruction	4,000	3,700	3,320	380
Support services - general administration	2,625	1,625	1,569	56
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay				
Total expenditures	<u>162,500</u>	<u>162,500</u>	<u>158,501</u>	<u>3,999</u>
Excess/(deficiency) of revenues over/(under) expenditures			(21,944)	(21,944)
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets				
Total other financing uses				
Net change in fund balance			(21,944)	(21,944)
Fund balance, June 30, 2015			(1,309)	(1,309)
Fund balance, June 30, 2016	<u>\$</u>	<u>\$</u>	<u>\$ (23,253)</u>	<u>\$ (23,253)</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ (21,944)
Adjustment to revenue for accruals and other deferrals				21,944
Adjustment to expenditures for payables, prepaids and other accruals				
Net change in fund balances (GAAP Basis)				<u>\$</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Breakfast for Elementary Students Special Revenue Funds (27155)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough				
Federal direct				
Local sources				
State flowthrough		130,676	61,480	(69,196)
State direct				
Transportation distribution				
Charges for services				
Investment Income				
Miscellaneous	_____	_____	_____	_____
Total revenues	_____	<u>130,676</u>	<u>61,480</u>	<u>(69,196)</u>
Expenditures				
Current				
Instruction				
Support services - students				
Food Services Operations		130,676	61,480	69,196
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay	_____	_____	_____	_____
Total expenditures	_____	<u>130,676</u>	<u>61,480</u>	<u>69,196</u>
Excess/(deficiency) of revenues over/(under) expenditures				
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets	_____	_____	_____	_____
Total other financing uses	_____	_____	_____	_____
Net change in fund balance				
Fund balance, June 30, 2015	_____	_____	_____	_____
Fund balance, June 30, 2016	\$ _____	\$ _____	\$ _____	\$ _____
Net change in fund balances (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 balances (GAAP Basis)				\$ _____

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Kindergarten-Three Plus Special Revenue Fund (27166)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough				
Federal direct				
Local sources				
State flowthrough	218,543	132,606	111,637	(20,969)
State direct				
Transportation distribution				
Charges for services				
Investment Income				
Miscellaneous				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>218,543</u>	<u>132,606</u>	<u>111,637</u>	<u>(20,969)</u>
Expenditures				
Current				
Instruction	179,247	101,287	100,475	812
Support services - students	15,688	18,381	16,417	1,964
Support services - instruction	19,119			
Support services - school administration	4,489	8,888	8,014	874
Operation and maintenance of plant				
Student transportation		4,050		4,050
Other support services				
Capital Outlay				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>218,543</u>	<u>132,606</u>	<u>124,906</u>	<u>7,700</u>
Excess/(deficiency) of revenues over/(under) expenditures			(13,269)	(13,269)
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other financing uses				
Net change in fund balance			(13,269)	(13,269)
Fund balance, June 30, 2015			119	119
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balance, June 30, 2016	\$	\$	\$ (13,150)	\$ (13,150)
Net change in fund balances (Non-GAAP budgetary basis)				\$ (13,269)
Adjustment to revenue for accruals and other deferrals				
Adjustment to expenditures for payables, prepaids and other accruals				
				<u> </u>
Net change in fund balances (GAAP Basis)				<u>\$ (13,269)</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
 NM Grown FFV (27183)

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

Revenues	Budgeted Amounts		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	Original	Final		
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough				
Federal direct				
Local sources				
State flowthrough		6,235	3,184	(3,051)
State direct				
Transportation distribution				
Charges for services				
Investment Income				
Miscellaneous				
Total revenues		6,235	3,184	(3,051)
Expenditures				
Current				
Instruction				
Support services - students				
Food Services Operations		6,235	3,229	3,006
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay				
Total expenditures		6,235	3,229	3,006
Excess/(deficiency) of revenues over/(under) expenditures			(45)	(45)
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets				
Total other financing uses				
Net change in fund balance			(45)	(45)
Fund balance, June 30, 2015				
Fund balance, June 30, 2016	\$	\$	\$ (45)	\$ (45)
Net change in fund balances (Non-GAAP budgetary basis)				\$ (45)
Adjustment to revenue for accruals and other deferrals				
Adjustment to expenditures for payables, prepaids and other accruals				(1)
Net change in fund balances (GAAP Basis)				\$ (46)

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Pay for Performance Individual (27188)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough				
Federal direct				
Local sources				
State flowthrough		236,000		(236,000)
State direct				
Transportation distribution				
Charges for services				
Investment Income				
Miscellaneous				
Total revenues	<u> </u>	<u>236,000</u>	<u> </u>	<u>(236,000)</u>
Expenditures				
Current				
Instruction				
Support services - students				
Support services - school administration		236,000	208,841	27,159
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay				
Total expenditures	<u> </u>	<u>236,000</u>	<u>208,841</u>	<u>27,159</u>
Excess/(deficiency) of revenues over/(under) expenditures			(208,841)	(208,841)
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets				
Total other financing uses	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance			(208,841)	(208,841)
Fund balance, June 30, 2015	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balance, June 30, 2016	<u>\$ </u>	<u>\$ </u>	<u>\$ (208,841)</u>	<u>\$ (208,841)</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ (208,841)
Adjustment to revenue for accruals and other deferrals				
Adjustment to expenditures for payables, prepaids and other accruals				
Net change in fund balances (GAAP Basis)				<u>\$ (208,841)</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Pay for Performance - Group (27190)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual (Non- GAAP Basis)</u>	<u>Variance Positive- (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough				
Federal direct				
Local sources				
State flowthrough		10,250		(10,250)
State direct				
Transportation distribution				
Charges for services				
Total revenues		<u>10,250</u>		<u>(10,250)</u>
Expenditures				
Current				
Instruction				
Support services - students				
Support services - school administration		10,250	5,113	5,137
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay				
Total expenditures		<u>10,250</u>	<u>5,113</u>	<u>5,137</u>
Excess/(deficiency) of revenues over/(under) expenditures			(5,113)	(5,113)
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets				
Total other financing uses				
Net change in fund balance			(5,113)	(5,113)
Fund balance, June 30, 2015				
Fund balance, June 30, 2016	\$	\$	\$ (5,113)	\$ (5,113)
Net change in fund balances (Non-GAAP budgetary basis)				\$ (5,113)
Adjustment to revenue for accruals and other deferrals				
Adjustment to expenditures for payables, prepaids and other accruals				
Net change in fund balances (GAAP Basis)				<u>\$ (5,113)</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
GRADS- Instruction Special Revenue Fund (28190)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough				
Federal direct				
Local sources				
State flowthrough				
State direct		11,000	11,000	
Transportation distribution				
Charges for services				
Investment Income				
Miscellaneous				
Total revenues	<u> </u>	<u>11,000</u>	<u>11,000</u>	<u> </u>
Expenditures				
Current				
Instruction	2,063	13,063	11,304	1,759
Support services - students				
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay				
Total expenditures	<u>2,063</u>	<u>13,063</u>	<u>11,304</u>	<u>1,759</u>
Excess/(deficiency) of revenues over/(under) expenditures	(2,063)	(2,063)	(304)	1,759
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)	2,063	2,063		(2,063)
Proceeds from sale of capital assets				
Total other financing uses	<u>2,063</u>	<u>2,063</u>		<u>(2,063)</u>
Net change in fund balance			(304)	(304)
Fund balance, June 30, 2015			<u>2,063</u>	<u>2,063</u>
Fund balance, June 30, 2016	<u>\$</u>	<u>\$</u>	<u>\$ 1,759</u>	<u>\$ 1,759</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ (304)
Adjustment to revenue for accruals and other deferrals				
Adjustment to expenditures for payables, prepaids and other accruals				
Net change in fund balances (GAAP Basis)				<u>\$ (304)</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
GRADS-Plus Special Revenue Fund (28203)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough				
Federal direct				
Local sources				
State flowthrough				
State direct		8,000	5,283	(2,717)
Transportation distribution				
Charges for services				
Investment Income				
Miscellaneous	_____	_____	_____	_____
Total revenues	_____	<u>8,000</u>	<u>5,283</u>	<u>(2,717)</u>
Expenditures				
Current				
Instruction		3,800	2,364	1,436
Support services - students		4,200	4,150	50
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay	_____	_____	_____	_____
Total expenditures	_____	<u>8,000</u>	<u>6,514</u>	<u>1,486</u>
Excess/(deficiency) of revenues over/(under) expenditures			(1,231)	(1,231)
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets	_____	_____	_____	_____
Total other financing uses	_____	_____	_____	_____
Net change in fund balance			(1,231)	(1,231)
Fund balance, June 30, 2015	_____	_____	<u>2,493</u>	<u>2,493</u>
Fund balance, June 30, 2016	\$	\$	\$ <u>1,262</u>	\$ <u>1,262</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ (1,231)
Adjustment to revenue for accruals and other deferrals				
Adjustment to expenditures for payables, prepaids and other accruals				_____
Net change in fund balances (GAAP Basis)				\$ <u>(1,231)</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Private Direct Grants (Categorical) Special Revenue Fund (29102)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough				
Federal direct				
Local sources				
State flowthrough				
State direct				
Transportation distribution				
Charges for services				
Investment Income				
Miscellaneous	_____	_____	_____	_____
Total revenues	_____	_____	_____	_____
Expenditures				
Current				
Instruction				
Support services - students				
Food Services Operations	2,567	2,567		2,567
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay	_____	_____	_____	_____
Total expenditures	<u>2,567</u>	<u>2,567</u>	_____	<u>2,567</u>
Excess/(deficiency) of revenues over/(under) expenditures	(2,567)	(2,567)		2,567
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)	2,567	2,567		(2,567)
Proceeds from sale of capital assets	_____	_____	_____	_____
Total other financing uses	<u>2,567</u>	<u>2,567</u>	_____	<u>(2,567)</u>
Net change in fund balance				
Fund balance, June 30, 2015	_____	_____	2,567	2,567
Fund balance, June 30, 2016	\$ <u>_____</u>	\$ <u>_____</u>	\$ <u>2,567</u>	\$ <u>2,567</u>
Net change in fund balances (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 balances (GAAP Basis)				\$ <u>_____</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Bond Building Capital Projects Fund (31100)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough				
Federal direct				
Local sources				
State flowthrough			4,050	4,050
State direct				
Transportation distribution				
Charges for services				
Investment Income			3,972	3,972
Miscellaneous	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u> </u>	<u> </u>	<u>8,022</u>	<u>8,022</u>
Expenditures				
Current				
Instruction				
Support services - students				
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay	<u>6,440,677</u>	<u>12,969,101</u>	<u>3,272,979</u>	<u>9,696,122</u>
Total expenditures	<u>6,440,677</u>	<u>12,969,101</u>	<u>3,272,979</u>	<u>9,696,122</u>
Excess/(deficiency) of revenues over/(under) expenditures	(6,440,677)	(12,969,101)	(3,264,957)	9,704,144
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)	6,440,677	7,969,101		(7,969,101)
Bond Proceeds	<u> </u>	<u>5,000,000</u>	<u>5,000,000</u>	<u> </u>
Total other financing uses	<u>6,440,677</u>	<u>12,969,101</u>	<u>5,000,000</u>	<u>(7,969,101)</u>
Net change in fund balance			1,735,043	1,735,043
Fund balance, June 30, 2015	<u> </u>	<u> </u>	<u>7,969,102</u>	<u>7,969,102</u>
Fund balance, June 30, 2016	<u>\$</u>	<u>\$</u>	<u>\$ 9,704,145</u>	<u>\$ 9,704,145</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ 1,735,043
Adjustment to revenue for accruals and other deferrals				
Adjustment to expenditures for payables, prepaids and other accruals				<u>(137,625)</u>
Net change in fund balances (GAAP Basis)				<u>\$ 1,597,418</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Capital Improvements SB-9 Capital Projects Fund (31700)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 1,418,872	\$ 1,418,872	\$ 1,467,394	\$ 48,522
Intergovernmental revenue				
Federal flowthrough				
Federal direct				
Local sources				
State flowthrough		129,252		(129,252)
State direct				
Transportation distribution				
Charges for services				
Investment Income			692	692
Miscellaneous				
Total revenues	<u>1,418,872</u>	<u>1,548,124</u>	<u>1,468,086</u>	<u>(80,038)</u>
Expenditures				
Current				
Instruction				
Support services - students				
Support services - general administration	16,000	16,000	14,674	1,326
Support services - school administration				
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay	<u>2,152,114</u>	<u>3,766,345</u>	<u>3,025,923</u>	<u>740,422</u>
Total expenditures	<u>2,168,114</u>	<u>3,782,345</u>	<u>3,040,597</u>	<u>741,748</u>
Excess/(deficiency) of revenues over/(under) expenditures	(749,242)	(2,234,221)	(1,572,511)	661,710
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)	749,242	2,234,221		(2,234,221)
Proceeds from sale of capital assets				
Total other financing uses	<u>749,242</u>	<u>2,234,221</u>		<u>(2,234,221)</u>
Net change in fund balance			(1,572,511)	(1,572,511)
Fund balance, June 30, 2015			<u>2,234,221</u>	<u>2,234,221</u>
Fund balance, June 30, 2016	<u>\$</u>	<u>\$</u>	<u>\$ 661,710</u>	<u>\$ 661,710</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ (1,572,511)
Adjustment to revenue for accruals and other deferrals				(3,283)
Adjustment to expenditures for payables, prepaids and other accruals				<u>412,985</u>
Net change in fund balances (GAAP Basis)				<u>\$ (1,162,809)</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Education Technology Equipment Act Capital Projects Fund (31900)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$	\$	\$	\$
Intergovernmental revenue				
Federal flowthrough				
Federal direct				
Local sources				
State flowthrough				
State direct				
Transportation distribution				
Charges for services				
Investment Income			494	494
Miscellaneous	_____	_____	_____	_____
Total revenues	_____	_____	494	494
Expenditures				
Current				
Instruction				
Support services - students				
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay	<u>1,026,463</u>	<u>1,030,190</u>	<u>737,406</u>	<u>292,784</u>
Total expenditures	<u>1,026,463</u>	<u>1,030,190</u>	<u>737,406</u>	<u>292,784</u>
Excess/(deficiency) of revenues over/(under) expenditures	(1,026,463)	(1,030,190)	(736,912)	293,278
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets	_____	_____	_____	_____
Total other financing uses	_____	_____	_____	_____
Net change in fund balance	(1,026,463)	(1,030,190)	(736,912)	293,278
Fund balance, June 30, 2015	_____	_____	<u>1,030,190</u>	<u>1,030,190</u>
Fund balance, June 30, 2016	<u>\$1,026,463</u>	<u>\$ (1,030,190)</u>	<u>\$ 293,278</u>	<u>\$ 1,323,468</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ (736,912)
Adjustment to revenue for accruals and other deferrals				
Adjustment to expenditures for payables, prepaids and other accruals				<u>(2,472)</u>
Net change in fund balances (GAAP Basis)				<u>\$ (739,384)</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Debt Service Fund (41000)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 4,256,865	\$ 4,256,865	\$ 4,462,234	\$ 205,369
Intergovernmental revenue				
Federal flowthrough				
Federal direct				
Local sources				
State flowthrough				
Charges for services				
Investment Income			990	990
Miscellaneous				
Total revenues	<u>4,256,865</u>	<u>4,256,865</u>	<u>4,463,224</u>	<u>206,359</u>
Expenditures				
Current				
Instruction				
Debt Services - Interest	4,580,519	4,821,516	787,065	4,034,451
Debt Services - Principal	3,470,000	3,470,000	3,470,000	
Support services - general administration	45,000	55,000	44,622	10,378
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay				
Total expenditures	<u>8,095,519</u>	<u>8,346,516</u>	<u>4,301,687</u>	<u>4,044,829</u>
Excess/(deficiency) of revenues over/(under) expenditures	(3,838,654)	(4,089,651)	161,537	4,251,188
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)	3,838,654	3,958,931		(3,958,931)
Bond Premium		130,720	130,720	
Total other financing uses	<u>3,838,654</u>	<u>4,089,651</u>	<u>130,720</u>	<u>(3,958,931)</u>
Net change in fund balance			292,257	292,257
Fund balance, June 30, 2015			<u>3,958,932</u>	<u>3,958,932</u>
Fund balance, June 30, 2016	<u>\$</u>	<u>\$</u>	<u>\$ 4,251,189</u>	<u>\$ 4,251,189</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ 292,257
Adjustment to revenue for accruals and other deferrals				(7,919)
Adjustment to expenditures for payables, prepaids and other accruals				<u>2</u>
Net change in fund balances (GAAP Basis)				<u>\$ 284,340</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
ED Tech Debt Service Fund (43000)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Basis)	Variance Positive- (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 303,638	\$ 303,638	\$ 366,992	\$ 63,354
Intergovernmental revenue				
Federal flowthrough				
Federal direct				
Local sources				
State flowthrough				
State direct				
Transportation distribution				
Charges for services				
Investment Income			127	127
Miscellaneous				
Total revenues	<u>303,638</u>	<u>303,638</u>	<u>367,119</u>	<u>63,481</u>
Expenditures				
Current				
Instruction				
Debt Services - Interest	419,202	388,255	33,638	354,617
Debt Services - Principal	270,000	270,000	270,000	
Support services - general administration	3,500	3,500	3,670	(170)
Operation and maintenance of plant				
Student transportation				
Other support services				
Capital Outlay				
Total expenditures	<u>692,702</u>	<u>661,755</u>	<u>307,308</u>	<u>354,447</u>
Excess/(deficiency) of revenues over/(under) expenditures	(389,064)	(358,117)	59,811	417,928
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)	389,064	358,117		(358,117)
Proceeds from sale of capital assets				
Total other financing uses	<u>389,064</u>	<u>358,117</u>		<u>(358,117)</u>
Net change in fund balance			59,811	59,811
Fund balance, June 30, 2015			<u>358,118</u>	<u>358,118</u>
Fund balance, June 30, 2016	<u>\$</u>	<u>\$</u>	<u>\$ 417,929</u>	<u>\$ 417,929</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ 59,811
Adjustment to revenue for accruals and other deferrals				(559)
Adjustment to expenditures for payables, prepaids and other accruals				
Net change in fund balances (GAAP Basis)				<u>\$ 59,252</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Combining Balance Sheet- General Funds
For the Year Ended June 30, 2016

Statement C-1

	General Fund		
	11000 - Operating	13000 - Pupil Transportation	14000 - Instructional Materials
ASSETS:			
Cash and cash equivalents	6,397,673	1,344	292,271
Property taxes	20,331		
Due from other funds	<u>1,691,212</u>	<u> </u>	<u> </u>
Total assets	<u>8,109,216</u>	<u>1,344</u>	<u>292,271</u>
LIABILITIES AND FUND BALANCES:			
Accounts payable	93,265		
Due to other funds			
Accrued payroll	<u>2,029,478</u>	<u>1,344</u>	<u> </u>
Total liabilities	<u>2,122,743</u>	<u>1,344</u>	<u> </u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	<u>17,269</u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>17,269</u>	<u> </u>	<u> </u>
Fund balances:			
Nonspendable:			
Inventories			
Restricted:			
Instructional materials			292,271
Committed			
Minimum fund balance	334,564		
Subsequent year's expenditures	2,954,756		
Unassigned	<u>2,679,884</u>	<u> </u>	<u> </u>
Total fund balances	<u>5,969,204</u>	<u> </u>	<u>292,271</u>
Total liabilities and fund balances	<u>\$ 8,109,216</u>	<u>\$ 1,344</u>	<u>\$ 292,271</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Combining Balance Sheet- General Funds
For the Year Ended June 30, 2016

Statement C-1

	<u>Total</u>
ASSETS:	
Cash and cash equivalents	6,691,288
Property taxes	20,331
Due from other funds	<u>1,691,212</u>
Total assets	<u>8,402,831</u>
LIABILITIES AND FUND BALANCES:	
Accounts payable	93,265
Due to other funds	
Accrued payroll	<u>2,030,822</u>
Total liabilities	<u>2,124,087</u>
Deferred inflows of resources:	
Unavailable revenue - property taxes	<u>17,269</u>
Total deferred inflows of resources	<u>17,269</u>
Fund balances:	
Nonspendable:	
Inventories	
Restricted:	
Instructional materials	292,271
Committed	
Minimum fund balance	334,564
Subsequent year's expenditures	2,954,756
Unassigned	<u>2,679,884</u>
Total fund balances	<u>6,261,475</u>
Total liabilities and fund balances	<u>\$ 8,402,831</u>

STATE OF NEW MEXICO

Statement C-2

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
General Funds

For the Year Ended June 30, 2016

	General Fund			Total
	11000 - Operating	13000 - Pupil Transportation	14000 - Instructional Materials	
Revenues				
Property taxes	\$ 289,274	\$	\$	\$ 289,274
Intergovernmental revenue:				
Federal flowthrough	152,145			152,145
Federal direct	990,301			990,301
Local sources				
State flowthrough	122,743		418,116	540,859
State direct	38,665,770			38,665,770
Transportation distribution		1,643,052		1,643,052
Charges for services	173,702			173,702
Miscellaneous	12,184			12,184
Total revenues	<u>40,406,119</u>	<u>1,643,052</u>	<u>418,116</u>	<u>42,467,287</u>
Expenditures				
Current:				
Instruction	24,767,723		740,209	25,507,932
Support services - students	4,142,586			4,142,586
Support services - instruction	683,480			683,480
Support services - general admin	1,072,208			1,072,208
Support services - school admin	2,398,910			2,398,910
Central services	2,206,118			2,206,118
Operation and maintenance of plant	6,032,195			6,032,195
Student transportation	431	1,642,985		1,643,416
Other support services	1,604			1,604
Food services operations	23,252			23,252
Capital outlay				
Debt Service:				
Principal				
Interest				
Total expenditures	<u>41,328,507</u>	<u>1,642,985</u>	<u>740,209</u>	<u>43,711,701</u>
Excess (deficiency) of revenues over expenditures	<u>(922,388)</u>	<u>67</u>	<u>(322,093)</u>	<u>(1,244,414)</u>
Other financing sources (uses)				
Proceeds from sale of capital assets				
Bond proceeds				
Total other financing sources (uses)				
Net change in fund balances	(922,388)	67	(322,093)	(1,244,414)
Fund balances - beginning	6,891,592	(67)	614,364	7,505,889
Fund balances - end of year	<u>\$ 5,969,204</u>	<u>\$</u>	<u>\$ 292,271</u>	<u>\$ 6,261,475</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Operating Fund (11000)

Schedule 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 (Non- GAAP Basis)	Variance Positive- (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue				
Federal indirect	\$ 81,376	\$ 81,376	\$ 152,145	\$ 70,769
Federal direct	768,271	970,677	990,301	19,624
State flowthrough	75,400	75,400	122,743	47,343
State direct	38,967,947	38,675,716	38,665,770	(9,946)
Charges for services	81,258	81,258	183,702	102,444
Property Taxes	279,911	279,911	290,165	10,254
Miscellaneous	<u> </u>	<u> </u>	<u>12,184</u>	<u>12,184</u>
Total revenues	<u>40,254,163</u>	<u>40,164,338</u>	<u>40,417,010</u>	<u>252,672</u>
Expenditures				
Current				
Instruction	26,191,581	25,555,869	24,769,694	786,175
Support services - students	4,227,297	4,302,805	4,142,586	160,219
Support services - instruction	877,789	887,827	683,493	204,334
Support services - general administration	733,830	1,128,445	1,072,540	55,905
Support services - school administration	2,809,458	2,589,969	2,398,919	191,050
Central services	2,150,964	2,320,480	2,148,097	172,383
Food Services Operations		23,268	23,252	16
Operation and Maintenance of Plant	6,344,986	6,611,537	5,929,776	681,761
Student transportation		436	431	5
Other support services	240,559	89,887	33,931	55,956
Capital Outlay	<u>89,197</u>	<u>161,397</u>	<u>125,357</u>	<u>36,040</u>
Total expenditures	<u>43,665,661</u>	<u>43,671,920</u>	<u>41,328,076</u>	<u>2,343,844</u>
Excess/(deficiency) of revenues over/(under) expenditures	(3,411,498)	(3,507,582)	(911,066)	2,596,516
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)	<u>3,411,498</u>	<u>3,507,582</u>	<u> </u>	<u>(3,507,582)</u>
Total other financing uses	<u>3,411,498</u>	<u>3,507,582</u>	<u> </u>	<u>(3,507,582)</u>
Net change in fund balance			(911,066)	(911,066)
Fund balance, June 30, 2015	<u> </u>	<u> </u>	<u>9,142,698</u>	<u>9,142,698</u>
Fund balance, June 30, 2016	<u>\$ </u>	<u>\$ </u>	<u>\$ 8,231,632</u>	<u>\$ 8,231,632</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ (911,066)
Adjustment to revenue for accruals and other deferrals				(10,891)
Adjustment to expenditures for payables, prepaids and other accruals				<u>(431)</u>
Net change in fund balances (GAAP Basis)				<u>\$ (922,388)</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Pupil Transportation Fund (13000)

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			
Revenues	Original	Final	Actual (Non- GAAP Basis)	Variance Positive- (Negative)
Intergovernmental revenue				
Federal indirect	\$	\$	\$	\$
Federal direct				
State flowthrough				
State direct				
Transportation distribution	1,387,127	1,643,052	1,643,052	
Miscellaneous	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>1,387,127</u>	<u>1,643,052</u>	<u>1,643,052</u>	<u> </u>
Expenditures				
Current				
Instruction				
Support services - students				
Support services - instruction				
Support services - general administration				
Support services - school administration				
Central services				
Food Services Operations				
Operation and Maintenance of Plant				
Student transportation	1,387,127	1,643,052	1,643,052	
Other support services	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital Outlay	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>1,387,127</u>	<u>1,643,052</u>	<u>1,643,052</u>	<u> </u>
Excess/(deficiency) of revenues over/(under) expenditures				
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)				
Proceeds from sale of capital assets	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other financing uses	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance				
Fund balance, June 30, 2015	<u> </u>	<u> </u>	<u>1,361</u>	<u>1,361</u>
Fund balance, June 30, 2016	<u>\$ </u>	<u>\$ </u>	<u>\$ 1,361</u>	<u>\$ 1,361</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$
Adjustment to revenue for accruals and other deferrals				
Adjustment to expenditures for payables, prepaids and other accruals				<u>67</u>
Net change in fund balances (GAAP Basis)				<u>\$ 67</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Instructional Materials Fund (14000)
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget
(Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual (Non- GAAP Basis)</u>	<u>Variance Positive- (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenue				
Federal indirect	\$	\$	\$	\$
Federal direct				
State flowthrough	319,927	411,686	418,116	6,430
State direct				
Transportation distribution				
Charges for services				
Total revenues	<u>319,927</u>	<u>411,686</u>	<u>418,116</u>	<u>6,430</u>
Expenditures				
Current				
Instruction	776,839	1,026,050	740,209	285,841
Support services - students				
Support services - instruction				
Support services - general administration				
Support services - school administration				
Central services				
Food Services Operations				
Operation and Maintenance of Plant				
Student transportation				
Other support services				
Capital Outlay				
Total expenditures	<u>776,839</u>	<u>1,026,050</u>	<u>740,209</u>	
Excess/(deficiency) of revenues over/(under) expenditures	(456,912)	(614,364)	(322,093)	6,430
Other Financing Sources/(Uses)				
Designated cash (budgeted increase in cash)	456,912	614,364		(614,364)
Proceeds from sale of capital assets				
Total other financing uses	<u>456,912</u>	<u>614,364</u>		<u>(614,364)</u>
Net change in fund balance			(322,093)	(607,934)
Fund balance, June 30, 2015			<u>614,364</u>	<u>614,364</u>
Fund balance, June 30, 2016	<u>\$</u>	<u>\$</u>	<u>\$ 292,271</u>	<u>\$ 6,430</u>
Net change in fund balances (Non-GAAP budgetary basis)				\$ (322,093)
Adjustment to revenue for accruals and other deferrals				
Adjustment to expenditures for payables, prepaids and other accruals				
Net change in fund balances (GAAP Basis)				<u>\$ (322,093)</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Schedule III

Schedule of Deposits
For the Year Ended June 30, 2016

<u>Bank Name/Account Name</u>	<u>Account Type</u>	<u>First American Bank</u>	<u>First National Bank</u>	<u>Wells Fargo Bank</u>	<u>Total</u>
Capital Projects	Checking	\$ 10,662,031	\$	\$	\$ 10,662,031
Debt Service	Checking	4,669,118			4,669,118
Nutrition Services	Checking		625,291		625,291
Athletics	Checking		74,682		74,682
Activity	Checking		690,479		690,479
Payroll	Checking		2,362,386		2,362,386
Operational	Checking			<u>5,113,034</u>	<u>5,113,034</u>
Total		15,331,149	3,752,838	5,113,034	24,197,021
Reconciling items		<u>(2,899)</u>	<u>(2,294,659)</u>	<u>2,146,766</u>	<u>(150,792)</u>
Reconciled balance June 30, 2016		<u>\$ 15,328,250</u>	<u>\$ 1,458,179</u>	<u>\$ 7,259,800</u>	<u>24,046,229</u>
Plus: Petty cash					380
Less: Restricted cash					(4,669,118)
Less: Agency cash					<u>(671,589)</u>
Cash and cash equivalents					<u>\$ 18,705,902</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Schedule of Cash Reconciliation
For the Year Ended June 30, 2016

Schedule IV

	<u>Operational 11000</u>	<u>Transportation 13000</u>	<u>Instructional Materials 14000</u>	<u>Food Services 21000</u>
Audited Cash,				
June 30, 2015	\$ <u>8,132,842</u>	\$ <u>1,361</u>	\$ <u>614,364</u>	\$ <u>312,236</u>
Total cash June 30, 2015	8,132,842	1,361	614,364	312,236
Less:				
Prior year held checks	<u>(2,172,227)</u>	<u>(1,361)</u>	<u> </u>	<u>(110,179)</u>
Add:				
2015-2016 receipts	40,417,010	1,643,052	418,116	2,445,490
Repayment of loans	1,009,856			
Bond proceeds	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total cash available	<u>47,387,481</u>	<u>1,643,052</u>	<u>1,032,480</u>	<u>2,647,547</u>
Less:				
2015-2016 expenditures	41,328,075	1,643,052	740,209	2,323,867
Repayment of prior year loans	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash per PED	<u>6,059,406</u>	<u> </u>	<u>292,271</u>	<u>323,680</u>
Add / Less:				
Due to/(from) due to pooled cash	(1,691,210)			300,000
Held checks	<u>2,029,477</u>	<u>1,344</u>	<u> </u>	<u>89,450</u>
Cash per financial statement	<u>\$ 6,397,673</u>	<u>\$ 1,344</u>	<u>\$ 292,271</u>	<u>\$ 713,130</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Schedule of Cash Reconciliation
For the Year Ended June 30, 2016

Schedule IV

	<u>Athletics 22000</u>	<u>Non- Instructional Support 23000</u>	<u>Federal Flowthrough 24000</u>	<u>Federal Direct 25000</u>
Audited Cash,				
June 30, 2015	\$ 49,377	\$ 664,474	\$ _____	\$ 506,097
Total cash June 30, 2015	49,377	664,474		506,097
Less:				
Prior year held checks	<u>(303)</u>	<u>(522)</u>	<u>(164,298)</u>	<u>(25,581)</u>
Add:				
2015-2016 receipts	140,679	798,815	3,292,531	1,656,397
Repayment of loans				
Bond proceeds	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total cash available	<u>189,753</u>	<u>1,462,767</u>	<u>3,128,233</u>	<u>2,136,913</u>
Less:				
2015-2016 expenditures	116,224	791,554	3,615,327	1,450,045
Repayment of prior year loans	<u> </u>	<u> </u>	<u>729,166</u>	<u>265,062</u>
Cash per PED	<u>73,529</u>	<u>671,213</u>	<u>(1,216,260)</u>	<u>421,806</u>
Add / Less:				
Due to/(from) due to pooled cash			1,045,548	92,042
Held checks	<u>310</u>	<u>376</u>	<u>170,712</u>	<u>12,528</u>
Cash per financial statement	<u>\$ 73,839</u>	<u>\$ 671,589</u>	<u>\$ _____</u>	<u>\$ 526,376</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Schedule of Cash Reconciliation
For the Year Ended June 30, 2016

Schedule IV

	<u>State Flowthrough 27000</u>	<u>State Direct 28000</u>	<u>Local/State 29000</u>	<u>Bond Building 31100</u>
Audited Cash,				
June 30, 2015	\$ <u>119</u>	\$ <u>4,556</u>	\$ <u>2,567</u>	\$ <u>7,969,102</u>
Total cash June 30, 2015	119	4,556	2,567	7,969,102
Less:				
Prior year held checks	<u>(119)</u>	<u> </u>	<u> </u>	<u> </u>
Add:				
2015-2016 receipts	345,814	16,283		8,022
Repayment of loans				
Bond proceeds	<u> </u>	<u> </u>	<u> </u>	<u>5,000,000</u>
Total cash available	<u>345,814</u>	<u>20,839</u>	<u>2,567</u>	<u>12,977,124</u>
Less:				
2015-2016 expenditures	605,449	17,818		3,272,979
Repayment of prior year loans	<u>15,628</u>	<u> </u>	<u> </u>	<u> </u>
Cash per PED	<u>(275,263)</u>	<u>3,021</u>	<u>2,567</u>	<u>9,704,145</u>
Add / Less:				
Due to/(from) due to pooled cash	253,620			
Held checks	<u>58,191</u>	<u> </u>	<u> </u>	<u> </u>
Cash per financial statement	<u>\$ 36,548</u>	<u>\$ 3,021</u>	<u>\$ 2,567</u>	<u>\$ 9,704,145</u>

STATE OF NEW MEXICO

Schedule IV

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Schedule of Cash Reconciliation

For the Year Ended June 30, 2016

	<u>Public School Capital Outlay 31200</u>	<u>Capital Improvements SB-9 31700</u>	<u>Energy Efficiency Act 31800</u>	<u>Education Technology Equipment Act 31900</u>
Audited Cash,				
June 30, 2015	\$ -	\$ 2,234,221	\$ -	\$ 1,030,190
Total cash June 30, 2015	-	2,234,221	-	1,030,190
Less:				
Prior year held checks	<u>-</u>	<u> </u>	<u>-</u>	<u> </u>
Add:				
2015-2016 receipts	-	1,468,086	-	494
Repayment of loans	-		-	
Bond proceeds	<u>-</u>	<u> </u>	<u>-</u>	<u> </u>
Total cash available	<u>-</u>	<u>3,702,307</u>	<u>-</u>	<u>1,030,684</u>
Less:				
2015-2016 expenditures	-	3,040,597	-	737,406
Repayment of prior year loans	<u>-</u>	<u> </u>	<u>-</u>	<u> </u>
Cash per PED	<u>-</u>	<u>661,710</u>	<u>-</u>	<u>293,278</u>
Add / Less:				
Due to/(from) due to pooled cash	-		-	
Held checks	<u>-</u>	<u> </u>	<u>-</u>	<u> </u>
Cash per financial statement	<u>\$ -</u>	<u>\$ 661,710</u>	<u>\$ -</u>	<u>\$ 293,278</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Schedule of Cash Reconciliation
For the Year Ended June 30, 2016

Schedule IV

	Debt Service 41000	Ed Tech Debt Service 43000	Total
Audited Cash,			
June 30, 2015	\$3,958,932	\$ 358,118	\$ 25,838,556
Total cash June 30, 2015	3,958,932	358,118	25,838,556
Less:			
Prior year held checks	_____	_____	(2,474,590)
Add:			
2015-2016 receipts	4,463,224	367,119	57,481,132
Repayment of loans			1,009,856
Bond proceeds	<u>130,720</u>	_____	<u>5,130,720</u>
Total cash available	<u>8,552,876</u>	<u>725,237</u>	<u>86,985,674</u>
Less:			
2015-2016 expenditures	4,301,687	307,308	64,291,597
Repayment of prior year loans	_____	_____	<u>1,009,856</u>
Cash per PED	<u>4,251,189</u>	<u>417,929</u>	<u>21,684,221</u>
Add / Less:			
Due to/(from) due to pooled cash			
Held checks	_____	_____	<u>2,362,388</u>
Cash per financial statement	<u>\$4,251,189</u>	<u>\$ 417,929</u>	<u>\$ 24,046,609</u>
			Cash balance above \$24,046,609
			Less: agency cash per Exhibit D-1 671,589
			<u>23,375,020</u>

STATE OF NEW MEXICO

Schedule V

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Schedule of Collateral Pledged by Depository for Public Funds

For the Year Ended June 30, 2016

<u>Name of Depository</u>	<u>Description of Pledge Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2016</u>
First American Bank				
	Los Lunas NM Sch 001 NM 19	07/15/19	545562NG1	\$ 250,532
	Albuquerque SD# 12-A NM 21	08/01/21	013595QQ9	805,478
	Gallup ETC SD #1 BLDG NM 21	08/01/21	364010PH5	912,424
	Univ of NM-REF NM 22	08/01/22	914684EF8	1,493,119
	FNMA 10YR	12/01/24	3138EPKF0	1,579,080
	Torrance ETC SD#8 NM 25	05/15/25	891400NM1	515,150
	FHLMC 15YR	12/01/26	3128MDYY3	1,324,717
	GNMA 30YR	05/15/33	36200KT49	<u>1,171,735</u>
	Total First American Bank			<u>8,052,235</u>
	Name and location of safe keeper for above pledged collateral: Federal Home Loan Bank, Dallas, TX			
First National Bank				
	FNMA Pool #AS0484	9/1/2028	3138W9RE2	1,558,903
	FNMA Pool #MAO023	4/1/2029	31417YAZ0	109,105
	FNMA Pool #MA0828	7/1/2031	31417Y4N4	866,691
	FNMA Pool #MA1401	4/1/2033	31418ARX8	770,073
	FNMA Pool #909295	1/1/2037	31411JGC4	<u>400,132</u>
	Total First American Bank			<u>3,704,904</u>
	Name and location of safe keeper for above pledged collateral: Federal Home Loan Bank, Dallas, TX			
Wells Fargo Bank				
	FNMA FNMS	9/1/2042	3138M9KT7	<u>3,157,319</u>
	Total First Wells Fargo Bank			<u>3,157,319</u>
	Name and location of safe keeper for above pledged collateral: Bank of New York Mellon			
	Total Pledged Collateral			<u>\$ 14,914,458</u>

STATE OF NEW MEXICO

Schedule VI

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Schedule of Changes in Assets and Liabilities-Agency Fund

For the Year Ended June 30, 2016

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>
Alamogordo High School	\$ 257,192	\$ 327,255	\$ 310,447	\$ 274,000
Academy Del Sol	19,852	1,568	2,878	18,542
Chaparral Middle School	80,614	68,690	70,454	78,850
Mountain View Middle School	24,131	33,012	29,304	27,839
Holloman Middle School	17,568	27,689	27,936	17,321
Buena Vista	5,240	25,107	22,656	7,691
Heights	4,038	6,641	6,750	3,929
High Rolls	577	309	315	571
La Luz	2,458	1,404	1,819	2,043
North	1,003	2,612	2,821	794
Oregon	15,123	10,676	14,044	11,755
Desert Star Elementary	836	9,064	6,565	3,335
Sierra	18,179	2,428	7,583	13,024
Yucca	7,235	25,712	29,910	3,037
Holloman Primary	25,674	13,754	21,548	17,880
Elementary Music	46			46
Department of Special Education	1,520	1,961	2,962	519
Learning Resource Center	12,189	136	121	12,204
Nurses	203		70	133
Superintendent's Office	5,205	199	5,395	9
Human Resources	713			713
Curriculum & Instruction	1,911	3,555	3,258	2,208
Athletics	80,119	221,127	197,804	103,442
Finance	55,816	2,121	12,063	45,874
Print Shop	22,332	7,916	10,836	19,412
Cafeteria	202	80	72	210
CTE/Student Personnel	299	200	322	177
Technology Support Services	308			308
Chief of Staff	2,381	8,619	6,347	4,653
Maintenance	510	1,120	1,560	70
Warehouse	1,000			1,000
Totals	<u>\$ 664,474</u>	<u>\$ 802,955</u>	<u>\$ 795,840</u>	<u>\$ 671,589</u>
		Total agency assets		<u>\$ 671,589</u>
		Account payable		14,608
		Accrued payroll		376
		Due to student organization		<u>656,605</u>
		Total agency liabilities		<u>\$ 671,589</u>

STATE OF NEW MEXICO

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Schedule of Vendor Information for Purchases Exceeding \$60,000 (Excluding GRT)

For the Year Ended June 30, 2016

Prepared by Agency Staff Name: Colleen Tagle Title: Chief Procurement Officer Date: October 25, 2016

Agency Number	Agency Name	Agency Type	RFB #/ RFP #/	Type of Procurement	Vendor Name	Did Vendor Win Contract?
7001	Alamogordo Municipal Schools	Schools	RFP #2016-001 E-Rate Eligible Services	Competitive (RFP or RFB)	Affiniti, LLC	Winner
7001	Alamogordo Municipal Schools	Schools	RFP #2016-001 E-Rate Eligible Services	Competitive (RFP or RFB)	Tularosa Communications, Inc.	Loser
7001	Alamogordo Municipal Schools	Schools	RFP #2016-001 E-Rate Eligible Services	Competitive (RFP or RFB)	Jive Communications, Inc.	Loser
7001	Alamogordo Municipal Schools	Schools	ITB #2016-002 Milk for Student Nutrition Services	Competitive (RFP or RFB)	Price's Creameries	Winner
7001	Alamogordo Municipal Schools	Schools	ITB #2016-002 Milk for Student Nutrition Services	Competitive (RFP or RFB)	GH Dairy	Loser
7001	Alamogordo Municipal Schools	Schools	ITB #2016-003 Pizza for Student Nutrition Services	Competitive (RFP or RFB)	La Raza Pizza DBA Pizza Hut	Winner
7001	Alamogordo Municipal Schools	Schools	ITB #2016-003 Pizza for Student Nutrition Services	Competitive (RFP or RFB)	Pecos Valley Pizza DBA Dominos	Loser
7001	Alamogordo Municipal Schools	Schools	RFP #008-1516 Security & Burglar Alarm Services	Competitive (RFP or RFB)	Executive Security Associates LLC	Winner
7001	Alamogordo Municipal Schools	Schools	RFP # 2016-009 Physical Therapy	Competitive (RFP or RFB)	All Source Recruiting Group DBA Ardor Health Solutions	Winner
7001	Alamogordo Municipal Schools	Schools	RFP #2016-010	Competitive (RFP or RFB)	RBC Capital Markets	Winner
7001	Alamogordo Municipal Schools	Schools	RFP #2016-011	Competitive (RFP or RFB)	George K. Baum & Company	Loser
7001	Alamogordo Municipal Schools	Schools		Sole Source	Technical Education Research Centers Inc (TERC)	Winner
7001	Alamogordo Municipal Schools	Schools		Sole Source	Alpine Achievement	Winner
7001	Alamogordo Municipal Schools	Schools		Sole Source	TERC-Technical Educational Research Centers Inc.	Winner

See accompanying independent auditor's report

STATE OF NEW MEXICO

ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Schedule of Vendor Information for Purchases Exceeding \$60,000 (Excluding GRT)

For the Year Ended June 30, 2016

Prepared by Agency Staff Name: Colleen Tagle Title: Chief Procurement Officer Date: October 25, 2016

\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Physical address of vendor (City, State)	Did the Vendor provide documentation of eligibility for in-state preference?	Did the Vendor provide documentation of eligibility for veterans' preference?	Brief Description of the Scope of Work	If the procurement is attributable to a Component Unit, Name of Component Unit
76,092		Broomfield, CO	No	No	Voice Over Internet Protocol (VOIP) service that is eligible for E-Rate funding.	
		Alamogordo, NM	No	No	Voice Over Internet Protocol (VOIP) service that is eligible for E-Rate funding.	
		Orem, UT	No	No	Voice Over Internet Protocol (VOIP) service that is eligible for E-Rate funding.	
110,628		El Paso, TX	No	No	Milk products for all Student Nutrition sites.	
		El Paso, TX	No	No	Milk products for all Student Nutrition sites.	
\$6.00/Unit (Total FY 2016 \$58626.00)		Alamogordo, NM	No	No	Pizza delivered for Student Nutrition Services	
\$6.50/UnitT		Alamogordo, NM	Yes	Yes	Pizza delivered for Student Nutrition Services	
24225.00 Plus \$65/Hr		Alamogordo, NM	No	No	Security system and burglar alarm monitoring and maintenance services	
89,100		Coral Springs, FL	No	No	Physical therapy services	
27008 Paid in FY 2017 for FY 2016		Albuquerque, NM	No	No	Financial Advisory Services	
		Albuquerque, NM	No	No	Financial Advisory Services	
171,000		Cambridge, MA	No	No	Professional Development Services	
31,355		Englewood, Colorado	No	No	Data analysis and management for student assessment	
171,000		Cambridge, MA	No	No	Professional development and coaching for educators TERC project: Investigations Workshops for Transforming Mathematics	

See accompanying independent auditor's report

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S 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

Timothy Keller
State Auditor of the State of New Mexico
The Office of Management and Budget
Alamogordo Municipal School District No. 1
Alamogordo, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparison of the General Fund and Major Special Revenue Funds of the Alamogordo Municipal School District No. 1 (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District presented as supplementary information, and have issued our report thereon dated November 08, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alamogordo Municipal School District No. 1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alamogordo Municipal School District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of Alamogordo Municipal School District No. 1's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider as items FS 2014-001 and FS 2016-001 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alamogordo Municipal School District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and which are described in the accompanying schedule of findings and questioned costs as item FS 2015-003 and FS 2016-002.

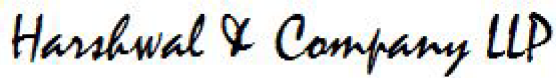
District's Responses to Findings

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

Purpose of this Report

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

Harshwal & Company LLP
Certified Public Accountants

A handwritten signature in black ink that reads "Harshwal & Company LLP". The signature is written in a cursive, slightly slanted style. There is a small blue square mark to the right of the signature.

Albuquerque, New Mexico
November 08, 2016

FEDERAL FINANCIAL ASSISTANCE

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Timothy Keller
New Mexico State Auditor and
Board of Education
Office of Management and Budget
Alamogordo Municipal School District No. 1
Alamogordo, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the Alamogordo Municipal School District No. 1's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Alamogordo Municipal School District No. 1's major federal programs for the year ended June 30, 2016. Alamogordo Municipal School District No. 1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Alamogordo Municipal School District No. 1's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Alamogordo Municipal School District No. 1's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Alamogordo Municipal School District No. 1, 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.

Report on Internal Control Over Compliance

Management of the Alamogordo Municipal School District No. 1 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Alamogordo Municipal School District No. 1's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the 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 Alamogordo Municipal School District No. 1's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Harshwal & Company LLP
Certified Public Accountants

Harshwal & Company LLP

Albuquerque, New Mexico
November 08, 2016

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2016

Schedule VIII

Federal Grantor/Program or Cluster Title	CFDA Number	Pass-Through Number	Federal Expenditures
Child Nutrition Cluster-Cluster			
United States Department of Agriculture			
School Breakfast Program			
School Breakfast Program	10.553	21000	\$ <u>143,038</u>
Total School Breakfast Program			<u>143,038</u>
National School Lunch Program			
National School Lunch Program	10.555	21000	<u>2,157,741</u>
Total National School Lunch Program			<u>2,157,741</u>
Total United States Department of Agriculture			<u>2,300,779</u>
Total Child Nutrition Cluster-Cluster			<u>2,300,779</u>
Special Education Cluster (IDEA)-Cluster			
Department of Education			
Special Education_Grants to States			
Special Education_Grants to States	84.027	24106	1,423,175
Special Education_Grants to States	84.027	24132	<u>39,304</u>
Total Special Education_Grants to States			<u>1,462,479</u>
Special Education_Preschool Grants			
Special Education_Preschool Grants	84.173	24109	<u>103,397</u>
Total Special Education_Preschool Grants			<u>103,397</u>
Total Department of Education			<u>1,565,876</u>
Total Special Education Cluster (IDEA)-Cluster			<u>1,565,876</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Schedule VIII

<u>Federal Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>
Other Programs			
Department of Defense			
Invitational Grants for Military-Connected Schools			
Total Special Education Cluster (IDEA)-Cluster	12.557	25254	<u>820,012</u>
Total Invitational Grants for Military-Connected School			<u>820,012</u>
Department of Defense Impact Aid (Supplement, CWSD, BRAC)			
Total Invitational Grants for Military-Connected School	12.558	25179	<u>13,662</u>
Total Department of Defense Impact Aid (Supplement, CWSD, BRAC)			<u>13,662</u>
Total Department of Defense			<u>833,674</u>
Department of Education			
Title I Grants to Local Educational Agencies			
Title I Grants to Local Educational Agencies	84.010	24101	1,487,511
Title I Grants to Local Educational Agencies	84.010	24162	<u>12,662</u>
Total Title I Grants to Local Educational Agencies			<u>1,500,173</u>
Impact Aid			
Impact Aid	84.041	11000	759,770
Impact Aid	84.041	25145	<u>164,156</u>
Total Impact Aid			<u>923,926</u>
Career and Technical Education - Basic Grants to States			
Career and Technical Education - Basic Grants to States	84.048	24174	58,585
Career and Technical Education - Basic Grants to States	84.048	24176	<u>6,735</u>
Total Career and Technical Education - Basic Grants to States			<u>65,320</u>
Education for Homeless Children and Youth			
Education for Homeless Children and Youth	84.196	24113	<u>10,335</u>
Total Education for Homeless Children and Youth			<u>10,335</u>
Improving Teacher Quality State Grants			
Improving Teacher Quality State Grants	84.367	24154	<u>288,020</u>
Total Improving Teacher Quality State Grants			<u>288,020</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Schedule VIII

Federal Grantor/Program or Cluster Title	CFDA Number	Pass-Through Number	Federal Expenditures
School Improvement Grants			
School Improvement Grants	84.377	24124	107,195
Total School Improvement Grants			107,195
Total Department of Education			2,894,969
Department of Health and Human Services			
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance			
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	24186	6,853
Total Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance			6,853
Pregnancy Assistance Fund Program			
Pregnancy Assistance Fund Program	93.500	24184	11,756
Total Pregnancy Assistance Fund Program			11,756
Medical Assistance Program			
Medical Assistance Program	93.778	25153	456,890
Total Medical Assistance Program			456,890
Total Department of Health and Human Services			475,499
United States Department of Agriculture			
Fresh Fresh Fruit and Vegetable Program			
Fresh Fresh Fruit and Vegetable Program	10.582	24118	49,443
Total Fresh Fruit and Vegetable Program			49,443
Schools and Roads - Grants to States			
Schools and Roads - Grants to States	10.665	11000	202,407
Total Schools and Roads - Grants to States			202,407
Total United States Department of Agriculture			251,850
Total Other Programs			4,455,992
Total Expenditure of Federal Awards			\$ 8,322,647

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Alamogordo Municipal School District No. 1 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 *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 2: 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 \$143,038, and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDA number 10.553 and 10.555.

NOTE 3: INDIRECT COST RATE

The District used the federal indirect cost rate which was mandated by the New Mexico Public Education Department for the year ended June 30, 2016.

NOTE 4: SUB-RECIPIENTS

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

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 8,322,647
Total expenditures funded by other sources	<u>54,876,100</u>
Total expenditures	<u>\$ 63,198,747</u>

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2016

Schedule IX

SUMMARY OF AUDIT RESULTS

Financial Statements:

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
– Material weaknesses identified?	No
– Significant deficiencies identified	Yes
Noncompliance material to the financial statements noted?	No

Federal Awards:

Internal control over major programs:	
– Material weaknesses identified?	No
– Significant deficiencies identified	No
Type of auditors' report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	No

IDENTIFICATION OF MAJOR PROGRAMS:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553 & 10.555	Child Nutrition Cluster
84.041	Impact Aid
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1**

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

B. FINDINGS-FINANCIAL STATEMENT AUDIT

FS 2014-001 - Internal Controls over Receipting (Repeated/Modified) – (significant deficiency)

Condition: During our test work over activity funds of the District we noted the following on the school site tested:

- In 2 out of 30 receipts tested totaling \$633, monies were not deposited within 24 hours of receipt.
- In 11 out of 30 transactions totaling \$10,999, we noted a lack of segregation of duties in the cash receipts process.

The District did not make progress with this requirement. The District needs to continue working with the staff to ensure they are following policies and procedures.

Criteria: Per Section 6.20.2.14 of NMAC, money received and receipted shall be deposited in the bank within twenty four (24) hours or one banking day. School Districts must establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirement of the applicable state and federal laws and regulations.

NMAC 6.20.2.11 states that each school district shall develop, establish and maintain a structure of internal accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in the performance of duties and functions. The duties to be segregated are the authorization to execute a transaction, recording the transaction, and custody of assets involved in the transaction.

Effect: Because the internal control structure is not being followed adequately or documented, there was an increased possibility of the loss or theft of cash receipts. There was also an increased risk of misstatement due to fraud or error.

Cause: The established policies and procedures for review and approval of revenues were not consistently being followed.

Auditors' Recommendation: Management should follow and ensure that all staff follows the District's documented internal control procedures. We also recommend an additional review of cash receipts process by a second employee.

Agency's Response: Management provides training to all Administrative and Secretarial staff that are responsible for handling money and will continue to implement internal controls over receipts and deposits.

The Director of Business and Finance will follow up with District leadership will direct that training be provided to any person, including the secretarial staff or activity sponsor, who will be handling cash. In addition, the Director of Business and Finance will work with staff members to create a form that allows recording of dual control over cash and ensure that the form is completed and followed.

Management will again address the issue with the District Leadership and implement some type of reprimand or discipline for failing to follow District procedures once a person has been trained.

Estimated Completion Date: January 20, 2017

Responsible party: Director of Business and Finance along with District Leadership

**STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1**

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

B. FINDINGS-FINANCIAL STATEMENT AUDIT - Continued

FS 2015-003 (FS 07-05) Exceeded Budget Authority (Repeated/Modified) - (Other Noncompliance)

Condition: The District has over expended its budget in the following function:

Nonmajor Funds

Total Ed. Tech. Debt Service Sub fund (43000)	
Support Services-General Administration	\$ 170

The District has made some progress on this finding by reducing the amount of funds that exceeded budget authority. However, there were still funds with overages in some expenditure functions.

Criteria: NMAC 6.20.2.10 state that all District funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the State of New Mexico Public Education Department for approval. Once adopted, any claims or warrants in excess of budget are a violation of New Mexico State Statute 6-6-6, 1978 Compilation.

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

Cause: The District did not make the appropriate budgetary adjustment requests and transfers to alleviate possible over-expenditure within functions prior to the year-end.

Auditors' Recommendations: The District must establish a policy of budgetary review at year end, and make the necessary budget adjustment requests (BAR's). All BAR's and or adjusting journal entries should be requested through the proper process at the Public Education Department, and be approved prior to year end.

Agency's Response: The New Mexico Public Education Department gives the District the annual budgeted amount for Advalorem revenues. Based on those revenues, the District estimates a 1% fee. In June 2016, the District received more revenue than was budgeted for; therefore the fee was also higher than budgeted for causing the line item to be overdrawn. The District will budgeted higher in the future for that expenditure.

Estimated Completion Date: June 30, 2017

Responsible party: Director of Business and Finance

**STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1**

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

B. FINDINGS-FINANCIAL STATEMENT AUDIT - Continued

FS 2016-001 – Lack of control over blank checks – (Significant Deficiency)

Condition: During the audit, we noted a lack of internal controls over the blank checks. The checks are kept in a cabinet, and the keys are accessible to any employees in the business office.

Criteria: Section 6.20.2.11 of NMAC requires each School District to develop, establish and maintain a structure of internal accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions. The duties to be segregated are the authorization to execute a transaction, recording the transaction, and custody of assets involved in the transaction.

Effect: The lack of security over the blank checks leads to a high potential for theft to occur, and not be detected on a timely basis.

Cause: The District is exposing itself to the risk of misappropriation of assets, and does not have set processes in place to maximize the resources of the District to achieve the goals set forth by the District.

Auditors' Recommendations: We recommend that the District implement a system which will not allow employees printing checks to have direct access of the batch of plain checks. The District has an electronic check printing system in place, and should maintain a log of the checks being printed, and make sure it is reconciled to avoid additional printing of checks without the knowledge of supervisors.

Agency's Response: The District has added a space for Management's initials on the current log to sign out checks and has also limited access to the vault to the Director of Business and Finance or the Comptroller.

Estimated Completion Date: Completed

Responsible party: Director of Business and Finance

**STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1**

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

B. FINDINGS-FINANCIAL STATEMENT AUDIT - Continued

FS 2016-002 Late IPA recommendation and Audit Contract-Compliance and Other Matter

Condition: The IPA recommendation and audit contract were not received by the Office of the State Auditor by the required due date of May 1, 2016. The IPA recommendation and audit contract were not submitted to the Office of the State Auditor until May 12, 2016.

Criteria: The New Mexico Administrative Code (NMAC) 2.2.2.8 paragraph 11 of subsection J states that “the agency shall deliver the fully completed and signed IPA Recommendation Form for Audits and the completed audit contract to the State Auditor by the deadline.” For School District, Counties and Higher Education this deadline date is May 1.

Effect: Audit contracts that is not received by the State Auditor is a violation of the New Mexico Administrative Code.

Cause: The District did not submit their completed audit contract timely.

Auditors’ Recommendation: We recommend that the District ensure all reports are filed timely with the State Auditor to be in compliance with all New Mexico State Statutes.

Agency’s Response: The District was unable to process a Request for Proposal for Auditing services and receive approval from the District’s Board of Education in time for the on line submittal date of May 1, 2016. In the future, the District will start the Request for Proposal or contract process sooner to comply with the May 1 deadline.

Estimated Completion Date: April 2017

Responsible party: Director of Business and Finance and Chief Procurement Officer

**STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016**

C. FEDERAL AWARD FINDINGS

There are no findings and questioned costs related to federal awards.

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
Status of Prior Year's Findings And Questioned Costs
For the Year Ended June 30, 2016

SECTION I	PRIOR YEAR AUDIT FINDINGS	STATUS
<u>Financial Statement Findings:</u>		
2011-001	Lack of Entity-Wide Controls (Significant Deficiency)	Resolved
2014-001	Internal Controls over Receipting (Finding that does not rise to the level of significant deficiency)	Repeated/Modified
2015-001	Internal Controls Over Non-Standard Journal Entries – (Significant Deficiency)	Resolved
2015-002	Internal Control Deviations – Disbursements – (Finding that does not rise to the level of significant deficiency)	Resolved
2015-003 (FS 07-05)	Exceeded Budget Authority - (Finding that does not rise to the level of significant deficiency)	Repeated/Modified
2015-004	Vendor File Maintenance – (Finding that does not rise to the level of significant deficiency)	Resolved
<u>Federal Compliance Findings:</u>		
FA 2015-001	Eligibility over Impact Aid - (Material Noncompliance)	Resolved

STATE OF NEW MEXICO
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1

Other Disclosures
June 30,2016

OTHER DISCLOSURES

A. PREPARATION OF FINANCIAL STATEMENTS

Management is responsible for the content of the report and financial statements. It would be preferable and desirable for the District to prepare its own GAAP-basis financial statements; although the District is capable, with guidance, of preparing, reviewing and approving the financial statements, it is felt that the District's personnel do not have the time to prepare them. Therefore, the outside auditor prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report. The responsibility for the financial statements remains with the District.

B. EXIT CONFERENCE

An exit conference was held on November 11, 2015. The following individuals were in attendance:

Representing Alamogordo Municipal School District No. 1:

Adrienne Salas, Superintendent
Carol Genest, Director of Business and Finance
Tom Bregler, Comptroller
Timothy C. Wolfe, Audit Committee
Russell Virden, Audit Committee
Vance Lee, Audit Committee

Representing Harshwal & Company LLP:

Sanwar Harshwal, CPA, Managing Partner
Mariem Tall, Audit Manager

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC") while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District, the Financial Advisor and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The District and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption notices or other notices to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption notices or other notices to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments, with respect to the Bonds, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor Securities depository). In that event, Bond certificates will be printed and delivered to bond holders.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District, the Financial Advisor and the Underwriters believe to be reliable, but none of the District, the Financial Advisor or the Underwriters take any responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Direct or Indirect Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Bond Order will be given only to DTC.

Effect of Termination of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the District, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Resolution and summarized under "The Bonds" below in this Official Statement.

APPENDIX D

FORMS OF CO-BOND COUNSEL OPINIONS

**CUDDY
&
McCARTHY**
A Limited Liability Partnership

JOHN F. MCCARTHY, JR.
M. KAREN KILGORE
SANDRA J. BRINCK
PATRICIA SALAZAR IVES
AARON J. WOLF
REBECCA DEMPSEY
JACQUELYN ARCHULETA-STAEHLIN
JULIE A. WITTENBERGER
ANDREW M. SANCHEZ
PATRICK T. ORTIZ
CHARLES V. GARCIA
ARTURO L. JARAMILLO
JAMES S. RUBIN

CHARLOTTE H. HETHERINGTON
R. DANIEL CASTILLE
CAROL S. HELMS
K. STEPHEN ROYCE
EVELYN A. PEYTON
YOUNG-JUN (JUN) ROH
LAURA M. CASTILLE
LAURA E. SANCHEZ-RIVÉT
JULIE S. RIVERS
OF COUNSEL:
JOHN F. KENNEDY

REPLY TO SANTA FE OFFICE

_____, 2017

*An opinion in substantially the following form will be delivered by Cuddy & McCarthy, LLP,
Bond Counsel, upon delivery of the Bonds, assuming no material changes in facts or law.*

\$3,000,000
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
GENERAL OBLIGATION SCHOOL BONDS
SERIES 2017

We have acted as Bond Counsel in connection with the issuance by the Alamogordo Municipal School District No. 1, County of Otero, State of New Mexico (“Issuer”), of its General Obligation School Bonds, Series 2017 (“Bonds”) in the aggregate principal amount of \$3,000,000. In addition to examining those portions of the Constitution and laws of the State of New Mexico considered by us to be relevant to this opinion, we have reviewed certified copies of the proceedings of the Issuer and documents authorizing the release of the Bonds, including the form of Bond approved by the Issuer. We have acted as Bond Counsel for the Issuer for the sole purpose of rendering an opinion with respect to the validity of the Bonds under the Constitution and laws of the State of New Mexico, as to which an opinion is rendered herein, and for no other reason or purpose.

We have not been engaged nor have we undertaken to review the accuracy, completeness, or sufficiency of any offering material relating to the Bonds, and we express no opinion relating thereto. We have not been requested to investigate or verify, nor have we independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Issuer, and we have not assumed and do not assume any responsibility with respect thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that under existing law:

1. The Bonds have been authorized, issued, and delivered in accordance with the Constitution and laws of the State of New Mexico, and constitute valid and legally binding general obligations of the Issuer.

2. All taxable property within the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds, to the extent the necessary funds are not provided from other sources.

3. The interest on the Bonds is excluded from net income for New Mexico State income tax purposes.

4. We express no opinion as to any federal tax consequences resulting from the ownership, carrying, or disposition of the Bonds, and in particular, no opinion is expressed as to the excludability of interest on the Bonds from the gross income of the holders, for federal tax purposes.

Except as stated above, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds. Further, we express no opinion as to the federal, state, or local tax consequences arising from the enactment of any pending or future legislation.

We note that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Very truly yours,

McCALL, PARKHURST & HORTON L.L.P.

717 NORTH HARWOOD
SUITE 900
DALLAS, TEXAS 75201-6587
TELEPHONE: 214 754-9200
TELECOPY: 214 754-9250

600 CONGRESS AVENUE
SUITE 1800
AUSTIN, TEXAS 78701-3248
TELEPHONE: 512 478-3805
TELECOPY: 512 472-0871

700 N. ST. MARY'S STREET
SUITE 1525
SAN ANTONIO, TEXAS 78205-3503
TELEPHONE: 210 225-2800
TELECOPY: 210 225-2984

[An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Co-Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.]

\$3,000,000
ALAMOGORDO MUNICIPAL SCHOOL DISTRICT NO. 1
GENERAL OBLIGATION SCHOOL BONDS
SERIES 2017

We have acted as Co-Bond Counsel in connection with the issuance by the Alamogordo Municipal School District No. 1 (the "Issuer"), of its General Obligation School Bonds, Series 2017 in the aggregate principal amount of \$3,000,000 (the "Bonds"). We have examined those portions of the Constitution and laws of the State of New Mexico considered by us relevant to this opinion, certified copies of the proceedings of the Issuer and other documents authorizing and relating to the issuance of the Bonds, including the form of the Bonds approved by the Issuer. We have acted as Co-Bond Counsel for the Issuer for the sole purpose of rendering an opinion with respect to the validity of the Bonds under the Constitution and laws of the State of New Mexico and with respect to the application to the Bonds of those provisions of the Internal Revenue Code of 1986, as amended (the "Code"), as to which an opinion is rendered herein and for no other reason or purpose.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Official Statement provided to us or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement), nor have we been requested to investigate or verify, nor have we independently investigated or verified any records, data or other material relating to the financial condition or capabilities of the Issuer and have not assumed any responsibility with respect thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been authorized, issued and delivered in accordance with the Constitution and laws of the State of New Mexico and constitute valid and legally binding general obligations of the Issuer.

2. All taxable property within the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.

3. Except as discussed below, the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We further are of the opinion that the Bonds are not "specified private activity bonds" and that accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under Section 57(a)(5) of the Code. In expressing the aforementioned opinions, we have relied on, and assume compliance by the Issuer with, certain representations and covenants regarding the use and investment of the proceeds of the Bonds. We call your attention to the fact that failure by the Issuer to comply with such representations and covenants may cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

Except as stated above, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

We call your attention to the fact that the interest on tax-exempt obligations, such as the Bonds, is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.

4. The interest on the Bonds is excluded from net income for New Mexico state income tax purposes.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,