

OFFICIAL STATEMENT DATED JANUARY 10, 2017

\$5,600,000

**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3  
General Obligation School Building Bonds, Series 2017A**

**NEW ISSUE  
Book-Entry Only**

**Bank-Qualified  
Moody's rating: A1 Underlying/Aa2 Enhanced**

- PURPOSES** Proceeds of the Bonds will be used for the purpose of (i) 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 and (ii) paying costs of issuance.
- 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 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. Disbursements of such payments to DTC Participants are the responsibility of DTC. See "The Bonds - Book-Entry Only System". BOKF, N.A., New Mexico (or successor in function) will serve as the Registrar and Paying Agent for the Bonds.
- OPTIONAL REDEMPTION** The Series 2017A Bonds are subject to redemption prior to maturity as provided herein. See "THE BONDS."
- SECURITY** The Bonds are general obligations of the Ruidoso Municipal School District No. 3, payable solely out of general (ad valorem) property taxes which are required to be levied against all taxable property in the District without limitation as to rate or amount.
- BOND AND TAX OPINION** In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, under existing law and assuming continuous compliance with certain covenants in the documents relating to the Bonds and requirements of the Internal Revenue Code of 1986, as amended, (the "Code") interest on the Bonds is excluded from gross income for federal income tax purposes, and the interest on the Bonds is not treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations. However, for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes) such interest is taken into account in determining adjusted current earnings. Bond Counsel is further of the opinion that interest on the Bonds is excluded from net income for purposes of certain New Mexico taxes imposed on individuals, estates, trusts and corporations. Bond Counsel expresses no opinion regarding other federal income tax consequences relating to the accrual or receipt of interest on the Bonds. (See "Tax Exemption" herein.)
- DELIVERY** When, as and if issued, through DTC's facilities, on or about February 15, 2017
- DATED DATE** Date of delivery
- DUE DATE** August 1, as shown on below:

General Obligation School Bonds, Series 2017A									
Year	Principal	Interest Rate	Yield	Cusip # 781338	Year	Principal	Interest Rate	Yield	Cusip # 781338
2018	\$150,000	3.000%	1.250%	KS6	2026	\$610,000	4.000%	2.400%	LA4
2019	100,000	3.000%	1.550%	KT4	2027	615,000	4.000%	2.440%	LB2
2020	240,000	3.000%	1.760%	KU1	2028	615,000	4.000%	2.470%	LC0
2021	100,000	3.000%	1.900%	KV9	2029	615,000	4.000%	2.560%	LD8
2022	100,000	3.000%	2.050%	KW7	2030	615,000	4.000%	2.610%	LE6
2023	400,000	4.000%	2.150%	KX5	2031	615,000	4.000%	2.660%	LF3
2024	100,000	4.000%	2.250%	KY3	2032	615,000	4.000%	2.710%	LG1
2025	110,000	4.000%	2.350%	KZ0					

**George K. Baum & Company**

**ISSUER**

RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3  
Lincoln County, New Mexico  
200 Horton Circle  
Ruidoso, New Mexico 88345  
(575) 257-4051

**BOARD OF EDUCATION**

*President: Greg Cory*  
*Vice-President: Gina Klinekole*  
*Secretary: Shane Holder*  
*Member: Marc Beatty*  
*Member: Rafael "Rifle" Salas*

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**PAYING AGENT/REGISTRAR**

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Santa Fe, NM 87501  
(505) 660-2594

**DISTRICT ADMINISTRATION**

*Superintendent: Dr. George Bickert*  
*Director of Finance: Clint Taylor*

**BOND COUNSEL**

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## 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.

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### **MARKET STABILIZATION**

*In connection with this Official Statement, the Underwriter 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 Underwriter is not obligated to do this and is free to discontinue it at any time.*

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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.

Bond Counsel, Modrall, Sperling, Roehl, Harris & Sis, P.A., Albuquerque, New Mexico was not requested and did not take part in the preparation of the Official Statement nor has such firm undertaken to independently verify any of the information contained herein. Such firm has 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 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**

RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3  
200 Horton Circle  
Ruidoso, New Mexico 88345  
(575) 257-4051  
Attention: Dr. George Bickert

### **Financial Advisor**

RBC Capital Markets, LLC  
6301 Uptown Blvd. NE, Suite 110  
Albuquerque, NM 87110  
Attention : Erik B. Harrigan

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**\$5,600,000**

**Ruidoso Municipal School District No. 3  
General Obligation School Building Bonds, Series 2017A**

**INTRODUCTION**

This Official Statement is furnished to prospective purchasers of Ruidoso Municipal School District No. 3, New Mexico, General Obligation School Building Bonds, Series 2017A (the "Bonds" or "Series 2017A Bonds"), issued in the aggregate principal amount of \$5,600,000 by Ruidoso Municipal School District No. 3 (the "District"). The offering of the Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. Additional information concerning the District, the Bonds, and other aspects of this offering may be obtained either from the District, or RBC Capital Markets, LLC (the "Financial Advisor") at the address set forth in the section entitled "ADDITIONAL MATTERS."

The following material is qualified in its entirety by the more complete information contained throughout this Official Statement, and detachment or other use of this "INTRODUCTION " without the entire Official Statement, including the cover page and the appendices, is not authorized.

All terms used in this Official Statement that are not defined herein shall have the meanings given such terms in Resolution authorizing issuance of the Bonds to be adopted by the Board of Education of the District (the "Board") on January 10, 2017, (the "Bond Resolution").

**The Financial Advisor**

The Issuer 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 or to 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.

**The Issuer**

The District is a political subdivision of the State organized for the purpose of operating and maintaining an educational program for the school-age children residing within its boundaries. The District includes the Village of Ruidoso and part of the unincorporated areas of Lincoln County. The District is located in the south-eastern corner of the State.

**Security**

The Bonds are general obligations of the District and paid from ad valorem taxes that are levied against all taxable property within the District. Neither the State nor the County has any responsibility to pay the debt service on the Bonds.

### Limited Role of Auditors

Except for 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.

### Purpose

The Bonds are being offered for the purpose of providing funds (i) for erecting, remodeling, making additions to and furnishing school buildings, purchasing and improving school grounds, and purchasing computer software and hardware for student use in public school classrooms, or any combination of these purposes within the District and (ii) to pay costs of issuance.

### Selected Debt Ratios

2016 Assessed Valuation	\$676,913,569
2016 Estimated Actual Valuation <sup>(1)</sup>	\$2,123,395,983
District General Obligation	
Debt Outstanding (Including the Bonds)	\$40,200,000
District Net General Obligation Debt*	\$38,597,120
District Net Debt as a Percentage of	
Assessed Valuation	5.70%
Estimated Actual Valuation	1.82%
Estimated Direct & Overlapping G/O Debt	
	\$47,138,200
Direct & Overlapping Debt as a Percentage of	
Assessed Valuation	6.96%
Estimated Actual Valuation	2.22%
Estimated Population	13,600
District Net Debt Per Capita	\$2,838.02
Direct & Overlapping Debt Per Capita	\$3,466.04

*(1) Actual valuation is computed by adding 2016 exemptions to the 2016 assessed valuation and multiplying the result by three.*

*\* Excludes amount in debt service fund allocated to principal reduction.*

## **THE BONDS**

New Mexico law enables the District to issue the Bonds (Section 6-15-1 through Section 6-15-22, NMSA, 1978). 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 integral multiples thereof in conformance with the Constitution and laws of the State and pursuant to the Bond Resolution. Bond payments will go 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.

### **Bond Registrar and Paying Agent**

BOKF, N.A. (or successor) will serve as Paying Agent and Registrar for the Bonds.

### **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 15<sup>th</sup> day of the calendar month preceding the interest payment date (the "Regular Record Date") at the addresses appearing in the registration books maintained by the Registrar; but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on the date to be fixed by Registrar whenever moneys become available for the payment of defaulted interest (the "Special Record Date").

### **Optional Prior Redemption**

The Series 2017A Bonds maturing on and after August 1, 2027, are subject to prior redemption at the District's option in one or more units of \$5,000 on and after August 1, 2026 in whole or in part at any time in such order of maturities as the District may determine for the principal amount of each \$5,000 unit of principal so redeemed and accrued interest to the redemption date. If the District redeems only part of the Bonds of a given maturity, the Registrar will select those Bonds by lot.

### **Transfers and Exchanges**

Registered Bond owners may surrender and transfer their Bonds, in person or by duly authorized attorney, at the office of the Paying Agent/Registrar. They must complete an approved transfer form and pay any taxes or governmental charges which apply to the transfer. As explained in Appendix C, while DTC is the securities depository for the Bonds, it will be the sole registered owner of the Bonds.

### **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, of any notice and its content or effect will not affect the validity of 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 Appendix C.

## **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 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 or interest on the Bonds. Consequently, remedies available to the owners of the Bonds may need to be enforced from year to year.

The enforceability of the rights and remedies of the owners of the Bond, and the obligations incurred by the District in issuing the Bond, 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 Note 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 Section 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 the school district indicates that it will not make the 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 and administration, 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.

**The Moody's rating for the New Mexico School District Enhancement Program for the District is Aa2.**

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 or purchasing or improving school grounds 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 issuance of refunding bonds does not have to be submitted to a vote of the qualified electors of the District.

The most recent assessed valuation of taxable property within the District is \$676,913,569 for the tax year 2016, as approved by the State of New Mexico Taxation and Revenue Department, Property Tax Division. The maximum general obligation indebtedness of the District may not exceed 6% of the assessed valuation or \$40,614,814.

After the Bonds are issued, the ratio of total outstanding general obligation (G/O) debt of the District to the 2016 assessed valuation will be no greater than 5.70% as summarized below:

2016 Assessed Valuation	\$676,913,569
2016 Estimated Actual Valuation <sup>(1)</sup>	\$2,123,395,983
Bonded Debt	
Current Total Outstanding (Including the Bonds)	\$40,200,000 <sup>(2)</sup>
Less Debt Service Fund Balance <sup>(4)</sup>	1,602,880
NET DEBT	\$38,597,120
Ratio of Estimated Net Debt to 2016 Assessed Valuation:	5.70%
Ratio of Estimated Net Debt to 2016 Estimated Actual Valuation:	1.82%
Per Capita Net Bonded Debt:	\$2,838.02
Est. Population:	13,600

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

*(2) The net cash balance as of 12/2/2016 was \$1,957,197. The amount properly attributable to principal reduction is 81.15%.*

## Outstanding Debt

The District has issued debt ("Outstanding Debt") in the past for various capital improvements and has never defaulted in the payment of any of its debt or other obligations. Listed below is the District's total general obligation debt outstanding including the Bonds.

Series	Original Amount Issued	Final Maturity	Principal Outstanding
2008	\$3,000,000	01-Aug-17	\$200,000
2011	9,000,000	01-Aug-25	8,000,000
2013	5,000,000	01-Aug-25	3,175,000
2014	9,980,000	01-Aug-22	8,205,000
2015	6,325,000	01-Aug-22	5,520,000
2016	9,500,000	01-Aug-31	9,500,000
2017A	5,600,000	01-Aug-32	5,600,000
	<b>\$48,405,000</b>		<b>\$40,200,000</b>

## 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 and computed at the desired tax rate. Listed 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.

Year	Current Requirements			Series 2017A Bonds			Total Requirements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	\$3,085,000	715,184	\$3,800,184				\$3,085,000	\$715,184	\$3,800,184
2018	2,750,000	706,863	3,456,863	150,000	\$317,207	\$467,207	2,900,000	1,024,070	3,924,070
2019	3,025,000	661,363	3,686,363	100,000	212,600	312,600	3,125,000	873,963	3,998,963
2020	2,975,000	603,363	3,578,363	240,000	209,600	449,600	3,215,000	812,963	4,027,963
2021	3,150,000	543,175	3,693,175	100,000	202,400	302,400	3,250,000	745,575	3,995,575
2022	3,100,000	473,050	3,573,050	100,000	199,400	299,400	3,200,000	672,450	3,872,450
2023	2,700,000	399,500	3,099,500	400,000	196,400	596,400	3,100,000	595,900	3,695,900
2024	3,000,000	334,250	3,334,250	100,000	180,400	280,400	3,100,000	514,650	3,614,650
2025	2,900,000	256,750	3,156,750	110,000	176,400	286,400	3,010,000	433,150	3,443,150
2026	1,300,000	188,125	1,488,125	610,000	172,000	782,000	1,910,000	360,125	2,270,125
2027	1,300,000	162,125	1,462,125	615,000	147,600	762,600	1,915,000	309,725	2,224,725
2028	1,300,000	132,875	1,432,875	615,000	123,000	738,000	1,915,000	255,875	2,170,875
2029	1,300,000	100,375	1,400,375	615,000	98,400	713,400	1,915,000	198,775	2,113,775
2030	1,300,000	67,875	1,367,875	615,000	73,800	688,800	1,915,000	141,675	2,056,675
2031	1,415,000	35,375	1,450,375	615,000	49,200	664,200	2,030,000	84,575	2,114,575
2032				615,000	24,600	639,600	615,000	24,600	639,600
	<b>\$34,600,000</b>	<b>\$5,380,246</b>	<b>\$39,980,246</b>	<b>\$5,600,000</b>	<b>2,383,007</b>	<b>\$7,983,007</b>	<b>\$40,200,000</b>	<b>\$7,763,253</b>	<b>\$47,963,253</b>

**Statement of Estimated 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 outstanding debt of the District, the calculation takes into account debt attributable to taxing entities which is the responsibility of taxpayers within the boundaries of the District. Revenue bonds are payable from sources other than property taxes.

	<b>2016 Assessed Value</b>	<b>G/O Debt Outstanding</b>	<b>Percent Applicable</b>	<b>Amount</b>
State of New Mexico <sup>(1)</sup>	\$61,607,964,708	\$326,755,000	1.10%	\$3,590,200
Lincoln County <sup>(2)</sup>	1,236,883,689	-	54.73%	-
Village of Ruidoso	515,090,818	2,280,000	100.00%	2,280,000
Village of Ruidoso Downs	48,632,583	998,000	100.00%	998,000
Ruidoso Municipal Schools	676,913,569	40,200,000	100.00%	40,200,000
<b>Total Direct &amp; Overlapping</b>				<b>\$47,068,200</b>

(1) Tax Year 2016 Preliminary Assessed Value.

(2) The voters authorized Lincoln County to issue up to \$25 million in General Obligation Bonds, which are expected to be issued in their entirety in March 2017.

Ratio of Estimated Direct & Overlapping Debt to 2016 Assessed Valuation:	6.95%
Ratio of Direct & Overlapping Debt to 2016 Estimated Actual Valuation:	2.22%
Per Capita Direct & Overlapping Debt:	\$3,460.90
Estimated Population:	13,600

Source: Lincoln 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% is legally subject to ad valorem taxes. The actual value of personal property within the District is determined by the county assessor. The actual value of certain corporate property within the District (see "Centrally Assessed" below) is determined by the Taxation and Revenue Department, Property Tax Division. The valuation of oil and natural gas for property tax purposes is calculated by the Oil and Gas Accounting Division. The assessed valuation of the District by property tax component is as follows:

	2012	2013	2014	2015	2016
<b>Assessments</b>					
Value of Land	\$145,767,766	\$150,260,830	\$152,531,248	\$154,766,428	\$156,198,996
Improvements	462,538,707	477,966,061	494,470,165	508,030,498	519,720,148
Personal Property	9,279,901	9,075,330	8,144,047	7,976,605	7,765,488
Mobile Homes	10,813,760	10,868,275	11,022,087	11,059,697	11,097,473
Livestock	157,146	177,426	197,696	234,667	375,788
<b>Assessor's Total Value</b>	<b>\$628,557,280</b>	<b>\$648,347,922</b>	<b>\$666,365,243</b>	<b>\$682,067,895</b>	<b>695,157,893</b>
Less Exemptions	\$22,723,749	\$25,961,344	\$26,448,201	\$30,885,092	\$31,299,788
Assessors Net Valuation	605,833,531	622,386,578	639,917,042	651,176,664	663,858,105
Centrally Assessed	15,240,909	14,608,914	14,129,390	14,135,529	13,055,464
<b>Total Assessed Valuation</b>	<b>\$621,074,440</b>	<b>\$636,995,492</b>	<b>\$654,046,432</b>	<b>\$665,312,193</b>	<b>\$676,913,569</b>
Residential	\$457,199,118	\$448,920,992	\$456,019,779	\$469,947,609	\$483,095,525
Non-Residential	163,875,322	188,074,500	198,026,653	195,364,584	193,818,044
	<b>\$621,074,440</b>	<b>\$636,995,492</b>	<b>\$654,046,432</b>	<b>\$665,312,193</b>	<b>\$676,913,569</b>

Source: Lincoln County Assessor.

### History of Assessed Valuation

The following is a history of assessed valuation for the District compared with Lincoln County.

	Ruidoso MSD	Lincoln County	% of County
2016	\$676,913,569	\$1,236,883,689	54.73%
2015	665,312,193	1,181,047,142	56.33%
2014	654,046,432	1,168,342,311	55.98%
2013	636,995,492	1,134,606,731	56.14%
2012	621,074,440	1,108,047,567	56.05%
2011	594,492,091	1,062,083,260	55.97%
2010	587,837,057	1,041,959,869	56.42%
2009	575,394,786	1,016,492,614	56.61%
2008	503,925,399	889,684,887	56.64%
2007	471,542,639	825,288,140	57.14%

## Major Taxpayers

Below is a three year history of the major taxpayers in the District. In 2016, the ten largest taxpayers in the District had a combined assessed valuation of \$15,674,868 which represents 2.32% of the 2016 assessed valuation.

<b>Taxpayer</b>	<b>Business</b>	<b>2016 Assessed Valuation</b>	<b>% of District A.V.</b>
PNM Electric	Utility	\$3,455,112	0.51%
Zia Natural Gas Co.	Utility	2,557,953	0.38%
Valor Telecom	Telephone Utility	2,444,893	0.36%
Baja Broadband	Utility	1,881,604	0.28%
Pinecliff Village	Real Estate	1,104,492	0.16%
Otero Electric	Electric Utility	900,951	0.13%
Jayshree	Telephone	880,378	0.13%
Camelot Place	Real Estate	842,900	0.12%
Crownpoint Condos	Real Estate	822,271	0.12%
Ojas, Chokshi, Patel, Gordhan & Saroj	Real Estate	784,314	0.12%
<b>Total</b>		<b>\$15,674,868</b>	<b>2.32%</b>

Source: Lincoln 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 a taxing 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.

<b>Within 20 Mill Limit for General Purposes</b>					
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>State of New Mexico</b>	0.000	0.000	0.000	0.000	0.000
<b>Lincoln County</b>	5.038	5.169	5.169	5.164	4.860
<b>Village of Ruidoso</b>	5.080	5.169	5.165	5.142	4.842
<b>Ruidoso Schools</b>	0.306	0.311	0.311	0.310	0.295
<b>Total</b>	<b>10.424</b>	<b>10.649</b>	<b>10.645</b>	<b>10.616</b>	<b>9.997</b>
<b>Over 20 Mill Limit - Interest, Principal, Judgement, etc.</b>					
State of New Mexico	1.360	1.360	1.360	1.360	1.360
Lincoln County	2.750	2.750	2.750	2.750	2.750
Village of Ruidoso	1.500	1.500	1.500	0.000	0.000
Other	4.380	4.409	4.408	4.403	4.250
Ruidoso Schools	7.911	7.945	7.952	7.756	7.818
<b>Total</b>	<b>17.901</b>	<b>17.964</b>	<b>17.970</b>	<b>16.269</b>	<b>16.178</b>
<b>Total Levy</b>					
State of New Mexico	1.360	1.360	1.360	1.360	1.360
Lincoln County	7.788	7.919	7.919	7.914	7.610
Village of Ruidoso	6.580	6.669	6.665	5.142	4.842
Other	4.380	4.409	4.408	4.403	4.250
Ruidoso Schools	8.217	8.256	8.263	8.066	8.113
<b>Total Residential - Ruidoso</b>	<b>28.325</b>	<b>28.613</b>	<b>28.615</b>	<b>26.885</b>	<b>26.175</b>
<b>Total Non-Residential - Ruidoso</b>	<b>31.202</b>	<b>30.914</b>	<b>30.246</b>	<b>28.977</b>	<b>31.064</b>
Total Residential in Unincorporated County	22.849	21.944	21.950	21.743	21.333
Total Non-Residential in Unincorporated County	25.766	24.932	24.405	24.526	25.787
Total Residential - Ruidoso Downs	28.924	29.244	29.099	28.731	28.308
Total Non-Residential - Ruidoso Downs	35.049	34.833	34.125	34.034	35.324

Source: State of New Mexico, Department of Finance & Administration

## School Tax Rates

The following table summarizes the historical school tax levies on property within the District since the 2012 tax year (2012-13 fiscal years). The Two Mill Levy is renewed every six years, most recently on February 2, 2013. Next two mill levy election is in 2019.

Tax Year	Operational		Two Mill Levy		G/O Bonds	Ed Tech Notes	Total Debt Service	Total	
	Resid.	Non-Resid.	Resid.	Non-Resid.				Resid.	Non-Resid.
2012	0.295	0.481	1.960	2.000	5.858	-	5.858	8.113	8.339
2013	0.310	0.430	2.000	2.000	5.756	-	5.756	8.066	8.186
2014	0.311	0.425	2.000	1.977	5.951	-	5.951	8.262	8.353
2015	0.311	0.442	2.000	2.000	5.945	-	5.945	8.256	8.387
2016	0.306	0.447	1.968	2.000	5.943	-	5.943	8.217	8.390

Source: New Mexico Department of Finance & Administration.

## Yield Control Limitation

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 which will produce revenues which 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, but if that percentage is less than 100%, then 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 entitled "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 Sections 7-36-21.2 NMSA 1978 and 7-36-21.3 NMSA 1978.

Section 7-36-21.2 NMSA 1978 establishes a statewide limitation on residential property valuation increases beginning in tax year 2001. 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 Section 7-36-21.3 NMSA 1978.
6. 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. The plaintiff appealed the case to the New Mexico Supreme Court. The Supreme Court affirmed the decision by the Court of Appeals. 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 in the District.

Section 7-36-21.3 NMSA 1978 places a limitation on the increase in value for property taxation purposes for single-family dwellings occupied by low-income owners who are sixty-five 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 Section 7-36-21.3 limitation does not apply:

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

### Tax Collections History

General (ad valorem) taxes 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 installment 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 each county treasurer collects taxes are presented below:

<b>Tax Year</b>	<b>Fiscal Year</b>	<b>Net Taxes Charged to Treasurer</b>	<b>Current Tax Collections <sup>(1)</sup></b>	<b>Current Collections as a % of Net Levied</b>	<b>Current/Delinquent Tax Collections <sup>(2)</sup></b>	<b>Current/Delinquent Collections as a % of Net Levied</b>
2016	16/17	\$29,834,643	\$11,429,738	38.31%	\$11,429,738	38.31%
2015	15/16	29,312,971	27,927,862	95.27%	28,557,362	97.42%
2014	14/15	28,333,405	27,022,070	95.37%	27,976,946	98.74%
2013	13/14	26,886,767	25,605,066	95.23%	26,763,557	99.54%
2012	12/13	25,696,883	24,521,752	95.43%	25,677,903	99.93%

(1) Current collections through June 30 of each year

(2) As of November 31, 2016.

Source: Lincoln County Treasurer's Office

### Interest on Delinquent Taxes

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

### **Penalty for Delinquent Taxes**

Pursuant to Section 7-38-50, NMSA 1978, if property taxes become delinquent, a penalty of one percent (1%) of the delinquent tax for each month, or any portion of a month, they remain unpaid shall be imposed, but the total penalty shall not exceed five percent (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, fifty percent (50%) of the property tax due or fifty dollars (\$50.00), whichever is greater, shall be added as a penalty.

### **Remedies Available for Non-Payment of Taxes**

Pursuant to Section 7-38-47, NMSA 1978, property taxes are the personal obligation of the person owning the property on the date on 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 Section 7-38-65, NMSA 1978, delinquent taxes on real property may be collected by selling the real property on which taxes are delinquent.

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

## **THE DISTRICT**

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

The District employs 228 permanent employees of which 11 are administrators, 116 are teachers and other professional instructional personnel, 33 are instructional assistants, and 68 are support and administrative staff.

### **School District Powers**

Pursuant to Chapter 27, Section 22-2-1, NMSA 1978, the District's powers are subject to regulations promulgated by the Secretary of the New Mexico Public Education Department ("PED") with the advice of the Public Education Commission. The Secretary of PED (the "Secretary") is responsible for control, management and direction of all public schools. The Public Education Commission is comprised of ten members, elected from public education districts for staggered four-year terms. Generally, the powers of the PED include determining policy of operations of all public schools; designating courses of instruction for all public schools in the State; adopting regulations for the administration of all public schools; determining qualifications for teachers, counselors, and their assistants; and prescribing minimum educational standards for all public schools. The PED may order the creation of new school districts or may require consolidation of school districts.

### **Management**

The District Board (the "Board"), subject to regulations of the Secretary, develops educational policies for the District. The local school Board shall have the following powers or duties: 1) subject to the rules of the department, develop educational policies for the school; 2) employ a superintendent of schools and fix the superintendent's salary; 3) review and approve the annual school budget; 4) acquire, release and dispose of property; 5) have the capacity to sue and be sued; 6) acquire property by eminent domain; 7) issue general obligation bonds of the school district; 8) provide for the repair of and maintain all school property; 9) subpoena witnesses and documents in connection with a hearing concerning powers of the school board; 10) except for expenditures for salaries, contract for expenditure of money; 11) adopt rules pertaining to the administration of all powers or duties of the school board; 12) accept or reject any charitable gift, grant, devise or bequest; 13) offer and pay rewards for information leading to the arrest and conviction of offenders in case of theft, defacement or destruction of school property; and 14) give prior approval for any educational program in a public school that is to be conducted, sponsored, carried on or

caused to be carried on by a private organization. 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 current District Board Members are:

Greg Cory, President  
term expires March 1, 2017

Marc Beatty, Member;  
term expires March 1, 2017

Gina Klinekole, Vice President;  
term expires March 1, 2019

Rafael "Rifle" Salas, Member;  
Appointed in June 2015 to fill  
the unexpired term of Kevin Flusche.  
term expires March 1, 2017

Shane Holder, Secretary,  
term expires March 1, 2019

### Administration and Staff

The Superintendent of Schools (the "Superintendent") is selected by the Board and is under contract at the discretion of the Board. The Superintendent is the Chief Executive Officer of the District and employs, fixes salaries of, and assigns and discharges or terminates, all employees of the District. The Superintendent administers and supervises the operations of the District and, in conjunction with the Business Manager, prepares the budget and approves budgetary controls, purchasing and payments, subject to review of the Board. The Superintendent and Business Manager for the District are:

Dr. George Bickert, Superintendent of Schools

Clint Taylor, Director of Finance

### 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 within the State. The Insurance Authority provides group health insurance, workman'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.

### Accreditation

All of the District's schools are accredited by the State of New Mexico's Public Education Department. The accreditation is by school and district.

### Student Enrollment

The District's enrollment for the current year and prior four years is as follows:

School Year	Enrollment
2012-13	2,098
2013-14	2,062
2014-15	2,042
2015-16	1,962
2016-17	1,996

*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 the judicial process, and are subject to legislative changes as well. As a result, the District cannot anticipate with certainty all of the factors which may influence the financing of its future activities. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the District.

### Sources of Revenue for General Fund

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 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 schools except for those items included in other funds. The sources of revenue for the District's General Fund are:

Local Revenues - Local revenues are a source of revenue to the District composed, 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 2016, the District received \$526,686 from local sources.

Federal Revenues - Another 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 has received \$521,438 in federal revenues for its General Fund.

State Revenues - The District's largest source of annual revenue is derived from the State equalization guarantee payments described below. During fiscal year 2016, the District received \$15,185,199 from state sources. Such payments represented approximately 93% actual fiscal year 2016 General Fund revenues.

### State Equalization Guarantee

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 a 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 cost 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.

SEG payments for the budgeted past five fiscal years are as follows:

Year	Program Unit Factor	Amount
2012-2013	3,668.18	13,912,118
2013-2014	3,817.55	13,921,436
2014-2015	4,005.75	14,641,102
2015-2016	4,027.75	14,061,810
2016-2017	4,040.24	13,284,416

*Source: New Mexico Public Education Department.*

The PED receives Federal mineral-leasing funds from which it makes annual allocations to the school district for purchasing text books. In 2015-16, the District received \$ 139,540 of cash and credit for textbook purchases.

The District is also reimbursed by the State for the costs of transporting pupils to and from school pursuant to the Act. These payments are based upon a formula consisting of the number of students per square mile that are transported. In 2015-16 the District received \$922,744 for transportation purposes.

### 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 PED. If the District fails to submit a budget, PED must prepare a District budget for the ensuing year.
- Before July 12, 2016 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, 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 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 PED except upon the District's request to PED. An instance 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, 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 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 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.

## Balance Sheet – General Fund Only

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 last four years can be downloaded from the State Auditor's website using the following link [http://www.saonm.org/audit\\_reports](http://www.saonm.org/audit_reports).

### BALANCE SHEET - GENERAL FUND <sup>(1)</sup>

	<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>
<b>ASSETS:</b>					
Cash & Cash equivalents	\$ 1,890,369	\$ 1,516,887	\$ 1,947,531	\$ 3,160,406	\$ 4,970,115
Property Taxes	9,425	6,883			11,168
Due from other agencies	9,701				
Due from other funds	361,234	623,614	392,163	590,241	413,729
Other	-	-	6,568	7,247	-
<b>Total Assets</b>	<b>\$ 2,270,729</b>	<b>\$ 2,147,384</b>	<b>\$ 2,346,262</b>	<b>\$ 3,757,894</b>	<b>\$ 5,395,012</b>
<b>LIABILITIES AND EQUITY:</b>					
Accounts payable	47,392	29,381	29,385		
Accrued payroll	835,913	755,270	264,556		708,817
Due from other funds				1,200	
Deferred revenue	6,438	-	-	-	-
<b>Total Liabilities</b>	<b>\$ 889,743</b>	<b>\$ 784,651</b>	<b>\$ 293,941</b>	<b>\$ 1,200</b>	<b>\$ 708,817</b>
<i>Deferred inflows of resources</i>					
Deferred Revenue	\$ -	\$ 6,883	\$ 6,568	\$ 7,247	\$ 7,557
<b>Fund balances:</b>					
Restricted			15,249	51,619	51,099
Unassigned	1,380,986	1,355,850	2,030,504	3,697,828	4,627,539
<b>Total Fund balances</b>	<b>\$ 1,380,986</b>	<b>\$ 1,355,850</b>	<b>\$ 2,045,753</b>	<b>\$ 3,749,447</b>	<b>\$ 4,678,638</b>
<b>Total Liabilities and fund balances</b>	<b><u>\$ 2,270,729</u></b>	<b><u>\$ 2,147,384</u></b>	<b><u>\$ 2,346,262</u></b>	<b><u>\$ 3,757,894</u></b>	<b><u>\$ 5,395,012</u></b>

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

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 – General Fund Only

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 last four years can be downloaded from the State Auditor's website using the following link [http://www.saonm.org/audit\\_reports](http://www.saonm.org/audit_reports).

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND <sup>(1)</sup>

<i>Year Ending June 30</i>	<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>
<b>Revenues:</b>					
Property Taxes	\$209,297	\$210,217	\$219,692	\$223,836	\$234,926
Fees and Charges	95,720	68,710	42,063	46,368	51,547
State Sources	15,173,103	14,955,963	14,861,845	15,763,471	15,185,899
Federal Sources	405,349	409,928	623,456	556,495	521,438
Investment Earnings	4,713	4,325	3,045	3,642	11,201
Miscellaneous	<u>207,856</u>	<u>315,603</u>	<u>126,489</u>	<u>86,958</u>	<u>229,012</u>
<i>Total Revenues</i>	16,096,038	15,964,746	15,876,590	16,680,770	16,234,023
<b>Expenditures:</b>					
Instruction	9,490,418	9,370,241	8,783,496	8,272,718	8,586,966
Support Services - Students	1,770,763	1,478,819	1,359,314	1,233,171	1,050,176
Support Services - Instruction	439,804	330,694	309,858	444,022	434,144
Support Services - General Administration	537,267	401,819	381,140	397,401	382,169
Support Services - School Administration	877,213	971,324	1,027,697	1,091,311	1,041,812
Central Services	488,047	498,112	526,152	548,615	577,153
Operation & Maintenance of Plant	2,256,798	1,987,776	2,020,478	2,169,624	2,311,102
Other Support Services	-	75,000	-	-	-
Community Services	19,850	228	-	-	-
Pupil Transportation	<u>853,704</u>	<u>875,869</u>	<u>778,552</u>	<u>820,214</u>	<u>921,764</u>
<i>Total</i>	16,733,864	15,989,882	15,186,687	14,977,076	15,305,286
<i>Excess revenues over expenditures</i>	(637,826)	(25,136)	689,903	1,703,694	928,737
Fund Balance Beginning of Year	\$2,042,750	\$1,380,986	\$1,355,850	\$2,045,753	\$3,749,447
Transfers/Refunds/Adjustments	<u>(23,938)</u>	-	-	-	454
<b>Fund Balance at End of Year</b>	<b>\$1,380,986</b>	<b>\$1,355,850</b>	<b>\$2,045,753</b>	<b>\$3,749,447</b>	<b>\$4,678,638</b>

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

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 the year ended June 30, 2016 is attached as Appendix B.



## Employees and Retirement Plan

The District employs 68 permanent employees of which 3 are administrators, 31 are teachers and other professional instructional personnel, 12 are instructional assistants, and 6 are support and administrative staff.

### ERA Pension Plan

Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act ("ERA") (Chapter 22, Article 11 NMSA 1978.) The Educational Retirement Board is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, and cost-of-living adjustments to plan members and beneficiaries. ERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to ERA, P.O. Box 26129, Santa Fe, New Mexico 87502.

Following is a partial history of employer and employee contributions statewide and average asset balance of the retirement fund.

<b>Fiscal Year Ending June 30</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>	<b>Net Assets Held in Trust</b>
2011	\$308,367,952	\$247,407,988	\$9,642,229,673
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

*Source: New Mexico Educational Retirement Board, Financial Report*

### Funding Policy

#### **Contributions:**

The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$1,345,438 for the year ended June 30, 2015.

#### **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, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. At June 30, 2015, the District reported a liability of \$22,057,035 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, 2014. The contribution amounts were defined by Section 22-11 21, NMSA 1978. At June 30, 2015, the District's proportion was .34053%, which was an decrease of .00619% from its proportion measured as of June 30, 2014. For the year ended June 30, 2016, the District recognized pension expense of \$1,214,382.

### Post-Employment Benefits

The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple employer defined benefit post-employment healthcare plan administered by the New Mexico Retiree Health Care Authority ("RHCA").

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

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

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post-employment health care plan. That report and further information can be obtained by writing to RHCA, 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 health care 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 premiums to cover their claims and the administrative expenses of plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board. The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required The Retiree Health Care Act.

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

The District's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$195,313, \$193,599 and \$191,136, respectively, which equal the required contributions for each year.

## TAX EXEMPTION

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, under existing law and assuming continuous compliance with certain covenants made by the District, the interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and is not treated as an item of tax preference under Section 57 of the Code for purposes of the alternative minimum tax imposed on individuals and corporations. Bond Counsel is further of the opinion that, under existing law, interest on the Bonds is excluded from net income for purposes of the tax imposed on individuals, estates and trusts under the New Mexico Income Tax Act or for purposes of the tax imposed on corporations under the New Mexico Corporate Income and Franchise Tax Act. Bond Counsel will express no opinion regarding other federal or New Mexico income tax consequences resulting from the receipt or accrual of interest on the Bonds. A form of Bond Counsel Opinion is attached to this document as Appendix D.

The opinion on federal tax matters will be based on and will assume continuous compliance with certain covenants of the District to be contained in the transcript of proceedings and that are intended to evidence and assure that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel has not and will not independently verify the accuracy of any of the certifications and representations made by the District.

The Code prescribes a number of qualifications that must be met and conditions that must be satisfied in order for the interest on state and local government obligations such as the Bonds to be and remain excluded from gross income for federal income tax purposes. Some of these provisions, including provisions for the rebate by the issuer of certain investment earnings to the federal government, require future or continued compliance after issuance of the obligations in order for the interest to be and continue to be so excluded from the date of issuance. Noncompliance with these requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes and thus to be subject to regular federal income taxes. The District covenants in the Bond Resolution to take all actions that may be required of it in order for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion.

Code provisions applicable to corporations (as defined for federal income tax purposes) that impose an alternative minimum tax on a portion of the excess of adjusted current earnings over other alternative minimum taxable income, may subject a portion of the interest of the Bonds earned by corporations to the corporate tax imposed on certain corporations, a branch profits tax imposed on certain foreign corporations doing business in the United States, and a tax imposed on excess net passive income of certain S corporations.

Under the Code, the exclusion of interest from gross income for federal income tax purposes can result in certain adverse federal income tax consequences on items of income or deductions for certain taxpayers, including among them financial institutions, insurance companies, recipients of Social Security and Railroad Retirement benefits, and those that are deemed to incur or continue indebtedness to acquire or carry tax exempt obligations. The applicability and extent of those or other tax consequences will depend upon the particular tax status or other items of income and expense of the owners of the Bonds. Bond Counsel expresses no opinion regarding such consequences.

### Internal Revenue Service Audit Program

The Internal Revenue Service (the "Service") has an ongoing program auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service will treat the District as the taxpayer and the Bond owners may have no right to participate in such procedure.

None of the District, the Financial Advisor, or Bond Counsel is obligated to defend the tax-exempt status of the Bonds. However, the District has covenanted in the Bond Resolution not to take any action that would cause the interest on the Bonds to lose its exclusion from gross income, except to the extent described above, for the owners thereof for federal income tax purposes. None of the District, the Financial Advisor, or Bond Counsel is responsible to pay or reimburse the costs of any Bond, owner with respect to any audit or litigation relating to the Bonds.

## **ORIGINAL ISSUE DISCOUNT**

The Bonds may be offered at a discount ("original issue discount") equal generally to the difference between public offering price and principal amount. For federal income tax purposes, original issue discount on a Bond accrues periodically over the term of the Bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holders' tax basis in the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Holders of Bonds offered at original issue discount should consult their tax advisor for an explanation of the accrual rules.

## **ORIGINAL ISSUE PREMIUM**

The Bonds may be offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a Bond through reductions in the holders' tax basis in the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the Bond rather than creating a deductible expense or loss. Holders of Bonds offered at an original issue premium should consult their tax advisor for an explanation of the amortization rules.

## **LITIGATION**

There is no litigation pending about the validity of the Bonds or the use of Bond proceeds, the corporate existence of the District or the titles of their officers or contesting or affecting the District's ability to receive taxes that could be used for Bond payments.

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 proceeding is 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 collection 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.

## **RATINGS**

Moody's Investors Service has rated the Bonds "A1 Underlying/Aa2 Enhanced ". An explanation of the significance of the rating given by Moody's Investors Service may be obtained from Moody's Investors Service, Inc. at 99 Church Street, New York, New York 10007. There is no assurance that the rating will be obtained or will continue for any given period of time after received or that the rating will 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 effect on the market price of the Bonds.

## **LEGAL MATTERS**

The opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Bond Counsel, approving the legality of the Bonds and relating to the tax-exempt status of the Bonds will be furnished to the successful bidder at no cost to the successful bidder. The written approval of the New Mexico Attorney General of the Bonds as to form and legality will be supplied. A draft of the opinion of Bond Counsel is attached hereto as Appendix D.

## **UNDERWRITING**

George K. Baum & Company has agreed, subject to certain conditions, to purchase the Bonds from the District at a price equal to the initial offering prices shown on the inside cover page of this Official Statement, at an underwriting discount. The Underwriter's obligation to purchase the Bonds is subject to certain conditions precedent, and they will be obligated to purchase all of the Bonds if any of the Bonds are purchased. The District has no control over the

price at which the Bonds are subsequently sold, and the initial yields at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Underwriter.

The Underwriter has reviewed the information in this official statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

George K. Baum & Company has provided the following information for inclusion in this Official Statement: The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Issuer. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Issuer. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

Certain matters will be passed upon for the Underwriter by the Law Offices of Robert M. Strumor, LLC, Santa Fe, New Mexico.

## **CONTINUING DISCLOSURE UNDERTAKING**

For the benefit of bondholders and to enable a broker, dealer or municipal securities dealer to comply with requirements of Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission, the District has undertaken to provide to the Municipal Securities Rulemaking Board's (the "MSRB") Electronic Municipal Market Access ("EMMA") system, its audited financial statements and certain financial and operating information. The District will provide 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-Student Enrollment," and "FINANCES OF THE EDUCATIONAL PROGRAM - State Equalization Program, Statement of Net Assets, Statement of Activities, Balance Sheet – General Fund, Statement of Revenues & Expenditures & Changes in Fund Balances – General Fund." The District will update and provide this information no later than March 31 of each year, commencing March 31, 2017. A draft of the Continuing Disclosure Undertaking (the "Undertaking") is attached hereto as Appendix E.

Any or all of such information may be incorporated by reference from other documents, as permitted by the Rule. The annual 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 and audited financial statements when and if audited financial statements become available. Any such financial statements will be prepared in accordance with generally accepted accounting principles and state law requirements, as in effect from time to time. (See Note 1 of the District's audited financial statements included as Appendix B for a description of the accounting principles currently followed in the preparation of the District's audited annual financial statements.)

If the District changes its fiscal year, it may change the date by which it must provide its annual financial information to a date no later than six months after the end of its new fiscal year. In addition, the District shall provide to EMMA timely notice of any failure to provide required annual financial information on or before the filing date.

The District has adopted written procedures regarding its obligations under the Undertaking and the Rule, and has engaged an independent firm, Accu-Disclose, LLC, to serve as its dissemination agent.

## **Annual Reports**

During the past five years, the District was late in filing certain of its Audited Financial Statements on EMMA, and did not file related Failure to File notices. In one instance, for FYE 06/30/2011, the Audited Financial Statements for the Issuer were unavailable by the disclosure due date of December 31st. In addition, unaudited financial statements were unavailable and consequently not filed as required by Rule 15c2-12. The FY2011 Audited Financial Statements were subsequently filed on February 28, 2012. The Notice of Failure to provide annual financial information was filed by the District's Dissemination Agent, Accu-Disclose, LLC on 8/24/2016.

## **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 the Lease, 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) 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; 13) Bankruptcy, insolvency, receivership or similar event of the District; and 14) 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."

## **Limitations and Amendments**

The District may amend its Undertaking from time to time without consent of the Bondholders, if the District receives and posts on EMMA an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect hereto, will not adversely affect compliance of the Undertaking and the District with the Rule (except that no opinion of counsel shall be required with respect to a change in the date by which the annual financial and operating information must be reported resulting from a change in the District's fiscal year). The Undertaking will terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. In addition, the Undertaking, or any provision thereof, will be null and void in the event the District delivers to EMMA an opinion of nationally recognized bond counsel to the effect that those portions of the Rule that require the Undertaking, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds.

Any failure of the District to provide the annual financial information or any material event notice does not constitute an Event of Default with respect to the Bonds, and an action seeking to compel performance of the undertaking shall be the sole remedy in the event the District fails to comply with the Undertaking.

## **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 Ruidoso Municipal School District is located in south-central New Mexico, encompasses approximately 140 square miles and has an estimated population of 13,600. Principal municipalities in the District are the village of Ruidoso and the city of Ruidoso Downs. The Village of Ruidoso is approximately 200 miles southeast of Albuquerque, 72 miles west of Roswell and 132 miles northeast of El Paso, Texas.

The District is located in the Sacramento Mountains which provide year-round recreational opportunities. Fishing is permitted all twelve months in most places. Area hunting includes seasons for mule deer, wild turkey, bear and elk. Sierra Blanca, the highest peak in the Sacramento Mountains, reaches 12,003 feet above sea level and is the site of the Ski Apache Resort. Ski Apache, over 750 acres in size, which is managed by the Inn of the Mountain Gods, is located approximately 15 miles from Ruidoso. Operating between Thanksgiving and Easter, each year, the ski area features 55 trails; 20% of the trails are considered "expert", 60% "intermediate" and 20% "beginner". The area's fifteen feet of annual snowfall is augmented by extensive snow-making equipment. There are 11 lift lines and a new passenger gondola – the largest in the State. Additionally, the area hosts the "Apache Wind Rider Zip Tour", an 8,890 foot zip line which descends from an elevation of 11,489 feet (at the top of Ski Apache). The line, which takes an hour and a half to ride, reaches speeds of up to 65 miles per hour. Gondola and zip line operations are offered in the summertime, as well.

Area lodging offers more than 3,000 beds for visiting tourists. The Inn of the Mountain Gods, a resort owned by Mescalero Apache Tribe, is located on the shores of a 100 acre lake at Cienegita, about 15 minutes south of Ruidoso. The resort provides luxury accommodations, a 40,000 square foot Las Vegas style casino, hosts many conventions and offers many recreational facilities including boating, fishing and horseback riding, as well as golf and tennis. The Inn of the Mountain Gods underwent a \$200,000,000 renovation that was completed in March 2005.

The Spencer Theater for the Performing Arts hosts year-round concerts, traveling Broadway shows and other special events. The theater seats 514 in an intimate setting (the furthest seat from the stage is only 67 feet away). Opened in 1997, this \$22 million facility is located on 74 acres of land. In addition to indoor performances, outdoor performances are frequently held during our mild summer nights.

The horse racing season at Ruidoso Downs Race Track and Casino extends from May until September and is a major attraction to the area during the summer months. The All American Futurity is held each Labor Day and is one of the richest quarter horse races in the United States. Major races during the summer months include the All-American Derby, the Kansas Futurity and the Rainbow Futurity. The casino at the race track operates year-round.

The District has a seasonal population. Although the permanent population is estimated at 13,200, many non-residents own second homes in the area which are a part of the District's property tax base. As a result, the District's assessed valuation per student compares favorably with the larger, more industrialized school districts in New Mexico and tends to be stable over time.

In 1991, Eastern New Mexico University opened the Ruidoso Off-Campus Instruction Center which was granted branch college status in 2004. The Branch College provides programs for the first two years of college education and vocational and technical curricula. The Branch College also serves as a distant education site for other courses offered at ENMU's main campus in Portales, New Mexico.

## Population

The following chart sets forth historical and current population data for the Village of Ruidoso, Lincoln County and the State.

<b>US Census Year</b>	<b>Village of Ruidoso</b>	<b>Lincoln County</b>	<b>State of New Mexico</b>
1970	2,216	7,560	1,017,055
1980	4,260	10,997	1,303,143
1990	4,600	12,219	1,515,069
2000	4,776	19,411	1,826,280
2010	8,029	20,497	2,065,826
2015*	7,739	19,420	2,085,572
2016 <sup>(1)</sup>	7,278	19,338	2,088,585

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

(1) Estimates. Source: The Nielsen Company, June 2016

## Age Distribution

The following table sets forth a comparative age distribution profile for Lincoln County, the State of New Mexico and the United States.

<b>Age Group</b>	<b>Lincoln County</b>	<b>New Mexico</b>	<b>United States</b>
0 - 17	18.7%	24.2%	23.0%
18 - 24	6.8%	9.9%	9.8%
25 - 34	9.1%	13.3%	13.35%
35 - 44	8.6%	11.8%	12.63%
45 - 54	12.1%	12.2%	13.33%
55 and Older	44.7%	28.6%	27.9%

Source: The Nielsen Company, June 2016

## Effective Buying 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.

Effective Buying Income Group	Lincoln County	New Mexico	United States
Under \$25,000	27.8%	28.4%	23.5%
\$25,000 - \$34,999	12.6%	11.6%	10.2%
\$35,000 - \$49,999	21.7%	14.1%	13.6%
\$50,000 - \$74,999	15.5%	17.1%	17.8%
\$75,000 and over	22.4%	28.8%	34.9%
2012 Est. Median Household Income	\$42,696	\$41,958	\$49,581
2013 Est. Median Household Income	\$42,216	\$43,273	\$49,297
2014 Est. Median Household Income	\$46,314	\$44,292	\$51,579
2015 Est. Median Household Income	\$46,324	\$45,633	\$53,706
2016 Est. Median Household Income	\$41,609	\$45,445	\$55,551

Source: The Nielsen Company, June 2016.

## Employment

The following table presents information on employment within Lincoln County, the State of New Mexico, and the United States, for the periods indicated. The annual unemployment figures indicate average rates for the entire year and do not reflect monthly or seasonal trends.

Year <sup>(1)</sup>	Lincoln County		State of New Mexico		United States
	Labor Force	% Unemployed	Labor Force	% Unemployed	% Unemployed
2016 <sup>(2)</sup>	8,438	6.20%	928,567	6.50%	4.90%
2015	8,613	5.80%	919,889	6.60%	5.30%
2014	8,738	6.10%	918,206	6.50%	6.20%
2013	8,817	6.50%	922,960	6.90%	7.40%
2012	8,946	6.50%	928,050	7.10%	8.10%
2011	9,085	6.80%	929,862	7.60%	8.90%
2010	9,380	7.50%	936,088	8.10%	9.60%
2009	10,885	5.80%	940,352	7.50%	9.30%
2008	11,049	3.50%	944,548	4.50%	5.80%
2007	10,883	3.10%	934,027	3.80%	4.60%

(1) Numbers are annual averages.

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

Source: U.S. Bureau of Labor Statistics, December 2016.

## Major Employers

The following table shows major employers with over 200 employees in Lincoln County.

<b>Major Employers - Lincoln County</b>
Mescalero Apache Tribe
Walmart
Ruidoso Municipal Schools
Village of Ruidoso
Lincoln County Medical Center
ENMU - Ruidoso
Ruidoso Downs Race Track
Lincoln County
Village of Ruidoso Downs
State National Bank

## Covered Wage and Salary Employment

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

	2012	2013	2014	2015	2016 <sup>(1)</sup>
Grand Total	6,420	6,408	6,464	6,427	6,460
Total Private	5,202	5,193	5,315	5,265	5,250
Accommodation and Food Services	1,248	1,232	1,303	1,361	1,364
Administrative and Waste Services	177	164	162	149	153
Agriculture, Forestry, Fishing & Hunting	62	69	68	74	74
Arts, Entertainment, and Recreation	529	528	565	543	579
Construction	287	301	333	338	317
Educational Services	20	20	19	18	15
Finance and Insurance	162	163	153	146	144
Health Care and Social Assistance	628	610	609	632	655
Information	78	81	78	79	85
Management of Companies and Enterprises	*	*	*	*	*
Manufacturing	65	64	58	47	48
Mining	*	*	*	*	*
Other Services, Ex. Public Admin	169	183	196	198	196
Professional and Technical Services	228	231	226	148	146
Real Estate and Rental and Leasing	166	159	151	141	143
Retail Trade	1,157	1,197	1,199	1,208	1,157
Transportation and Warehousing	85	57	50	53	51
Utilities	70	71	78	76	77
Wholesale Trade	49	44	46	36	36
Total Government	1,207	1,222	1,179	1,162	1,210

(1) Data as of Second Quarter of 2016

\* Withheld to avoid disclosing \* 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.

Note: Figures shown here are annual averages of quarterly data.

Source: New Mexico Department of Workforce Solutions, Quarterly Census of Employment and Wages program.

APPENDIX B

AUDITED FINANCIAL STATEMENTS  
JUNE 30, 2016

**STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS**

**AUDITED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION  
JUNE 30, 2016**

*Woodard , Cowen & Co.*

Certified Public Accountants

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS  
JUNE 30, 2016

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STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS  
JUNE 30, 2016

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STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS  
JUNE 30, 2016

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STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

OFFICIAL ROSTER

June 30, 2016

BOARD OF EDUCATION

Greg Cory	President
Gina Klinekole	Vice President
Shane Holder	Secretary
Rifle Salas	Member
Marc Beatty	Member

SCHOOL OFFICIALS

Dr. George Bickert	Superintendent
Caron Snow	Director of Finance

# Woodard, Cowen & Co.

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Timothy Keller  
New Mexico State Auditor  
School Board  
Ruidoso Municipal Schools  
Ruidoso, New Mexico

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Ruidoso Municipal Schools (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the 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 non-major governmental, fiduciary funds and the budgetary comparisons for all non-major funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016 as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

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

## **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Accounting principles generally accepted in the United States of America require that the Schedule of Proportionate Share of the Net Pension Liability on page 89, the Schedule of Contributions on page 90, with the notes to the required supplementary information of page 91 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 this required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

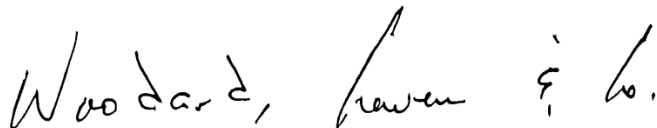
Our audit was conducted for the purpose of forming opinions on the District's financial statements, the combining and individual fund financial statements and budgetary comparisons. The Schedule of Expenditures of Federal Awards and the schedules required by Section 2.2.2 NMAC are presented for purposes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

The schedule of changes in assets and liabilities – agency funds, the Schedule of Expenditures of Federal Awards, and the additional schedules listed as “required supplemental information” in the table of contents 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, except for the Vendor Listing on pages 92 and 93 of this report, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule of changes in assets and liabilities – agency funds and the additional schedules listed as “required supplemental information” in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Vendor Information schedule on pages 92 and 93 of this report 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 14, 2016 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Woodward, Steven E. Co." The signature is written in a cursive style with a large 'W' and 'C'.

Portales, New Mexico  
November 14, 2016

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF NET POSITION

June 30, 2016

<u>ASSETS</u>	Governmental Activities Primary Government
Current:	
Cash	\$ 12,722,855
Due from other governments	413,738
Property Taxes Receivable	254,937
Inventory	5,326
Non-current:	
Capital assets, Net	55,337,999
Total assets	<u>\$ 68,734,855</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows from pensions	2,113,685
 <u>LIABILITIES</u>	
Current:	
Accounts Payable	\$ -
Accrued Payroll	708,817
Accrued Interest Payable	281,700
Compensated Absences	74,454
Debt due within one year	3,155,000
Non-current:	
Bond premium (net of amortization of \$75,625)	439,849
Net Pension Liability	22,057,035
Debt due in more than one year	25,100,000
Total liabilities	<u>51,816,855</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from pensions	1,484,214
Unearned Revenue	37,915
Total deferred inflows of resources	<u>1,522,129</u>
 <u>NET POSITION</u>	
Net Investment in Capital Assets	27,082,999
Restricted for:	
Debt Service	3,928,342
Bond Building	1,105,839
Senate Bill Nine	2,250,037
Athletics	37,063
Cafeteria	331,533
Instructional Materials	50,118
Unrestricted	(17,276,375)
Total net position	<u>\$ 17,509,556</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue & Changes in Net Position
Primary government:					
Governmental Activities:					
Instruction	\$ 9,420,225	\$ 50,909	\$ 955,735	\$ -	\$ (8,413,581)
Support Services					
Support Services-Students	1,877,062	-	748,010	-	(1,129,052)
Support Services-Instruction	474,440	-	30,355	-	(444,085)
Support Services-General Administration	487,609	-	55,813	-	(431,796)
Support Services-School Administration	1,084,681	-	42,413	-	(1,042,268)
Central Services	571,518	-	-	-	(571,518)
Operation & Maintenance of Plant	4,278,556	-	-	-	(4,278,556)
Student Transportation	967,455	-	968,435	-	980
Food Services-Operations	1,009,469	137,910	997,367	-	125,808
Community Services-Operations	-	-	-	-	-
Other Support Services	1,526	-	-	-	(1,526)
Bond Interest Paid	791,589	-	-	-	(791,589)
Bond Issuance Cost	97,284	-	-	-	(97,284)
Depreciation-Unallocated	2,089,610	-	-	-	(2,089,610)
<b>Total governmental activities</b>	<b>\$ 23,151,024</b>	<b>\$ 188,819</b>	<b>\$ 3,798,128</b>	<b>\$ -</b>	<b>\$ (19,164,077)</b>
General Revenues:					
Property Taxes:					
Levied for General Purposes					235,235
Levied for Debt Service					4,007,530
Levied for Capital Projects					1,348,038
State Equalization Guarantee					14,123,615
Federal Sources					792,955
Private Grants					2,027
Indirect Costs					31,929
Interest Earnings					24,797
Rent					95,100
Fees					51,547
Gain on Land Trade					402,569
Miscellaneous					5,657
			Total general revenues		21,120,999
			Change in net position		1,956,922
			Net position - beginning		15,551,694
			Restatement		940
			Restated Balance		15,552,634
			Net position - ending	\$	17,509,556

The accompanying footnotes are an integral part of these financial statements.



STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

BALANCE SHEET-- GOVERNMENTAL FUNDS

June 30, 2016

	GENERAL	FOOD SERVICES	TITLE I	IDEA B ENTITLEMENT
<b>ASSETS</b>				
Cash on Deposit	\$ 4,970,115	\$ 326,207	\$ -	\$ -
Due from Other Funds	413,729	-	-	-
Due from Other Agencies	-	-	162,220	178,291
Property Tax Receivable	11,168	-	-	-
Inventory	-	5,326	-	-
<b>TOTAL ASSETS</b>	<b>\$ 5,395,012</b>	<b>\$ 331,533</b>	<b>\$ 162,220</b>	<b>\$ 178,291</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Payroll	708,817	-	-	-
Inter Agency Payable	-	-	-	-
Due to Other Funds	-	-	162,220	178,291
<b>TOTAL LIABILITIES</b>	<b>708,817</b>	<b>-</b>	<b>162,220</b>	<b>178,291</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	7,557	-	-	-
Unearned Revenue	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>7,557</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>				
Nonspendable	-	5,326	-	-
Restricted:				
Transportation	981	-	-	-
Instructional Materials	50,118	-	-	-
Capital projects Funds	-	-	-	-
Debt Service	-	-	-	-
Cafeteria	-	326,207	-	-
Athletics	-	-	-	-
Special Revenue Funds	-	-	-	-
Unassigned	4,627,539	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>4,678,638</b>	<b>331,533</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 5,395,012</b>	<b>\$ 331,533</b>	<b>\$ 162,220</b>	<b>\$ 178,291</b>

The accompanying footnotes are an integral part of these financial statements.

SENATE BILL NINE	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 2,227,476	\$ 3,858,480	\$ 1,340,573	\$ 12,722,851
-	-	-	413,729
-	-	73,227	413,738
61,674	181,352	743	254,937
-	-	-	5,326
<u>\$ 2,289,150</u>	<u>\$ 4,039,832</u>	<u>\$ 1,414,543</u>	<u>\$ 13,810,581</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	708,817
-	-	73,218	-
-	-	<u>73,218</u>	<u>413,729</u>
-	-	73,218	1,122,546
40,784	119,482	728	168,551
-	-	37,915	37,915
<u>40,784</u>	<u>119,482</u>	<u>38,643</u>	<u>206,466</u>
-	-	-	5,326
-	-	-	981
-	-	-	50,118
2,248,366	-	1,107,866	3,356,232
-	3,920,350	1,194	3,921,544
-	-	-	326,207
-	-	37,063	37,063
-	-	156,559	156,559
-	-	-	4,627,539
<u>2,248,366</u>	<u>3,920,350</u>	<u>1,302,682</u>	<u>12,481,569</u>
<u>\$ 2,289,150</u>	<u>\$ 4,039,832</u>	<u>\$ 1,414,543</u>	<u>\$ 13,810,581</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

RECONCILIATION OF THE BALANCE SHEET  
ALL GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION

June 30, 2016

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

Fund balances - total governmental funds	\$ 12,481,569
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	55,337,999
Compensated absences	(74,454)
Property taxes receivable not available for current year expenditures and therefore are deferred in the funds	168,551
Net Pension Liability not reported in the funds	(22,057,035)
Deferred outflows of resources related to pensions not reported in the funds	2,113,685
Deferred inflows of resources related to pension not reported in the funds	(1,484,214)
Accrued Interest Payable not reported in funds	(281,700)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(28,255,000)
Bond Premium not included in funds	<u>(439,845)</u>
Net position of governmental activities	<u><u>\$ 17,509,556</u></u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE-- GOVERNMENTAL FUNDS

Year Ended June 30, 2016

	General	FOOD SERVICES	TITLE I	IDEA B ENTITLEMENT
<b>REVENUE</b>				
Federal Programs	\$ 521,438	\$ 989,798	\$ 468,284	\$ 600,728
State Programs	1,062,284	-	-	-
State Equalization	14,123,615	-	-	-
Interest Earnings	11,201	760	-	-
Private/Direct Grants	-	-	-	-
Fees	51,547	137,910	-	-
Indirect Cost	31,929	-	-	-
Rent and Royalties	95,100	-	-	-
Refunds of Prior Year's Expenditures	7,426	-	-	-
Forest Reserve	94,557	-	-	-
Sale of Bond Proceeds	-	-	-	-
Premium on Bond Sale	-	-	-	-
Local Property Taxes	234,926	-	-	-
<b>TOTAL REVENUES</b>	<b>16,234,023</b>	<b>1,128,468</b>	<b>468,284</b>	<b>600,728</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	8,586,966	-	83,658	282,389
Support Services				
Support Services-Students	1,050,176	-	324,430	302,941
Support Services-Instruction	434,144	-	23,058	-
Support Services-General Administration	382,169	-	37,138	15,398
Support Services-School Administration	1,041,812	-	-	-
Central Services	577,153	-	-	-
Operation & Maintenance of Plant	2,311,102	-	-	-
Student Transportation	921,764	-	-	-
Other Support Services	-	-	-	-
Food Services-Operations	-	1,001,900	-	-
Community Services-Operations	-	-	-	-
Acquisition & Construction	-	-	-	-
Debt Service				
Other Bond Services	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>15,305,286</b>	<b>1,001,900</b>	<b>468,284</b>	<b>600,728</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>928,737</b>	<b>126,568</b>	<b>-</b>	<b>-</b>
<b>Other Financing Sources (uses)</b>				
Refunds to PED	-	-	-	-
Transfers In/Out	-	-	-	-
Total Other Financial Sources	-	-	-	-
<b>Net Change In Fund Balance</b>	<b>928,737</b>	<b>126,568</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>				
as of June 30, 2015	3,749,447	204,965	-	-
Restatement	454	-	-	-
Restated Balance	3,749,901	204,965	-	-
<b>FUND BALANCE as of June 30, 2016</b>	<b>\$ 4,678,638</b>	<b>\$ 331,533</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying footnotes are an integral part of these financial statements.

SENATE BILL NINE	DEBT SERVICE	Other Governmental Funds	Total Governmental
\$ -	\$ -	\$ 450,137	\$ 3,030,385
-	-	402,088	1,464,372
-	-	-	14,123,615
4,478	4,547	3,811	24,797
-	-	2,027	2,027
-	-	50,353	239,810
-	-	-	31,929
-	-	-	95,100
-	-	556	7,982
-	-	-	94,557
-	-	-	-
-	5,291	-	5,291
1,346,367	4,000,364	367	5,582,024
<u>1,350,845</u>	<u>4,010,202</u>	<u>909,339</u>	<u>24,701,889</u>
-	-	548,424	9,501,437
-	-	216,442	1,893,989
-	-	21,384	478,586
13,255	39,387	3,281	490,628
-	-	53,710	1,095,522
-	-	-	577,153
-	-	-	2,311,102
-	-	45,691	967,455
-	1,526	-	1,526
-	-	7,569	1,009,469
-	-	-	-
1,753,964	-	921,681	2,675,645
-	-	-	-
-	3,035,000	-	3,035,000
-	693,513	-	693,513
<u>1,767,219</u>	<u>3,769,426</u>	<u>1,818,182</u>	<u>24,731,025</u>
(416,374)	240,776	(908,843)	(29,136)
-	-	-	-
-	-	-	-
<u>(416,374)</u>	<u>240,776</u>	<u>(908,843)</u>	<u>(29,136)</u>
2,664,740	3,679,574	2,211,039	12,509,765
-	-	486	940
<u>2,664,740</u>	<u>3,679,574</u>	<u>2,211,525</u>	<u>12,510,705</u>
<u>\$ 2,248,366</u>	<u>\$ 3,920,350</u>	<u>\$ 1,302,682</u>	<u>\$ 12,481,569</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

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

Net change in fund balance - total governmental funds	\$ (29,136)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year.	(1,391,231)
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead reported as deferred revenues. They are however, recorded as revenues in the Statement of Activities.	8,779
(Increase)/Decrease in pension expense from the difference in allocated pension expense less the District's actual pension contributions.	140,069
Expenses in the statement of activities which do not require use of current financial resources	
Gain on Land Trade	402,569
Bond Premium	(5,291)
Interest from Bond Refi	(251,402)
Bond Issuance Costs	(97,284)
Decrease in interest Payable	77,701
Increase in compensated absences	(8,477)
Bond Principal	3,035,000
Bond Premium Amortization	<u>75,625</u>
Change in Net Position	<u>\$ 1,956,922</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS  
COMBINED STATEMENT OF REVENUE AND EXPENDITURES--BUDGET  
(NON-GAAP) AND ACTUAL-GENERAL FUND  
Year Ended June 30, 2016

	General Fund			VARIANCE Favorable (Unfavorable)
	ORIGINAL BUDGET	BUDGET	ACTUAL	
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 225,558	\$ 225,558	\$ 231,315	\$ 5,757
Fees-Users	25,000	25,000	51,547	26,547
Interest Income	2,500	2,500	11,201	8,701
State Equalization	14,323,372	14,323,372	14,123,615	(199,757)
Impact Aid	304,413	304,413	409,465	105,052
Rent	65,000	65,000	95,100	30,100
Access Board	-	-	111,973	111,973
Refunds	-	-	7,426	7,426
Indirect Cost - (DFG)	1,300	1,300	-	(1,300)
Indirect Cost - (Flow Through Grants)	24,000	24,000	31,929	7,929
Forest Reserve	-	-	94,557	94,557
State Sources	967,359	1,052,842	1,062,284	9,442
<b>TOTAL REVENUE</b>	<u>15,938,502</u>	<u>16,023,985</u>	<u>16,230,412</u>	<u>\$ 196,985</u>
Cash Balance Budgeted	2,460,543	2,512,162		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 18,399,045</u>	<u>\$ 18,536,147</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	9,209,895	9,279,747	8,589,820	\$ 689,927
Support Services				
Support Services-Students	1,606,347	1,606,347	1,050,176	556,171
Support Services-Instruction	659,591	659,591	434,144	225,447
Support Services-General Administration	617,715	617,715	382,169	235,546
Support Services-School Administration	1,212,926	1,212,926	1,041,812	171,114
Central Services	671,220	671,220	577,153	94,067
Operation & Maintenance of Plant	2,703,309	2,703,309	2,311,102	392,207
Student Transportation	855,494	922,744	921,764	980
Other Support Services	862,548	862,548	-	862,548
<b>TOTAL EXPENDITURES</b>	<u>\$ 18,399,045</u>	<u>\$ 18,536,147</u>	<u>\$ 15,308,140</u>	<u>\$ 3,228,007</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 16,230,412
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 16,234,023</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 15,308,140
Differences-budget to GAAP	
Accounts Payable	(2,854)
Total Expenditures (GAAP Basis)	<u>\$ 15,305,286</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--CAFETERIA

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Fees-Users	\$ 160,000	\$ 160,000	\$ 137,910	\$ (22,090)
Interest Income	400	400	760	360
Federal Revenue	915,500	915,500	951,409	35,909
<b>TOTAL REVENUE</b>	<u>1,075,900</u>	<u>1,075,900</u>	<u>\$ 1,090,079</u>	<u>\$ 14,179</u>
Cash Balance Budgeted	<u>209,126</u>	<u>209,126</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 1,285,026</u>	<u>\$ 1,285,026</u>		
<b>EXPENDITURES</b>				
Current				
Food Services-Operations	\$ 1,285,026	\$ 1,285,026	\$ 966,207	\$ 318,819
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,285,026</u>	<u>\$ 1,285,026</u>	<u>\$ 966,207</u>	<u>\$ 318,819</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 1,090,079
Differences-Budget to GAAP	
Property tax Receivable	
Prior Year Tax Receivables	
Current Year Receivable	
Prior Year Receivable	
Current Year Deferral	
Prior Year Deferral	
Commodities Received	38,389
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 1,128,468</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 966,207
Differences-budget to GAAP	
Cost of Commodities Used	38,389
Inventory Adjustment	(2,696)
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 1,001,900</u>

The accompanying footnotes are an integral part of these financial statements.



STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--TITLE I

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 528,056	\$ 496,559	\$ 461,165	\$ (35,394)
TOTAL REVENUE	<u>528,056</u>	<u>496,559</u>	<u>\$ 461,165</u>	<u>\$ (35,394)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 528,056</u>	<u>\$ 496,559</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 150,019	\$ 103,387	\$ 83,658	\$ 19,729
Support Services				
Support Services-Students	309,017	324,432	324,430	2
Support Services-Instruction	24,911	24,631	23,058	1,573
Support Services-General Administration	44,109	44,109	37,138	6,971
Support Services-School Administration	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 528,056</u>	<u>\$ 496,559</u>	<u>\$ 468,284</u>	<u>\$ 28,275</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 461,165
Differences-Budget to GAAP	
Current Year Receivable	162,220
Prior Year Receivable	(155,101)
Total Revenues (GAAP Basis)	<u>\$ 468,284</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 468,284
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 468,284</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--ENTITLEMENT

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 471,584	\$ 607,773	\$ 607,519	\$ (254)
TOTAL REVENUE	<u>471,584</u>	<u>607,773</u>	<u>\$ 607,519</u>	<u>\$ (254)</u>
Cash Balance Budgeted	<u>                    </u>	<u>                    </u>		
TOTAL REVENUE & CASH	<u>\$ 471,584</u>	<u>\$ 607,773</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 243,539	\$ 282,389	\$ 282,389	\$ -
Support Services				
Support Services-Students	210,387	307,726	302,941	4,785
Support Services-Instruction	-	-	-	-
Support Services-General Administration	17,658	17,658	15,398	2,260
TOTAL EXPENDITURES	<u>\$ 471,584</u>	<u>\$ 607,773</u>	<u>\$ 600,728</u>	<u>\$ 7,045</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 607,519
Differences-Budget to GAAP	
Current Year Receivable	178,291
Prior Year Receivable	(185,082)
Total Revenues (GAAP Basis)	<u>\$ 600,728</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 600,728
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 600,728</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

SCHEDULE OF FIDUCIARY ASSETS & LIABILITIES--AGENCY FUND

June 30, 2016

ASSETS	
Cash on Deposit	\$ 212,951
Due from Operational	-
TOTAL ASSETS	<u>\$ 212,951</u>
LIABILITIES	
Due to Student Groups	\$ 212,951
TOTAL LIABILITIES	<u>\$ 212,951</u>

The accompanying footnotes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

I. Summary of Significant Accounting Policies

A. Reporting Entity

Ruidoso Municipal School District is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education in the Village of Ruidoso and surrounding area. 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 summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Ruidoso Municipal School District's management who is responsible for their integrity and objectivity. The financial statements of the District conform to generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. 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 the 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, or whether the activity is conducted within the geographic boundaries of the government and is generally available to 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. Based upon the application of these criteria, there were no component units.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the school district. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds. 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues, net of estimated refunds and estimated uncollectible amounts, in the year for which they are levied, even if not available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

I. Summary of Significant Accounting Policies (continued)

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

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

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

The government reports the following major governmental funds:

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

FOOD SERVICES – The purpose of this account is to receive income from lunch sales or state and federal school lunch grants, and to make disbursements for those activities, which have as their purpose the preparation and serving of meals, lunches or snacks in connection with bona-fide food service operations in agreement with the School Lunch Division of the State Department of Education. Authority for the creation of this fund is NMSA 1978, 22-13-13.

TITLE I – The Title I project provides remedial instruction in language arts for educationally deprived students in low-income areas. The project is funded by the Federal Government through the New Mexico State Department of Education under the Elementary and Secondary Education Act of 1965, Title I, Chapter I, part A, 20 U.S.C. 2701 et seq.

IDEA B ENTITLEMENT – P.L. 94-142, Individuals with Disabilities Education Act—to account for a federal grant restricted to the operation and maintenance of meeting the special education need of children with disabilities. Authority for the creation of this fund is Individuals with Disabilities Act, Part B, Sec. 611, as amended; Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-630 and 101-476; 20 U.S.C. 1401-1419, Public Law 105-17

SB 9 (Capital Projects Fund) – To account for 2 mill levy restricted by board resolution for erecting, remodeling, making additions to, providing equipment for, furnishing school buildings, and improving school grounds and maintenance of school buildings and grounds exclusive of salary expense of employees. Authority for the creation of this fund is NMSA 1978, 22-25-1 to 22-25-10.

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

The government also reports the following fund types:

Governmental Funds:

Nonmajor Special Revenue Funds – The District accounts for resources restricted to, or designated for, a specific purpose by the District or a grantor in a special revenue fund.

Nonmajor Debt Service Funds – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Nonmajor Capital Project Funds – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Fiduciary Funds:

Agency Funds – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is the Student Activity Fund.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

I. Summary of Significant Accounting Policies (continued)

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

Similar to private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments.

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

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

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

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

2. Receivables and payables

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

The School District's property taxes are levied each year on the assessed valuation of property located in the School District as of the preceding January 1st. The assessed valuation for the 2016 fiscal year was \$675,783,723. Mill levy rates are set by the State of New Mexico each year for the General Fund, SB - 9 Capital Improvements Fund, and Debt Service Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

I. Summary of Significant Accounting Policies (continued)

D. Assets, liabilities, and net assets or equity (continued)

3. Inventories

The food inventories are valued at cost using the first-in/first-out (FIFO) method. USDA Commodities are recorded at estimated costs. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life that extends beyond a single reporting period. The District is capitalizing qualifying software and library books as required. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	20
Vehicles and Equipment	5

5. Compensated absences

All District employees on a 12 month contract earn annual leave at a rate of 10 days per year. Twelve month District employees, upon receipt of a second consecutive 12 month contract earn 15 days per year. Employees shall not accumulate more than 15 days of annual leave upon termination; employees are paid for their accrued annual leave, up to a maximum of 15 days.

6. Long-term obligations

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

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

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

I. Summary of Significant Accounting Policies (continued)

D. Assets, liabilities, and net assets or equity (continued)

7. Fund equity

For the government-wide financial statements, net assets are reported as restricted when constraints are placed on net asset use are either 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments; 2) Imposed by law through constitutional provisions or enabling legislation.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

8. Comparative data/reclassifications

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

9. Indirect Costs

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

10. Salaries and Wages

The School District pays all salaries and wages due teachers on or before June 30th of each year.

11. 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.

12. Revenues

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

A school district's program costs are determined through the use of various formulas using "program units" which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$14,123,615 in state equalization guarantee distributions during the year ended June 30, 2016.

D. Assets, liabilities, and net assets or equity

12. Revenues

Transportation Distribution: School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$922,744 in transportation distributions during the year ended June 30, 2016.



STATE OF NEW MEXICO  
 RUIDOSO MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between fund *balance total governmental funds and net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, long-term liabilities, including bonds payable, is not due and payable in the current period and therefore is not reported in the funds." The details of the \$28,255,000 difference are as follows:

Bonds Payable	\$ 28,255,000
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 28,255,000</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that 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." The details of this \$1,391,231 difference are as follows:

Capital Outlay	\$ 698,379
Depreciation expense	<u>2,089,610</u>
Net adjustment to increase net changes in fund balances – total government funds to arrive at changes in net assets of governmental activities	<u>\$ (1,391,231)</u>

Another element of that reconciliation states "the issuance of long-term debt (e.g., bonds, 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$3,035,000 difference are as follows:

Principal repayments:	
General obligation debt	\$ 3,035,000
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 3,035,000</u>

STATE OF NEW MEXICO  
 RUIDOSO MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

III. Stewardship, compliance, and accountability

A. Budgetary Information

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

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

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

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

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

- In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
- In May or June, the budget is approved by the Board of Education
- The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called for.
- The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
- Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.
- The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2016 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	<u>Original Budget</u>	<u>Final Budget</u>
General Fund	\$ 18,399,045	\$ 15,308,142
Special Revenue Fund	3,279,787	2,947,145
Debt Service	7,483,617	3,769,430
Capital Projects Fund	5,894,779	2,688,900
	<u>\$ 35,057,228</u>	<u>\$ 24,713,617</u>

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

III. Stewardship, compliance, and accountability (continued)

B. Deficit fund equity

There were not any deficit fund balances at June 30, 2016.

IV. Detailed notes on all funds

A. Cash and temporary investments

At June 30, 2016, the carrying amount of the District's deposits was \$12,266,986 and the bank balance was \$13,216,832. Of this balance \$250,000 was covered by federal depository insurance and \$14,750,000 was covered by collateral held in the District's name in joint safekeeping by a third party.

New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution.

The collateral pledged is identified in the Supplementary Information of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the schools. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Custodial Credit Risk – Deposits

Custodial Credit Risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial risk. As of June 30, 2016, none of the government's bank balance of \$13,216,832 was exposed to custodial risk as follows:

Uninsured and Uncollateralized	\$ 0
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STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

IV. Detailed notes on all funds (continued)

B. Receivables

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

	Due From Other Agencies	Property Taxes Receivable
General Funds	\$ -	\$ 11,168
Senate Bill Nine	-	61,674
Debt Service	-	181,352
Ed Tech Debt Service	-	743
Title I	162,220	-
Entitlement	178,291	-
New Mexico Autism Project	299	-
IDEA B Risk Pool	390	-
Preschool	10,129	-
Title I School Improvement	19,417	-
Teacher/Principal Training	4,822	-
Rural and Low Income Schools	11,824	-
Pre-K Initiative	2,492	-
Breakfast for Elementary Students	3,372	-
2012 GO Bond Student Library	20,482	-
Totals	<u>\$ 413,738</u>	<u>\$ 254,937</u>

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

	<u>Unavailable</u>
Grant draw downs prior to meeting all eligibility requirements	\$ 37,915
Property Taxes – Delinquent	<u>168,551</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 206,466</u>

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

IV. Detailed notes on all funds (continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance 06/30/14	Adjustments	Increases	Decreases	Balance 06/30/15
Governmental Activities					
Capital Assets not being depreciated					
Land	\$ 1,340,817	\$ -	\$ 820,000	\$ 417,431	\$ 1,743,386
Construction in Progress	-	-	-	-	-
Total Capital Assets not being depreciated	1,340,817	-	820,000	417,431	1,743,386
Capital Assets being depreciated					
Buildings & Improvements	67,073,841	-	536,107	-	67,609,948
Land Improvements	10,266,809	-	-	-	10,266,809
Equipment	2,001,110	-	162,272	4,290	2,159,092
Total Capital Assets being depreciated	79,341,760	-	698,379	4,290	80,035,849
Less: Accumulated Depreciation					
Buildings & Improvements	19,709,737	-	1,516,116	-	21,225,853
Land Improvements	3,198,037	-	449,037	-	3,647,074
Equipment	1,448,142	-	124,457	4,290	1,568,309
Total Accumulated Depreciation	24,355,916	-	2,089,610	4,290	26,441,236
Net Capital Assets being depreciated	54,985,844	-	(1,391,231)	-	53,594,613
Total Net Capital Assets	\$ 56,326,661	\$ -	\$ (571,231)	\$ 417,431	\$ 55,337,999

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

Depreciation expense was not charged to function/programs of the School District because the detail information was not available due to historical date not being available.

STATE OF NEW MEXICO  
 RUIDOSO MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

IV. Detailed notes on all funds (continued)

D. Long-term debt – General Obligation Bonds

Series	Original Amount	Interest Rate	Balance 6/30/2015	Additions	Retirements	Balance 6/30/2016	Amount Due in One Year
2006	14,500,000	5.00%	1,000,000	-	1,000,000	-	-
2007	8,500,000	5.00%	6,100,000	-	5,500,000	600,000	600,000
2008	3,000,000	4.00%	1,850,000	-	1,400,000	450,000	250,000
		2.00%-					
2011	9,000,000	2.875%	8,400,000	-	300,000	8,100,000	100,000
2013	5,000,000	2.00%-3.00%	3,985,000	-	710,000	3,275,000	100,000
2014	9,980,000	1.50%-3.00%	9,730,000	-	225,000	9,505,000	1,300,000
2015	6,325,000	1.25%-2.00%		6,325,000	-	6,325,000	805,000
Total	\$ 56,305,000		\$ 31,065,000	\$ 6,325,000	9,135,000	\$ 28,255,000	\$ 3,155,000

Fiscal Year	Principal	Interest	Total
2017	3,155,000	620,070	3,775,070
2018	2,550,000	521,613	3,071,613
2019	2,725,000	476,488	3,201,488
2020	3,000,000	425,238	3,425,238
2021	2,950,000	366,644	3,316,644
2022-2025	13,875,000	833,451	14,708,451
	\$ 28,255,000	\$ 3,243,504	\$ 31,498,504

The bonds and bond interest are paid from property tax levies enacted specifically for the debt retirement. The revenues pledged totaled \$3,938,494 at June 30, 2016, and equal to 100% of the tax levies enacted to repay the bonded indebtedness. The bonds were sold to erect and furnish facilities for the District. The property tax levies will expire when the related bond indebtedness is repaid.

During the year ended June 30, 2016, the District recognized \$3,938,494 in property taxes pledged to retire the bonded indebtedness, and retired \$3,728,513 in bond principal and interest.

Legal Debt Margin

The legal debt margin is specified by Article IX Section 11 of the Constitution of the State of New Mexico as not greater than 6% of the assessed value of the taxable property within the School District. Based on these criteria, the maximum general obligation debt permissible is \$40,547,023 including \$28,255,000 debt outstanding based on the 2016 initial valuation.

Advance Refunding of Debt

On May 20, 2014, the District issued \$9,980,000 in General Obligation Bonds with interest rates from 1.5% to 3.0% to advance refund \$9,980,000 of the \$11,980,000 outstanding Series 2006 General Obligation Bonds with an interest rate of 5.0%. The District chose to undertake this advance refunding to reduce future interest expenditures by taking advantage of lower interest rates.

STATE OF NEW MEXICO  
 RUIDOSO MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

IV. Detailed notes on all funds (continued)

D. Long-term debt – General Obligation Bonds (continued)

Summary of savings comparison of prior debt service to refunding debt service:

Date	Prior Debt Service	Unrefunded Bonds	2015 Refunding Bonds	New Debt Service	Savings
2/1/2016	\$ 118,075	\$ -	\$ -	\$ -	\$ 118,075
8/1/2016	118,075	-	890,720	890,720	(772,645)
2/1/2017	118,075	-	48,544	48,544	69,531
8/1/2017	618,075	-	548,544	548,544	69,531
2/1/2018	108,075	-	44,794	44,794	63,281
8/1/2018	858,075	-	794,794	794,794	63,281
2/1/2019	93,988	-	39,169	39,169	54,819
8/1/2019	993,988	-	939,169	939,169	54,819
2/1/2020	76,925	-	32,419	32,419	44,506
8/1/2020	1,126,925	-	1,057,419	1,057,419	69,506
2/1/2021	56,813	-	23,450	23,450	33,363
8/1/2021	1,356,813	-	1,123,450	1,123,450	233,363
2/1/2022	31,375	-	12,450	12,450	18,925
8/1/2022	1,631,375	-	1,257,450	1,257,450	373,925
	<u>\$ 7,306,650</u>	<u>\$ -</u>	<u>\$ 6,812,370</u>	<u>\$ 6,812,370</u>	<u>\$ 494,280</u>

The total gross savings of \$494,280 less the \$97,284 paid by the District results in a present value savings percentage of principal of 5.4334%.

E. Compensated Absences

Liability for Compensated Absences

Balance June 30, 2015	Vacation Used	Vacation Accrued	Balance June 30, 2016	Amount Due in One Year
\$65,977	\$45,174	\$53,651	\$74,454	\$74,454

The operational fund, which is a part of the general fund, has typically been used in the past to liquidate other long term liabilities such as compensated absences.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

V. Other information

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMSIA) was formed on April 5, 1985, under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2016.

B. Contingent liabilities

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

C. Employee retirement plan

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

**General Information about the Pension Plan**

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

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

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

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



NOTES TO FINANCIAL STATEMENTS

June 30, 2016

V. Other information (continued)

C. Employee retirement plan (continued)

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 before July 1, 2010, or 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 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 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 20, 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 be 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 retirement. 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 year or more years of service credit have 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is provided 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 years 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 state of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

**Contributions.** The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$1,345,438 for the year ended June 30, 2015.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015. At June 30, 2015, the District's reported a liability of \$22,057,035 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-

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

V. Other information (continued)

C. Employee retirement plan (continued)

11-21, NMSA 1978. At June 30, 2015, the District's proportion was .34053%, which was an decrease of .00619% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$1,214,382. 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
Beginning balance	\$ 1,345,438	\$ 3,130,166
Changes of assumptions	758,637	-
Net difference between projected and actual earnings on pension plan investments	-	(1,225,405)
Changes in proportion	-	261,020
2015 Actual Employer Contributions	(1,345,438)	-
2016 Actual Employer Contributions	1,355,048	-
Differences between expected and actuarial experience	-	219,980
Proportionate change in deferred outflow	-	-
Net amortization of deferred amounts from changes in proportion	-	(901,547)
Total	<u>\$2,113,685</u>	<u>\$ 1,484,214</u>

\$373,630 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	(\$513,745)
2018	(\$458,472)
2019	(\$59,703)
2020	\$306,342

**Actuarial assumptions.** As described above, the total ERB pension liability and net liability are based on an actuarial valuation performed as of June 30, 2015. The liabilities reflect the impact of Senate Bill 115, signed into law on March 29, 2013 and new assumptions adopted by the Board of Trustees on June 12, 2015. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 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. COLA's for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on June 30, 2015 in conjunction with the six-year experience study period ending June 30, 2014.
5. For those purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

STATE OF NEW MEXICO  
 RUIDOSO MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

V. Other information (continued)

C. Employee retirement plan (continued)

The actuarial methods and assumptions used to determine contribution rates included in the measurements 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)

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.).

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

	1% Decrease (6.75%)	Current Discount Rate (7.75)	1% Increase (8.75%)
District's proportionate share of the net pension liability	<u>\$29,679,214</u>	<u>\$22,057,035</u>	<u>\$15,653,611</u>

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

**Payable to the pension plan.** The District has no payables to the pension plan.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

V. Other information (continued)

D. Post-retirement health care benefits

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

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

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

V. Other information (continued)

D. Post-retirement health care benefits (continued)

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

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

The District's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$195,313, \$193,599 and \$191,136, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

V. Other information (continued)

E. Interfund Balances

Due from	Due to Operational
Title I	162,220
Entitlement	178,291
New Mexico Autism Project	299
IDEA B Risk Pool	390
Preschool	10,129
School Improvement	19,417
Teacher/Principal Training	4,822
Rural and Low Income Schools	11,824
Pre-K Initiative	2,492
Breakfast for Elementary Students	3,372
2012 GO Bond Student Library	20,482
	<u>\$ 413,738</u>

F. Fund Balances Classified

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented here.

Fund Balances	General Fund	Food Service	Senate Bill 9	Debt Service	Non-Major Governmental Funds	Total
Non-Spendable:						
Inventory	\$ -	\$ 5,326	\$ -	\$ -	\$ -	\$ 5,326
Total Nonspendable	-	5,326	-	-	-	5,326
Restricted for:						
Debt Service	-	-	-	3,920,350	1,194	3,921,544
Capital Improvements	-	-	2,248,366	-	1,107,866	3,356,232
Athletics	-	-	-	-	37,063	37,063
Cafeteria	-	326,207	-	-	-	326,207
Instructional Materials	50,118	-	-	-	-	50,118
Transportation	981	-	-	-	-	981
Special Revenue	-	-	-	-	156,559	156,559
Total restricted	51,099	326,207	2,248,366	3,920,350	1,302,682	7,848,704
Unassigned	4,627,539	-	-	-	-	4,627,539
Total Fund Balances	<u>\$ 4,678,638</u>	<u>\$ 331,533</u>	<u>\$ 2,248,366</u>	<u>\$ 3,920,350</u>	<u>\$ 1,302,682</u>	<u>\$ 12,481,569</u>

G. Restatement of Fund Balance

Beginning fund balance was restated for \$940 for the following reasons.

Fund Balance July 1, 2015	\$ 12,509,765
Voided check from prior year expenditure in Operating Fund	454
Voided check from prior year expenditure in Athletic Fund	486
Restated fund balance July 1, 2015	<u>\$ 12,510,705</u>

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

V. Other information (continued)

H. Restatement of Net Position

Beginning Net Position was restated for \$940 for the following reasons.

Net position July 1, 2015	\$	15,551,694
Voided check from prior year expenditure in Operating Fund		454
Voided check from prior year expenditure in Athletic Fund		486
Restated net position July 1, 2015	\$	<u>15,552,634</u>

## NON-MAJOR GOVERNMENTAL FUNDS

ALL FUNDS – All funds were created by management directive.

### Special Revenue

**ATHLETICS** – This is an auxiliary fund to account for budgeted athletics of the school for activities that are considered to be non-instructional. Authority for the creation of this fund is NMAC 6.20.2.

**NEW MEXICO AUTISM PROJECT** – To account for funds provided to the District to support the District's implementation of the NMAP and improve outcomes for students with Autism Spectrum Disorders. Authority for the creation of this fund is Individuals with Disabilities Act, Part B, Sec. 611, as amended; Public Laws 91-230,93-380,94-142,98-199,99-457,100-630 and 101-476; 20 U.S.C. 1401-1419, Public Law 105-17

**IDEA B – PRESCHOOL** – To account for revenue received under the Preschool Public Act P.L. 99-457 for the purpose of providing special educational services to the developmentally delayed preschool children. This fund is federally funded and is restricted to expenditure by grant application. Required by the New Mexico State Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund.

**IDEA B – EARLY INTERVENTION** – To account for a federal grant restricted to the operation and maintenance of meeting the special education needs of children with disabilities. (Authority, Individuals with Disabilities Act, Part B Sec 611, as amended; P.L. 91-230, 93-380, 94-142, 98-199, 99-457, 100-630, and 101-476; U.S.C. 1401-1419, P.L. 105-17)

**IDEA B – RISK POOL** – To account for a federal grant restricted to the operation and maintenance of meeting the special education needs of children with disabilities. (Authority, Individuals with Disabilities Act, Part B Sec 611, as amended; P.L. 91-230, 93-380, 94-142, 98-199, 99-457, 100-630, and 101-476; U.S.C. 1401-1419, P.L. 105-17)

**IDEA B – RESULTS PLAN** – To provide funding to schools for professional development, coaching, technical assistance, and additional funds to support school improvement targeted to early elementary reading achievement. Authority for this fund comes from the Individuals with Disabilities Act, Part B.

**ENGLISH LANGUAGE ACQUISITION** – To ensure that limited English proficient children and youth, including immigrant children and youth, attain English proficiency and meet the same challenging State academic content and student academic achievement standards as all children and youth are expected to meet. The authority for the creation of this fund is the Elementary and Secondary Education Act, as amended, Title III, Part A, Sections 3101, 3129.

**TEACHER/PRINCIPAL TRAINING** – To provide grants to State Education Agencies on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965 as amended, Title II, Part A, Public Law 107-110.

**RURAL AND LOW INCOME SCHOOLS** – To account for federal grant assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools, and specifically to provide funds for teacher recruitment, retention, and teacher professional development, educational technology, and parental involvement activities. Authority for this fund comes from the Elementary and Secondary Education Act of 1965, as amended, Title VI, Part B, as amended.

**TITLE I SCHOOL IMPROVEMENT** – to help local education agencies and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging state academic standards. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Public Education Department. Authority for the creation of this fund is the Elementary and Secondary Education Act of 1965, Title I, Part A, 20 USC 6301 et seq.

## NON-MAJOR GOVERNMENTAL FUNDS

ALL FUNDS – All funds were created by management directive.

### Special Revenue (continued)

IMPACT AID SPECIAL EDUCATION – To account for funding of a Federal program to provide financial assistance to school districts 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 (Sections 4) in school enrollment as the result of Federal activities; to provide disaster assistance for reduced or increased operating costs (Sections 7 (a)), for replacing or repairing damaged or destroyed supplies, equipment, and books, and for repairing minor damage to facilities. Authorized by Public Law 81-874.

IMPACT AID INDIAN EDUCATION – To account for federal funds providing assistance for Indian students' needs, support services and special projects. (Authority, P.L. 103-382)

TITLE XIX MEDICAID – The purpose of this fund is to account for reimbursement of health-related services of Medicaid eligible students receiving related services, for administrative time study, and for a statement of service costs study. Authorized by the Social Security Act.

CHILD & ADULT CARE FOOD PROGRAM – To account for revenues received to coordinate child health improvements. (Authority, State Grant Provision and the Ruidoso Board of Education)

INDIAN EDUCATION FORMULA – To account for funds received to support projects to improve educational opportunities and achievements of Native American children. (Authority, Title IX, Part A, Subpart 1, as amended, of the Elementary and Secondary Education Act of 1965, P.L. 103-382, 20 U.S.C. 7811-7818, 25 U.S.C. 2001)

2009 DUAL CREDIT INSTRUCTIONAL MATERIALS – This fund was created to account for funds provided to the District to pay for required textbooks and materials needed for dual credit activities. The authority and funding for this fund is provided under HB214 which amended Section 21-1-1.2 and Section 21-13-19 related to dual credit.

2012 G.O. BOND LIBRARY FUND SB-66 – This fund is used to account for the revenue and expenditures to acquire supplementary library books, equipment, and library resources for public schools and juvenile detention libraries statewide.

NEW MEXICO READS TO LEAD – To account for the funding provided by the PED for the purchase of K-3 non-fiction books, K-3 non-fiction classroom libraries, and K-3 non-fiction text materials. Fund was created under the state-wide reading initiative authorized under NM Section 22-13-1.3.

PRE K INITIATIVE — To account for state program used to provide center-based education services to four-year-olds within the district. This state fund initiative was established in 2005.

INDIAN EDUCATION ACT – To account for state funds used to increase academic achievement and provide culturally relevant learning experiences for American Indian students. Funding and authority provided through the NM PED.

BREAKFAST FOR ELEMENTARY STUDENTS – To account for funds used to provide elementary students with breakfast in the classroom. Creation authorized by the Child Nutrition Act of the United States Department of Agriculture.

SUICIDE PREVENTION – The purpose of this fund is to account for the agreement used to provide integrated primary and behavioral health care for adolescents through a school based health center. The authority and funding for this agreement is provided by the contract between the REC and the New Mexico Department of Health.

TANF GRADS – To provide assistance to needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families. Authorized by the Social Security Act Title IV, Part A, as amended; Personal Responsibility Act and Work Opportunity Reconciliation Act of 1996, Public Law 104-193 Balance Budget Act of 1997, Public Law 105-33.



## NON-MAJOR GOVERNMENTAL FUNDS

ALL FUNDS – All funds were created by management directive.

### Special Revenue (continued)

GRADS INSTRUCTION – To provide assistance to needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families. Authorized by the Social Security Act Title IV, Part A, as amended; Personal Responsibility Act and Work Opportunity Reconciliation Act of 1996, Public Law 104-193 Balance Budget Act of 1997, Public Law 105-33.

GRADS PLUS – To provide assistance to needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families. Authorized by the Social Security Act Title IV, Part A, as amended; Personal Responsibility Act and Work Opportunity Reconciliation Act of 1996, Public Law 104-193 Balance Budget Act of 1997, Public Law 105-33.

## NON-MAJOR GOVERNMENTAL FUNDS

ALL FUNDS – All funds were created by management directive.

### Debt Service

BOND BUILDING (Capital Projects Fund) – To account for the costs of capital improvements, such as erecting, remodeling, making additions to, providing equipment for and furnishing school buildings, purchasing and improving school grounds funded from the sale of General Obligation Bonds.

ED TECH DEBT SERVICE - This fund is established to receive revenue for the payment of interest and principal on outstanding general obligation school bond issues.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2016

	SPECIAL REVENUE			
	ATHLETICS	NEW MEXICO AUTISM PROJECT	PRESCHOOL	EARLY INTERVENTION
<b>ASSETS</b>				
Cash on Deposit	\$ 37,063	\$ -	\$ -	\$ 32
Due From Other Funds	-	-	-	-
Due From Other Agencies	-	299	10,129	-
Property Taxes Receivable	-	-	-	-
Inventory	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 37,063</b>	<b>\$ 299</b>	<b>\$ 10,129</b>	<b>\$ 32</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Payroll	-	-	-	-
Due to Other Funds	-	299	10,129	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>299</b>	<b>10,129</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	-	-	-	-
Unearned Revenue	-	-	-	32
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32</b>
<b>FUND BALANCE</b>				
Nonspendable	-	-	-	-
Restricted:				
Transportation				
Instructional Materials				
Capital Projects Funds				
Debt Service				
Cafeteria	-	-	-	-
Athletics	37,063	-	-	-
Special Revenue Funds	-	-	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>37,063</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 37,063</b>	<b>\$ 299</b>	<b>\$ 10,129</b>	<b>\$ 32</b>

The accompanying footnotes are an integral part of these financial statements.

SPECIAL REVENUE

IDEA B RISK POOL	IDEA B RESULTS PLAN	ENGLISH LANGUAGE ACQUISITION	TEACHER PRINCIPAL TRAINING	RURAL & LOW INCOME SCHOOLS	TITLE I SCHOOL IMPROVEMENTS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
390	-	-	4,822	11,824	19,417
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 390</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,822</u>	<u>\$ 11,824</u>	<u>\$ 19,417</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
390	-	-	4,822	11,824	19,408
<u>390</u>	<u>-</u>	<u>-</u>	<u>4,822</u>	<u>11,824</u>	<u>19,408</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	9
-	-	-	-	-	-
-	-	-	-	-	<u>9</u>
<u>\$ 390</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,822</u>	<u>\$ 11,824</u>	<u>\$ 19,417</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2016

	SPECIAL REVENUE			
	IMPACT AID SPECIAL EDUCATION	IMPACT AID INDIAN EDUCATION	TITLE XIX MEDICAID 3-21 YEARS	CHILD & ADULT FOOD PROGRAM
<b>ASSETS</b>				
Cash on Deposit	\$ 6,881	\$ 96,611	\$ 33,690	\$ 9,307
Due From Other Funds	-	-	-	-
Due From Other Agencies	-	-	-	-
Property Taxes Receivable	-	-	-	-
Inventory	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 6,881</b>	<b>\$ 96,611</b>	<b>\$ 33,690</b>	<b>\$ 9,307</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Payroll	-	-	-	-
Due to Other Funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	-	-	-	-
Unearned Revenue	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>				
Nonspendable	-	-	-	-
Restricted:				
Transportation				
Instructional Materials				
Capital Projects Funds				
Debt Service				
Cafeteria				
Athletics				
Special Revenue Funds	6,881	96,611	33,690	9,307
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>6,881</b>	<b>96,611</b>	<b>33,690</b>	<b>9,307</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 6,881</b>	<b>\$ 96,611</b>	<b>\$ 33,690</b>	<b>\$ 9,307</b>

The accompanying footnotes are an integral part of these financial statements.

SPECIAL REVENUE

INDIAN ED FORMULA	2009 DUAL CREDIT INSTRUCTIONAL MATERIALS	2012 GO BOND LIBRARY FUND SB-66	NEW MEXICO READS TO LEAD	PRE K INITIATIVE	INDIAN EDUCATION ACT
\$ 33,457	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	20,482	-	2,492	-
-	-	-	-	-	-
<u>\$ 33,457</u>	<u>\$ -</u>	<u>\$ 20,482</u>	<u>\$ -</u>	<u>\$ 2,492</u>	<u>\$ -</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	20,482	-	2,492	-
-	-	20,482	-	2,492	-
-	-	-	-	-	-
33,457	-	-	-	-	-
33,457	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 33,457</u>	<u>\$ -</u>	<u>\$ 20,482</u>	<u>\$ -</u>	<u>\$ 2,492</u>	<u>\$ -</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2016

	SPECIAL REVENUE			
	BREAKFAST FOR ELEMENTARY STUDENTS	KINDERGARTEN THREE PLUS AFTER SCHOOL	SUICIDE PREVENTION	GRADS
<b>ASSETS</b>				
Cash on Deposit	\$ -	\$ -	\$ 4,426	\$ 174
Due From Other Funds	-	-	-	-
Due From Other Agencies	3,372	-	-	-
Property Taxes Receivable	-	-	-	-
Inventory	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 3,372</u>	<u>\$ -</u>	<u>\$ 4,426</u>	<u>\$ 174</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Payroll	-	-	-	-
Due to Other Funds	3,372	-	-	-
<b>TOTAL LIABILITIES</b>	<u>3,372</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	-	-	-	-
Unearned Revenue	-	-	4,426	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>4,426</u>	<u>-</u>
<b>FUND BALANCE</b>				
Nonspendable	-	-	-	-
Restricted:				
Transportation				
Instructional Materials				
Capital Projects Funds				
Debt Service				
Cafeteria				
Athletics				
Special Revenue Funds	-	-	-	174
Unassigned				
<b>TOTAL FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<u>\$ 3,372</u>	<u>\$ -</u>	<u>\$ 4,426</u>	<u>\$ 174</u>

The accompanying footnotes are an integral part of these financial statements.

SPECIAL REVENUE		SPECIAL REVENUE		DEBT SERVICE	TOTAL NON MAJOR FUNDS
GRADS INSTRUCTION	GRADS PLUS	BOND BUILDING	SPECIAL CAPITAL OUTLAY	ED TECH DEBT SERVICE	
\$ 4,050	\$ 5,837	\$ 1,105,839	\$ 2,027	\$ 1,179	\$ 1,340,573
-	-	-	-	-	-
-	-	-	-	-	73,227
-	-	-	-	743	743
-	-	-	-	-	-
<u>\$ 4,050</u>	<u>\$ 5,837</u>	<u>\$ 1,105,839</u>	<u>\$ 2,027</u>	<u>\$ 1,922</u>	<u>\$ 1,414,543</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	73,218
-	-	-	-	-	73,218
-	-	-	-	728	728
-	-	-	-	-	37,915
-	-	-	-	728	38,643
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,105,839	2,027	-	1,107,866
-	-	-	-	1,194	1,194
-	-	-	-	-	-
4,050	5,837	-	-	-	37,063
-	-	-	-	-	156,559
-	-	-	-	-	-
<u>4,050</u>	<u>5,837</u>	<u>1,105,839</u>	<u>2,027</u>	<u>1,194</u>	<u>1,302,682</u>
<u>\$ 4,050</u>	<u>\$ 5,837</u>	<u>\$ 1,105,839</u>	<u>\$ 2,027</u>	<u>\$ 1,922</u>	<u>\$ 1,414,543</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2016

	SPECIAL REVENUE			
	ATHLETICS	NEW MEXICO AUTISM PROJECT	PRESCHOOL	EARLY INTERVENTION
<b>REVENUE</b>				
Federal Programs	\$ -	\$ 6,276	\$ 26,576	\$ -
State Programs	-	-	-	-
State Equalization	-	-	-	-
Interest Earnings	102	-	-	-
Private/Direct Grants	-	-	-	-
Charges for Services	-	-	-	-
Fees	50,353	-	-	-
Donations	-	-	-	-
Sale of Property	-	-	-	-
Miscellaneous	-	-	-	-
Indirect Cost	-	-	-	-
Rent and Royalties	-	-	-	-
Local Property Taxes	-	-	-	-
Refund of Prior Year's Expenditures	556	-	-	-
<b>TOTAL REVENUES</b>	<b>51,011</b>	<b>6,276</b>	<b>26,576</b>	<b>-</b>
<b>EXPENDITURES</b>				
Current				
Instruction	64,477	5,858	25,691	-
Support Services	-	-	-	-
Support Services-Students	-	418	-	-
Support Services-Instruction	-	-	-	-
Support Services-General Administration	-	-	885	-
Support Services-School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services-Operations	-	-	-	-
Community Services-Operations	-	-	-	-
Acquisition & Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>64,477</b>	<b>6,276</b>	<b>26,576</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>(13,466)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Financing Sources (uses)				
Refunds to PED	-	-	-	-
Transfer/Refunds	-	-	-	-
<b>Total Other Financial Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change In Fund Balance</b>	<b>(13,466)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>				
as of June 30, 2015	50,043	-	-	-
Restatement	486	-	-	-
Restated Balance	50,529	-	-	-
<b>FUND BALANCE as of June 30, 2016</b>	<b>\$ 37,063</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying footnotes are an integral part of these financial statements.



**SPECIAL REVENUE**

IDEA B RISK POOL	IDEA B RESULTS PLAN	ENGLISH LANGUAGE ACQUISITION	TEACHER PRINCIPAL TRAINING	RURAL & LOW INCOME SCHOOLS	TITLE I SCHOOL IMPROVEMENTS
\$ 390	\$ 7,500	\$ 8,732	\$ 86,167	\$ 19,243	\$ 58,386
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
390	7,500	8,732	86,167	19,243	58,386
390	7,500	8,732	40,553	19,243	58,386
-	-	-	18,744	-	-
-	-	-	-	-	-
-	-	-	2,392	-	-
-	-	-	24,478	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
390	7,500	8,732	86,167	19,243	58,386
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	9
-	-	-	-	-	-
-	-	-	-	-	9
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2016

	SPECIAL REVENUE			
	IMPACT AID SPECIAL EDUCATION	IMPACT AID INDIAN EDUCATION	TITLE XIX MEDICAID 3-21 YEARS	CHILD & ADULT FOOD PROGRAM
REVENUE				
Federal Programs	\$ 41,478	\$ 102,366	\$ 30,965	\$ 2,151
State Programs	-	-	-	-
State Equalization	-	-	-	-
Interest Earnings	-	-	-	-
Private/Direct Grants	-	-	-	-
Charges for Services	-	-	-	-
Fees	-	-	-	-
Donations	-	-	-	-
Sale of Property	-	-	-	-
Miscellaneous	-	-	-	-
Indirect Cost	-	-	-	-
Rent and Royalties	-	-	-	-
Local Property Taxes	-	-	-	-
Refund of Prior Year's Expenditures	-	-	-	-
TOTAL REVENUES	41,478	102,366	30,965	2,151
EXPENDITURES				
Current				
Instruction	28,394	366	3,124	2,372
Support Services				
Support Services-Students	39,839	73,459	7,559	-
Support Services-Instruction	-	-	-	-
Support Services-General Administration	-	-	-	-
Support Services-School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services-Operations	-	-	-	-
Community Services-Operations	-	-	-	-
Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	68,233	73,825	10,683	2,372
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(26,755)	28,541	20,282	(221)
Other Financing Sources (uses)				
Refunds to PED	-	-	-	-
Transfer/Refunds	-	-	-	-
Total Other Financial Sources	-	-	-	-
Net Change In Fund Balance	(26,755)	28,541	20,282	(221)
FUND BALANCE				
as of June 30, 2015	33,636	68,070	13,408	9,528
Restatement	-	-	-	-
Restated Balance	33,636	68,070	13,408	9,528
FUND BALANCE as of June 30, 2016	\$ 6,881	\$ 96,611	\$ 33,690	\$ 9,307

The accompanying footnotes are an integral part of these financial statements.

SPECIAL REVENUE					
INDIAN ED FORMULA	2009 DUAL CREDIT INSTRUCTIONAL MATERIALS	2012 GO BOND LIBRARY FUND SB-66	NEW MEXICO READS TO LEAD	PRE K INITIATIVE	INDIAN EDUCATION ACT
\$ 59,907	\$ -	\$ -	\$ -	\$ -	\$ -
-	8,562	21,384	79,144	115,606	18,146
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
59,907	8,562	21,384	79,144	115,606	18,146
-	8,562	-	79,144	66,980	18,146
59,907	-	-	-	-	-
-	-	21,384	-	-	-
-	-	-	-	-	-
-	-	-	-	17,935	-
-	-	-	-	-	-
-	-	-	-	30,691	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
59,907	8,562	21,384	79,144	115,606	18,146
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2016

	SPECIAL REVENUE			
	BREAKFAST FOR ELEMENTARY STUDENTS	KINDERGARTEN THREE PLUS AFTER SCHOOL	SUICIDE PREVENTION	GRADS
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	7,569	132,175	2,747	2,738
State Equalization	-	-	-	-
Interest Earnings	-	-	-	-
Private/Direct Grants	-	-	-	-
Charges for Services	-	-	-	-
Fees	-	-	-	-
Donations	-	-	-	-
Sale of Property	-	-	-	-
Miscellaneous	-	-	-	-
Indirect Cost	-	-	-	-
Rent and Royalties	-	-	-	-
Local Property Taxes	-	-	-	-
Refund of Prior Year's Expenditures	-	-	-	-
TOTAL REVENUES	<u>7,569</u>	<u>132,175</u>	<u>2,747</u>	<u>2,738</u>
EXPENDITURES				
Current				
Instruction	-	102,230	2,747	-
Support Services				
Support Services-Students	-	7,648	-	3,458
Support Services-Instruction	-	-	-	-
Support Services-General Administration	-	-	-	-
Support Services-School Administration	-	7,297	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	15,000	-	-
Other Support Services	-	-	-	-
Food Services-Operations	7,569	-	-	-
Community Services-Operations	-	-	-	-
Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	<u>7,569</u>	<u>132,175</u>	<u>2,747</u>	<u>3,458</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	-	-	-	(720)
Other Financing Sources (uses)				
Refunds to PED	-	-	-	-
Transfer/Refunds	-	-	-	-
Total Other Financial Sources	-	-	-	-
Net Change In Fund Balance	-	-	-	(720)
FUND BALANCE				
as of June 30, 2015	-	-	-	894
Restatement	-	-	-	-
Restated Balance	-	-	-	894
FUND BALANCE as of June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174</u>

The accompanying footnotes are an integral part of these financial statements.

SPECIAL REVENUE		CAPITAL PROJECTS		DEBT SERVICE	
GRADS INSTRUCTION	GRADS PLUS	BOND BUILDING	CAPITAL OUTLAY	ED TECH DEBT SERVICE	TOTAL NON MAJOR FUNDS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 450,137
5,410	8,607	-	-	-	402,088
-	-	-	-	-	-
-	-	3,709	-	-	3,811
-	-	-	2,027	-	2,027
-	-	-	-	-	-
-	-	-	-	-	50,353
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	367	367
-	-	-	-	-	556
<u>5,410</u>	<u>8,607</u>	<u>3,709</u>	<u>2,027</u>	<u>367</u>	<u>909,339</u>
-	5,529	-	-	-	548,424
5,410	-	-	-	-	216,442
-	-	-	-	-	21,384
-	-	-	-	4	3,281
-	4,000	-	-	-	53,710
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	45,691
-	-	-	-	-	-
-	-	-	-	-	7,569
-	-	-	-	-	-
-	-	921,681	-	-	921,681
<u>5,410</u>	<u>9,529</u>	<u>921,681</u>	<u>-</u>	<u>4</u>	<u>1,818,182</u>
-	(922)	(917,972)	2,027	363	(908,843)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(922)	(917,972)	2,027	363	(908,843)
4,050	6,759	2,023,811	-	831	2,211,039
-	-	-	-	-	486
<u>4,050</u>	<u>6,759</u>	<u>2,023,811</u>	<u>-</u>	<u>831</u>	<u>2,211,525</u>
<u>\$ 4,050</u>	<u>\$ 5,837</u>	<u>\$ 1,105,839</u>	<u>\$ 2,027</u>	<u>\$ 1,194</u>	<u>\$ 1,302,682</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--ATHLETICS

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Fees-Users	\$ 30,379	\$ 50,365	\$ 50,353	\$ (12)
Donations/Gifts	-	-	-	-
Interest Income	50	50	102	52
Refunds	-	-	556	556
<b>TOTAL REVENUE</b>	<u>30,429</u>	<u>50,415</u>	<u>\$ 51,011</u>	<u>\$ 596</u>
Cash Balance Budgeted	<u>40,343</u>	<u>50,043</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 70,772</u>	<u>\$ 100,458</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 70,772	\$ 100,458	\$ 64,477	\$ 35,981
<b>TOTAL EXPENDITURES</b>	<u>\$ 70,772</u>	<u>\$ 100,458</u>	<u>\$ 64,477</u>	<u>\$ 35,981</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 51,011
Differences-Budget to GAAP	
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 51,011</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 64,477
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 64,477</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--NEW MEXICO AUTISM PROJECT

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ 7,340	\$ 5,977	\$ (1,363)
TOTAL REVENUE	<u>-</u>	<u>7,340</u>	<u>5,977</u>	<u>(1,363)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 7,340</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ 5,860	\$ 5,858	\$ 2
Support Services				
Support Services-Students	-	1,480	418	1,062
TOTAL EXPENDITURES	<u>-</u>	<u>7,340</u>	<u>6,276</u>	<u>1,064</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 5,977
Differences-Budget to GAAP	
Prior Year Tax Receivables	-
Current Year Receivable	299
Total Revenues (GAAP Basis)	<u>\$ 6,276</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 6,276
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 6,276</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVEUE FUND--IDEA B PRESCHOOL

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 26,577	\$ 26,578	\$ 23,794	\$ (2,784)
<b>TOTAL REVENUE</b>	<u>26,577</u>	<u>26,578</u>	<u>\$ 23,794</u>	<u>\$ (2,784)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 26,577</u>	<u>\$ 26,578</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 25,582	\$ 25,693	\$ 25,691	\$ 2
Support Services				
Support Services-Students	-	-	-	-
Support Services-Instruction	-	-	-	-
Support Services-General Administration	995	885	885	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 26,577</u>	<u>\$ 26,578</u>	<u>\$ 26,576</u>	<u>\$ 2</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 23,794
Differences-Budget to GAAP	
Current Year Receivable	10,129
Prior Year Receivable	(7,347)
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 26,576</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 26,576
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 26,576</u>

The accompanying footnotes are an integral part of these financial statements.



STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--IDEA-B RISK POOL

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ 396	\$ 449	\$ 53
<b>TOTAL REVENUE</b>	<u>-</u>	<u>396</u>	<u>449</u>	<u>53</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 396</u>		
<b>EXPENDITURES</b>				
Current				
Support Services-Students	\$ -	\$ 396	\$ 390	\$ 6
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 396</u>	<u>\$ 390</u>	<u>\$ 6</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 449
Differences-Budget to GAAP	
Current Year Receivable	390
Prior Year Receivable	(449)
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 390</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 390
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 390</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--IDEA-B RESULTS PLAN

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 40,000	\$ 7,500	\$ 7,500	\$ -
TOTAL REVENUE	<u>40,000</u>	<u>7,500</u>	<u>7,500</u>	<u>-</u>
Cash Balance Budgeted	-	-		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 40,000</u>	<u>\$ 7,500</u>		
<b>EXPENDITURES</b>				
Current				
Support Services-Students	\$ 40,000	\$ 7,500	\$ 7,500	\$ -
TOTAL EXPENDITURES	<u>\$ 40,000</u>	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ -</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 7,500
Differences-Budget to GAAP	
Current Year Receivable	-
Prior Year Receivable	-
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 7,500</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 7,500
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 7,500</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--ENGLISH LANGUAGE ACQUISITION

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Fees-Users	\$ -	\$ -	\$ -	\$ -
Interest Income	-	-	-	-
Federal Revenue	18,712	21,028	3,348	(17,680)
TOTAL REVENUE	<u>18,712</u>	<u>21,028</u>	<u>\$ 3,348</u>	<u>\$ (17,680)</u>

Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ 18,712</u>	<u>\$ 21,028</u>		

EXPENDITURES				
Current				
Instruction	18,712	21,028	8,732	12,296
TOTAL EXPENDITURES	<u>\$ 18,712</u>	<u>\$ 21,028</u>	<u>\$ 8,732</u>	<u>\$ 12,296</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 3,348
Differences-Budget to GAAP	
Current Year Receivable	5,384
Total Revenues (GAAP Basis)	<u>\$ 8,732</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 8,732
Differences-budget to GAAP	
Cost of Commodities Used	-
Inventory Adjustment	-
Total Expenditures (GAAP Basis)	<u>\$ 8,732</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--TEACHER/PRINCIPAL TRAINING & RECRUITING

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ 81,292	\$ 86,555	\$ 204,538	\$ 117,983
<b>TOTAL REVENUE</b>	<u>81,292</u>	<u>86,555</u>	<u>\$ 204,538</u>	<u>\$ 117,983</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 81,292</u>	<u>\$ 86,555</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 59,436	\$ 40,747	\$ 40,553	\$ 194
Support Services				
Support Services-Students	\$ 18,744	\$ 18,744	\$ 18,744	\$ -
Support Services-General Administration	3,112	2,392	2,392	-
Support Services-School Administration	-	24,672	24,478	194
<b>TOTAL EXPENDITURES</b>	<u>\$ 81,292</u>	<u>\$ 86,555</u>	<u>\$ 86,167</u>	<u>\$ 388</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 204,538
Differences-Budget to GAAP	
Current Year Receivable	4,822
Prior Year Receivable	(123,193)
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 86,167</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 86,167
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 86,167</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--RURAL & LOW INCOME SCHOOLS

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 33,588	\$ 33,588	\$ 21,180	\$ (12,408)
TOTAL REVENUE	<u>33,588</u>	<u>33,588</u>	<u>\$ 21,180</u>	<u>\$ (12,408)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 33,588</u>	<u>\$ 33,588</u>		
EXPENDITURES				
Current				
Instruction	\$ 33,588	\$ 33,588	\$ 19,243	\$ 14,345
TOTAL EXPENDITURES	<u>\$ 33,588</u>	<u>\$ 33,588</u>	<u>\$ 19,243</u>	<u>\$ 14,345</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 21,180
Differences-Budget to GAAP	
Current Year Receivable	11,824
Prior Year Receivable	(13,761)
Total Revenues (GAAP Basis)	<u>\$ 19,243</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 19,243
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 19,243</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND - TITLE I SCHOOL IMPROVEMENT

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 70,000	\$ 100,000	\$ 38,969	\$ (61,031)
TOTAL REVENUE	<u>70,000</u>	<u>100,000</u>	<u>\$ 38,969</u>	<u>\$ (61,031)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 70,000</u>	<u>\$ 100,000</u>		
EXPENDITURES				
Current				
Instruction	\$ 70,000	\$ 100,000	\$ 58,386	\$ 41,614
TOTAL EXPENDITURES	<u>\$ 70,000</u>	<u>\$ 100,000</u>	<u>\$ 58,386</u>	<u>\$ 41,614</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 38,969
Differences-Budget to GAAP	
Current Year Receivable	19,417
Total Revenues (GAAP Basis)	<u>\$ 58,386</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 58,386
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 58,386</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND - IMPACT AID SPECIAL EDUCATION

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 41,434	\$ 41,478	\$ 44
TOTAL REVENUE	<u>-</u>	<u>41,434</u>	<u>\$ 41,478</u>	<u>\$ 44</u>
Cash Balance Budgeted	<u>33,679</u>	<u>33,679</u>		
TOTAL REVENUE & CASH	<u>\$ 33,679</u>	<u>\$ 75,113</u>		
EXPENDITURES				
Current				
Instruction	\$ 17,833	\$ 29,409	\$ 28,394	\$ 1,015
Support Services				
Support Services-Students	15,846	42,829	39,839	2,990
Support Services-General Administration	-	2,875	-	2,875
TOTAL EXPENDITURES	<u>\$ 33,679</u>	<u>\$ 75,113</u>	<u>\$ 68,233</u>	<u>\$ 6,880</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 41,478
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 41,478</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 68,233
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 68,233</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND - IMPACT AID INDIAN EDUCATION

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Revenue	\$ -	\$ 102,366	\$ 102,366	\$ -
<b>TOTAL REVENUE</b>	<u>-</u>	<u>102,366</u>	<u>\$ 102,366</u>	<u>\$ -</u>
Cash Balance Budgeted	<u>67,350</u>	<u>68,070</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 67,350</u>	<u>\$ 170,436</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ -	\$ 7,917	\$ 366	\$ 7,551
Support Services				
Support Services-Students	67,350	155,995	73,459	82,536
Support Services-General Administration	-	6,524	-	6,524
<b>TOTAL EXPENDITURES</b>	<u>\$ 67,350</u>	<u>\$ 170,436</u>	<u>\$ 73,825</u>	<u>\$ 96,611</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 102,366
Differences-Budget to GAAP	
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 102,366</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 73,825
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 73,825</u>

The accompanying footnotes are an integral part of these financial statements.



STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND - TITLE XIX MEDICAID 3 TO 21

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 6,141	\$ 30,965	\$ 24,824
TOTAL REVENUE	<u>-</u>	<u>6,141</u>	<u>\$ 30,965</u>	<u>\$ 24,824</u>
Cash Balance Budgeted	<u>7,367</u>	<u>13,407</u>		
TOTAL REVENUE & CASH	<u>\$ 7,367</u>	<u>\$ 19,548</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 3,200	\$ 3,124	\$ 76
Support Services				
Support Services-Students	\$ 7,367	\$ 16,348	\$ 7,559	\$ 8,789
TOTAL EXPENDITURES	<u>\$ 7,367</u>	<u>\$ 19,548</u>	<u>\$ 10,683</u>	<u>\$ 8,865</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 30,965
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 30,965</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 10,683
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 10,683</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND - CHILD & ADULT FOOD PROGRAM

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ 2,151	\$ 2,151
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 2,151</u>	<u>\$ 2,151</u>
Cash Balance Budgeted	<u>8,559</u>	<u>8,559</u>		
TOTAL REVENUE & CASH	<u>\$ 8,559</u>	<u>\$ 8,559</u>		
EXPENDITURES				
Current				
Instruction	\$ 8,559	\$ 8,559	\$ 2,372	\$ 6,187
TOTAL EXPENDITURES	<u>\$ 8,559</u>	<u>\$ 8,559</u>	<u>\$ 2,372</u>	<u>\$ 6,187</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 2,151
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 2,151</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 2,372
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 2,372</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND - INDIAN ED FORMULA GRANT

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 79,973	\$ 79,973	\$ 80,508	\$ 535
TOTAL REVENUE	<u>79,973</u>	<u>79,973</u>	<u>\$ 80,508</u>	<u>\$ 535</u>
Cash Balance Budgeted	<u>-</u>	<u>12,856</u>		
TOTAL REVENUE & CASH	<u>\$ 79,973</u>	<u>\$ 92,829</u>		
EXPENDITURES				
Current				
Support Services-Students	\$ 79,973	\$ 92,829	\$ 59,907	\$ 32,922
TOTAL EXPENDITURES	<u>\$ 79,973</u>	<u>\$ 92,829</u>	<u>\$ 59,907</u>	<u>\$ 32,922</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 80,508
Differences-Budget to GAAP	
Current Year Deferral	(33,457)
Prior Year Deferral	12,856
Total Revenues (GAAP Basis)	<u>\$ 59,907</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 59,907
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 59,907</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND - 2009 DUAL CREDIT INSTRUCTIONAL MATERIALS

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ 8,562	\$ 8,562	\$ -
TOTAL REVENUE	<u>-</u>	<u>8,562</u>	<u>8,562</u>	<u>-</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 8,562</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 8,562	\$ 8,562	\$ -
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 8,562</u>	<u>\$ 8,562</u>	<u>\$ -</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 8,562
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 8,562</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 8,562
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 8,562</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND - 2012 G.O. BOND STUDENT LIBRARY

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ 21,384	\$ 21,384	\$ 8,640	\$ (12,744)
<b>TOTAL REVENUE</b>	<u>21,384</u>	<u>21,384</u>	<u>\$ 8,640</u>	<u>\$ (12,744)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 21,384</u>	<u>\$ 21,384</u>		
<b>EXPENDITURES</b>				
Current				
Support Services				
Support Services-Instruction	\$ 21,384	\$ 21,384	\$ 21,384	\$ -
<b>TOTAL EXPENDITURES</b>	<u>\$ 21,384</u>	<u>\$ 21,384</u>	<u>\$ 21,384</u>	<u>\$ -</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 8,640
Differences-Budget to GAAP	
Current Year Receivable	20,482
Prior Year Receivable	(7,738)
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 21,384</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 21,384
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 21,384</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND - NEW MEXICO READS TO LEAD

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ 97,500	\$ 97,500	\$ 81,353	\$ (16,147)
<b>TOTAL REVENUE</b>	<u>97,500</u>	<u>97,500</u>	<u>\$ 81,353</u>	<u>\$ (16,147)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 97,500</u>	<u>\$ 97,500</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 97,500	\$ 97,500	\$ 79,144	\$ 18,356
Support Services				
Support Services-General Administration	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 97,500</u>	<u>\$ 97,500</u>	<u>\$ 79,144</u>	<u>\$ 18,356</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 81,353
Differences-Budget to GAAP	
Prior Year Tax Receivables	(2,209)
Current Year Receivable	-
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 79,144</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 79,144
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 79,144</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--PREK INITIATIVE

Year Ended June 30, 2016

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ 158,248	\$ 126,186	\$ 127,612	\$ 1,426
TOTAL REVENUE	<u>158,248</u>	<u>126,186</u>	<u>\$ 127,612</u>	<u>\$ 1,426</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 158,248</u>	<u>\$ 126,186</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 107,523	\$ 76,061	\$ 66,980	\$ 9,081
Support Services				
Support Services-School Administration	20,033	19,433	17,935	1,498
Student Transportation	30,692	30,692	30,691	1
TOTAL EXPENDITURES	<u>\$ 158,248</u>	<u>\$ 126,186</u>	<u>\$ 115,606</u>	<u>\$ 10,580</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 127,612
Differences-Budget to GAAP	
Current Year Receivable	2,492
Prior Year Receivable	(14,498)
Total Revenues (GAAP Basis)	<u>\$ 115,606</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 115,606
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 115,606</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--INDIAN EDUCATION ACT

Year Ended June 30, 2016

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ 25,000	\$ 42,839	\$ (17,839)
TOTAL REVENUE	<u>-</u>	<u>25,000</u>	<u>42,839</u>	<u>(17,839)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 25,000</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 25,000	\$ 18,146	\$ 6,854
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 18,146</u>	<u>\$ 6,854</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 42,839
Differences-Budget to GAAP	
Prior Year Tax Receivables	(24,693)
Current Year Receivable	-

Total Revenues (GAAP Basis) \$ 18,146

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 18,146
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 18,146</u>

The accompanying footnotes are an integral part of these financial statements.



STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--BREAKFAST FOR ELEMENTARY STUDENTS

Year Ended June 30, 2016

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ -	\$ 7,569	\$ 7,951	\$ (382)
<b>TOTAL REVENUE</b>	<u>-</u>	<u>7,569</u>	<u>7,951</u>	<u>(382)</u>
Cash Balance Budgeted	-	-		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 7,569</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ 7,569	\$ 7,569	\$ -
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 7,569</u>	<u>\$ 7,569</u>	<u>\$ -</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 7,951
Differences-Budget to GAAP	
Current Year Receivable	3,372
Prior Year Receivable	(3,754)
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 7,569</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 7,569
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 7,569</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--KINDERGARTEN THREE PLUS

Year Ended June 30, 2016

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ 186,277	\$ 132,175	\$ 135,087	\$ (2,912)
<b>TOTAL REVENUE</b>	<u>186,277</u>	<u>132,175</u>	<u>\$ 135,087</u>	<u>\$ (2,912)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 186,277</u>	<u>\$ 132,175</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 147,494	\$ 102,230	\$ 102,230	\$ -
Support Services				
Support Services-Students	10,241	7,647	7,648	(1)
Support Services-School Administration	8,316	7,298	7,297	1
Operation & Maintenance of Plant	5,226	-	-	-
Student Transportation	15,000	15,000	15,000	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 186,277</u>	<u>\$ 132,175</u>	<u>\$ 132,175</u>	<u>\$ -</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 135,087
Current Year Receivable	-
Prior Year Receivable	(2,912)

Total Revenues (GAAP Basis) \$ 132,175

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 132,175
Differences-budget to GAAP	

Total Expenditures (GAAP Basis) \$ 132,175

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND - SUICIDE PREVENTION

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ -	\$ 2,000	\$ 2,000	\$ -
<b>TOTAL REVENUE</b>	<u>-</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Cash Balance Budgeted	<u>1,174</u>	<u>5,174</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 1,174</u>	<u>\$ 7,174</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 1,174	\$ 7,174	\$ 2,747	\$ 4,427
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,174</u>	<u>\$ 7,174</u>	<u>\$ 2,747</u>	<u>\$ 4,427</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 2,000
Differences-Budget to GAAP	
Current Year Deferral	(4,426)
Prior Year Deferral	5,173
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 2,747</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 2,747
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 2,747</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND - GRADS

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ -	\$ 3,000	\$ 2,738	\$ (262)
<b>TOTAL REVENUE</b>	<u>-</u>	<u>3,000</u>	<u>\$ 2,738</u>	<u>\$ (262)</u>
Cash Balance Budgeted	<u>887</u>	<u>887</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 887</u>	<u>\$ 3,887</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 887	\$ 425	\$ -	\$ 425
Support Services				
Support Services-Students	-	3,462	3,458	4
<b>TOTAL EXPENDITURES</b>	<u>\$ 887</u>	<u>\$ 3,887</u>	<u>\$ 3,458</u>	<u>\$ 429</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 2,738
Differences-Budget to GAAP	
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 2,738</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 3,458
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 3,458</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND - GRADS INSTRUCTION

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ 6,500	\$ 5,410	\$ (1,090)
TOTAL REVENUE	<u>-</u>	<u>6,500</u>	<u>5,410</u>	<u>(1,090)</u>
Cash Balance Budgeted	<u>4,045</u>	<u>4,045</u>		
TOTAL REVENUE & CASH	<u>\$ 4,045</u>	<u>\$ 10,545</u>		
EXPENDITURES				
Current				
Instruction	\$ 4,045	\$ 5,113	\$ -	\$ 5,113
Support Services				
Support Services-Students	-	5,432	5,410	22
TOTAL EXPENDITURES	<u>\$ 4,045</u>	<u>\$ 10,545</u>	<u>\$ 5,410</u>	<u>\$ 5,135</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 5,410
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 5,410</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 5,410
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 5,410</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--GRADS PLUS

Year Ended June 30, 2016

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ -	\$ 10,000	\$ 8,607	\$ (1,393)
<b>TOTAL REVENUE</b>	<u>-</u>	<u>10,000</u>	<u>8,607</u>	<u>(1,393)</u>
Cash Balance Budgeted	<u>6,449</u>	<u>6,759</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 6,449</u>	<u>\$ 16,759</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 3,086	\$ 7,586	\$ 5,529	\$ 2,057
Support Services				
Support Services-School Administration	3,363	9,173	4,000	5,173
<b>TOTAL EXPENDITURES</b>	<u>\$ 6,449</u>	<u>\$ 16,759</u>	<u>\$ 9,529</u>	<u>\$ 7,230</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 8,607
Differences-Budget to GAAP	
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 8,607</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 9,529
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 9,529</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--CAPITAL PROJECTS FUND--BOND BUILDING

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Interest Income	\$ 2,000	\$ 2,000	\$ 3,709	\$ 1,709
TOTAL REVENUE	<u>2,000</u>	<u>2,000</u>	<u>\$ 3,709</u>	<u>\$ 1,709</u>
Cash Balance Budgeted	<u>2,002,234</u>	<u>2,023,811</u>		
TOTAL REVENUE & CASH	<u>\$ 2,004,234</u>	<u>\$ 2,025,811</u>		
EXPENDITURES				
Current				
Acquisition & Construction	\$ 2,004,234	\$ 2,025,811	\$ 921,681	\$ 1,104,130
TOTAL EXPENDITURES	<u>\$ 2,004,234</u>	<u>\$ 2,025,811</u>	<u>\$ 921,681</u>	<u>\$ 1,104,130</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 3,709
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 3,709</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 921,681
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 921,681</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--SPECIAL CAPITAL OUTLAY-LOCAL

Year Ended June 30, 2016

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Donations/Gifts	-	2,027	2,027	-
TOTAL REVENUE	-	2,027	<u>\$ 2,027</u>	<u>\$ -</u>
Cash Balance Budgeted	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 2,027</u>		
EXPENDITURES				
Current				
Instruction				\$ -
Acquisition & Construction	\$ -	\$ 2,027	\$ -	\$ 2,027
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 2,027</u>	<u>\$ -</u>	<u>\$ 2,027</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 2,027
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 2,027</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ -
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ -</u>

The accompanying footnotes are an integral part of these financial statements.



STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
ACTUAL (NON GAAP BUDGETARY BASIS)--DEBT SERVICE FUND--ED TECH DEBT SERVICE

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ -	\$ 336	\$ 351	\$ 15
<b>TOTAL REVENUE</b>	<u>-</u>	<u>336</u>	<u>351</u>	<u>15</u>
 Cash Balance Budgeted	 -	 -		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 336</u>		
<b>EXPENDITURES</b>				
Current				
Support Services				
Support Services-General Administration	\$ -	\$ 336	\$ 4	\$ 332
Debt Service Reserve	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 336</u>	<u>\$ 4</u>	<u>\$ 332</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 351
Differences-Budget to GAAP	
Property tax Receivable	16
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 367</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 4
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 4</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS  
COMBINING BALANCE SHEET -- GENERAL FUND

June 30, 2016

	Operational	Transportation	Instructional Materials	TOTALS
<b>ASSETS</b>				
Cash on Deposit	\$ 4,919,016	\$ 981	\$ 50,118	\$ 4,970,115
Due from Other Funds	413,729	-	-	413,729
Property Tax Receivable	11,168	-	-	11,168
<b>TOTAL ASSETS</b>	<b>\$ 5,343,913</b>	<b>\$ 981</b>	<b>\$ 50,118</b>	<b>\$ 5,395,012</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Payroll	708,817	-	-	708,817
<b>TOTAL LIABILITIES</b>	<b>708,817</b>	<b>-</b>	<b>-</b>	<b>708,817</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	7,557	-	-	7,557
Unearned Revenue	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>7,557</b>	<b>-</b>	<b>-</b>	<b>7,557</b>
<b>FUND BALANCE</b>				
Nonspendable	-	-	-	-
Restricted:				
Transportation	-	981	-	981
Instructional Materials	-	-	50,118	50,118
Unassigned	4,627,539	-	-	4,627,539
<b>TOTAL FUND BALANCE</b>	<b>4,627,539</b>	<b>981</b>	<b>50,118</b>	<b>4,678,638</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 5,343,913</b>	<b>\$ 981</b>	<b>\$ 50,118</b>	<b>\$ 5,395,012</b>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES  
IN FUND BALANCE -- GENERAL FUND

Year Ended June 30, 2016

	Operational	Transportation	Instructional Materials	TOTALS
<b>REVENUE</b>				
Federal Programs	\$ 521,438	\$ -	\$ -	\$ 521,438
State Programs	-	922,744	139,540	1,062,284
State Equalization	14,123,615	-	-	14,123,615
Interest Earnings	11,201	-	-	11,201
Fees	51,547	-	-	51,547
Indirect Cost	31,929	-	-	31,929
Rent and Royalties	95,100	-	-	95,100
Refund of Prior Year's Expenditures	5,657	-	1,769	7,426
Forest Reserve	94,557	-	-	94,557
Local Property Taxes	234,926	-	-	234,926
<b>TOTAL REVENUES</b>	<b>15,169,970</b>	<b>922,744</b>	<b>141,309</b>	<b>16,234,023</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	8,444,157	-	142,809	8,586,966
Support Services	-	-	-	-
Support Services-Students	1,050,176	-	-	1,050,176
Support Services-Instruction	434,144	-	-	434,144
Support Services-General Administration	382,169	-	-	382,169
Support Services-School Administration	1,041,812	-	-	1,041,812
Central Services	577,153	-	-	577,153
Operation & Maintenance of Plant	2,311,102	-	-	2,311,102
Student Transportation	-	921,764	-	921,764
<b>TOTAL EXPENDITURES</b>	<b>14,240,713</b>	<b>921,764</b>	<b>142,809</b>	<b>15,305,286</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>929,257</b>	<b>980</b>	<b>(1,500)</b>	<b>928,737</b>
<b>Other Financing Sources (uses)</b>				
Refunds to PED	-	-	-	-
Transfer IN (OUT)	-	-	-	-
<b>Total Other Financial Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change In Fund Balances</b>	<b>929,257</b>	<b>980</b>	<b>(1,500)</b>	<b>928,737</b>
<b>FUND BALANCE</b>				
as of June 30, 2015	3,697,828	1	51,618	3,749,447
Restatement	454	-	-	454
Restated Balance	3,698,282	1	51,618	3,749,901
<b>FUND BALANCE as of June 30, 2016</b>	<b>\$ 4,627,539</b>	<b>\$ 981</b>	<b>\$ 50,118</b>	<b>\$ 4,678,638</b>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--GENERAL FUND--OPERATIONAL

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 225,558	\$ 225,558	\$ 231,315	\$ 5,757
Fees-Users	25,000	25,000	51,547	26,547
Interest Income	2,500	2,500	11,201	8,701
State Equalization	14,323,372	14,323,372	14,123,615	(199,757)
Impact Aid	304,413	304,413	409,465	105,052
Rent	65,000	65,000	95,100	30,100
Access Board	-	-	111,973	111,973
Refunds	-	-	5,657	5,657
Indirect Cost - (DFG)	1,300	1,300	-	(1,300)
Indirect Cost - (Flow Through Grants)	24,000	24,000	31,929	7,929
Forest Reserve	-	-	94,557	94,557
<b>TOTAL REVENUE</b>	<b>14,971,143</b>	<b>14,971,143</b>	<b>\$ 15,166,359</b>	<b>\$ 195,216</b>
Cash Balance Budgeted	<u>2,460,543</u>	<u>2,460,543</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<b>\$ 17,431,686</b>	<b>\$ 17,431,686</b>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 9,098,030	\$ 9,098,030	\$ 8,447,011	\$ 651,019
Support Services				
Support Services-Students	1,606,347	1,606,347	1,050,176	556,171
Support Services-Instruction	659,591	659,591	434,144	225,447
Support Services-General Administration	617,715	617,715	382,169	235,546
Support Services-School Administration	1,212,926	1,212,926	1,041,812	171,114
Central services	671,220	671,220	577,153	94,067
Operation & Maintenance of Plant	2,703,309	2,703,309	2,311,102	392,207
Other Support Services	862,548	862,548	-	862,548
<b>TOTAL EXPENDITURES</b>	<b>\$ 17,431,686</b>	<b>\$ 17,431,686</b>	<b>\$ 14,243,567</b>	<b>\$ 3,188,119</b>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 15,166,359
Differences-Budget to GAAP	
Property tax Receivable	3,611
<b>Total Revenues (GAAP Basis)</b>	<b>\$ 15,169,970</b>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 14,243,567
Differences-budget to GAAP	
Accounts Payable	(2,854)
<b>Total Expenditures (GAAP Basis)</b>	<b>\$ 14,240,713</b>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--GENERAL FUND--TRANSPORTATION FUND

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Sources	\$ 855,494	\$ 922,744	\$ 922,744	-
TOTAL REVENUE	<u>855,494</u>	<u>922,744</u>	<u>\$ 922,744</u>	<u>\$ -</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 855,494</u>	<u>\$ 922,744</u>		
EXPENDITURES				
Current				
Student Transportation	\$ 855,494	\$ 922,744	\$ 921,764	\$ 980
TOTAL EXPENDITURES	<u>\$ 855,494</u>	<u>\$ 922,744</u>	<u>\$ 921,764</u>	<u>\$ 980</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 922,744
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 922,744</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 921,764
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 921,764</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--GENERAL FUND--INSTRUCTIONAL MATERIALS FUND

Year Ended June 30, 2016

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Refunds	\$ -	\$ -	\$ 1,769	\$ 1,769
State Sources	111,865	130,098	139,540	9,442
TOTAL REVENUE	<u>111,865</u>	<u>130,098</u>	<u>\$ 141,309</u>	<u>\$ 11,211</u>
Cash Balance Budgeted	<u>-</u>	<u>51,619</u>		
TOTAL REVENUE & CASH	<u>\$ 111,865</u>	<u>\$ 181,717</u>		
EXPENDITURES				
Current				
Instruction	\$ 111,865	\$ 181,717	\$ 142,809	\$ 38,908
TOTAL EXPENDITURES	<u>\$ 111,865</u>	<u>\$ 181,717</u>	<u>\$ 142,809</u>	<u>\$ 38,908</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 141,309
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 141,309</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 142,809
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 142,809</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--CAPITAL PROJECTS FUND - SENATE BILL 9

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 1,301,562	\$ 1,301,562	\$ 1,325,477	\$ 23,915
Interest Income	2,300	2,300	4,478	2,178
State Flow Through Grants	-	44,548	-	(44,548)
<b>TOTAL REVENUE</b>	<u>\$ 1,303,862</u>	<u>\$ 1,348,410</u>	<u>\$ 1,329,955</u>	<u>\$ (18,455)</u>
Cash Balance Budgeted	<u>2,586,683</u>	<u>2,586,683</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 3,890,545</u>	<u>\$ 3,935,093</u>		
<b>EXPENDITURES</b>				
Current				
Support Services				
Support Services-General Administration	\$ 15,000	\$ 15,000	\$ 13,255	\$ 1,745
Acquisition & Construction	3,875,545	3,920,093	1,753,964	2,166,129
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,890,545</u>	<u>\$ 3,935,093</u>	<u>\$ 1,767,219</u>	<u>\$ 2,167,874</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 1,329,955
Differences-Budget to GAAP	
Property tax Receivable	20,890
Total Revenues (GAAP Basis)	<u>\$ 1,350,845</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 1,767,219
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 1,767,219</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
ACTUAL (NON GAAP BUDGETARY BASIS)--DEBT SERVICE FUND

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 3,886,279	\$ 3,886,279	\$ 3,938,494	\$ 52,215
Interest Income	1,560	1,560	4,547	2,987
Bond Proceeds	-	-	5,291	5,291
<b>TOTAL REVENUE</b>	<u>3,887,839</u>	<u>3,887,839</u>	<u>\$ 3,948,332</u>	<u>\$ 60,493</u>
Cash Balance Budgeted	<u>3,595,778</u>	<u>3,595,778</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 7,483,617</u>	<u>\$ 7,483,617</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Support Services-General Administration	\$ 50,000	\$ 50,000	\$ 39,387	\$ 10,613
Principal	3,035,000	3,035,000	3,035,000	-
Interest and Finance Charges	811,588	811,588	693,513	118,075
Other Debt Service	3,587,029	3,587,029	1,526	3,585,503
<b>TOTAL EXPENDITURES</b>	<u>\$ 7,483,617</u>	<u>\$ 7,483,617</u>	<u>\$ 3,769,426</u>	<u>\$ 3,714,191</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 3,948,332
Differences-Budget to GAAP	
Property tax Receivable	61,870
Prior Year Tax Receivables	-
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 4,010,202</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 3,769,426
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 3,769,426</u>

The accompanying footnotes are an integral part of these financial statements.



STATE OF NEW MEXICO  
 RUIDOSO MUNICIPAL SCHOOLS

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -- AGENCY FUND

Year Ended June 30, 2016

	<u>BALANCE</u> <u>06/30/2015</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>06/30/2016</u>
High School	\$ 112,373	\$ 95,386	\$ 110,835	\$ 96,924
Middle School	32,565	34,366	36,637	30,294
Nob Hill Elementary	7,062	17,858	16,761	8,159
Sierra Vista Elementary	18,195	34,288	34,134	18,349
White Mountain Elementary	37,207	62,022	57,913	41,316
Scholarships	17,722	187	-	17,909
Total	<u>\$ 225,124</u>	<u>\$ 244,107</u>	<u>\$ 256,280</u>	<u>\$ 212,951</u>

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

<u>US DEPARTMENT OF EDUCATION</u>	<u>FEDERAL</u>	<u>PASS</u>	<u>PROGRAM</u>
Passed through New Mexico Public Education Department	<u>CFDA</u>	<u>THROUGH</u>	<u>EXPENDITURES</u>
	<u>NUMBER</u>	<u>GRANTOR</u>	
		<u>NUMBER</u>	
Impact Aid	<1> 84.041	11000	\$ 409,466
Title I	84.010	24101	468,284
Idea B Entitlement	84.027	24106	600,728
NM Autism Project	84.027	24108	6,276
IDEA B Preschool	84.173	24109	26,576
IDEA B Risk Pool	84.027	24120	390
IDEA B Results Plan	84.027	24132	7,500
English Language Acquisition	84.365	24153	8,732
Teacher/Principal Training	84.367	24154	86,167
Rural & Low Income Schools	84.358	24160	19,243
Title I School Improvement	84.010	24162	58,386
Impact Aid Special Ed	<1> 84.041	25145	68,233
Impact Aid Indian Ed	<1> 84.041	25147	73,825
Title XIX Medicaid	93.778	25153	10,683
Indian Education	84.060	25184	59,907
Total Department of Education			<u>1,904,396</u>
<u>US DEPARTMENT OF AGRICULTURE</u>			
Passed Through New Mexico Public Education Department			
Forest Reserve	10.665	11000	94,557
Child and Adult Care Food Program	<1> 10.558	25171	2,372
National School Lunch	<1> 10.555	21000	951,409
School Food Commodity Distribution Program	<1> 10.559	21000	38,389
Total Department of Agriculture			<u>1,086,727</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$ 2,991,123</u>
<1> Major Program			
Reconciliation to Federal Revenues in Financial Statements:			
Federal Revenues Per Financial Statements			\$ 3,124,942
Access Board (E-Rate)			(111,973)
Change in Fund Balance			(21,846)
			<u>\$ 2,991,123</u>

Note 1 The accompanying schedule of expenditures of Federal awards includes the Federal awards activity, under programs of the federal government for the year ended June 30, 2016 in accordance with the requirements of Title 2 U.S. code fo Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District , it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Note 2 The District has elected to not use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

Note 3 Non-Monetary assistance of \$38,389 is included in the schedule at fair market value of the commodities received from the Department of Agriculture.

STATE OF NEW MEXICO  
 RUIDOSO MUNICIPAL SCHOOLS

SCHEDULE OF PLEDGED COLLATERAL

June 30, 2016

	TOTAL DEPOSITS	FDIC INSURANCE	UNINSURED BANK BALANCE	COLLATERAL REQUIRED	COLLATERAL PLEGGED	SECURITY DEFICIT	UNINSURED & UNCOLLATERALIZED DEPOSITS
BBVA BANK	<u>\$ 13,216,831</u>	<u>\$ 250,000</u>	<u>\$ 12,966,831</u>	<u>\$ 6,483,416</u>	<u>\$ 14,750,000</u>	<u>\$ -</u>	<u>\$ (1,783,169)</u>

COLLATERAL	CUSIP #	MATURITY	CREDIT AMOUNT
FHLB ATLANTA	87689	12/18/15	\$ 2,000,000
FHLB ATLANTA	87738	12/21/16	2,000,000
FHLB ATLANTA	88903	01/13/17	1,750,000
FHLB ATLANTA	89267	01/23/17	1,000,000
FHLB ATLANTA	93960	05/12/17	500,000
FHLB ATLANTA	92719	04/11/17	500,000
FHLB ATLANTA	86712	12/01/16	7,000,000
			-
			<u>\$ 14,750,000</u>

LETTER OF CREDITS ISSUED BY  
 FEDERAL HOME LOAN BANK  
 ATLANTA, GEORGIA

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

BANK SUMMARY

June 30, 2016

BANK	ACCT TYPE	FUND	BANK BALANCE	DEPOSITS IN TRANSIT	OUTSTANDING CHECKS	CASH BALANCE
BBVA COMPASS	* CHK	OPERATIONAL	* \$ 4,509,624	\$ 3,831	\$ 62,625	\$ 4,450,830
	* CHK	FOOD SERVICES	* 326,207	-	-	326,207
	* CHK	CAPITAL IMPROVEMENTS SB-9	* 2,259,339	-	31,863	2,227,476
	* CHK	CAPITAL PROJECTS	* 1,134,051	-	26,184	1,107,867
	* CHK	DEBT SERVICE	3,859,659	-	-	3,859,659
	* CHK	ATHLETICS	37,595	-	532	37,063
	* CHK	PAYROLL CLEARING	873,423	-	868,490	4,933
	* CHK	NOB HILL EARLY CHILDHOOD	8,159	-	-	8,159
	* CHK	SIERRA VISTA	19,951	-	1,602	18,349
	* CHK	WHITE MOUNTAIN ELEMENTARY	41,316	-	-	41,316
	* CHK	RUIDOSO MIDDLE SCHOOL	30,794	-	500	30,294
	* CHK	RUIDOSO HIGH SCHOOL	98,805	-	1,881	96,924
		SCHOLARSHIP	17,909	-	-	17,909
TOTAL BBVA COMPASS			<u>\$ 13,216,832</u>	<u>\$ 3,831</u>	<u>\$ 993,677</u>	<u>\$ 12,226,986</u>

\* interest bearing

CASH PER FINANCIAL STATEMENTS	\$ 12,722,851
AGENCY CASH	212,952
ACCRUED PAYROLL	(708,817)
	<u>\$ 12,226,986</u>

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

BANK RECONCILIATION

JUNE 30, 2016

	Operational	Transportation	Food Services	Athletics	Federal Projects	Local & State
Audited Net Cash						
JUNE 30, 2015	\$ 3,106,708	\$ 1	\$ 202,334	\$ 50,043	\$ 137,538	\$ 16,878
	-	-	-	-	-	-
CASH BALANCE						
JUNE 30, 2015	3,106,708	1	202,334	50,043	137,538	16,878
Add: Prior year void checks	454	-	-	486	-	-
2015-2016 Revenue	15,166,359	922,744	1,090,080	51,011	1,637,291	480,304
Loans In	590,241	-	-	-	387,383	26,346
Deposit in Error	-	-	-	-	-	-
	-	-	-	-	-	-
	15,757,054	922,744	1,090,080	51,497	2,024,674	506,650
TOTAL AVAILABLE CASH	18,863,762	922,745	1,292,414	101,540	2,162,212	523,528
Less:						
2015-2016 Expenditures	14,243,568	921,764	966,207	64,477	1,497,302	403,731
Loans Out	413,729	-	-	-	484,931	105,310
Accrued Payroll	-	-	-	-	-	-
Paid Back To PED	-	-	-	-	-	-
Prior year deposit error	1,200	-	-	-	-	-
	14,658,497	921,764	966,207	64,477	1,982,233	509,041
NET CASH, JUNE 30, 2016	4,205,265	981	326,207	37,063	179,979	14,487
Accrued Payroll	708,817	-	-	-	-	-
Payroll Clearing Cash	4,933	-	-	-	-	-
TOTAL CASH JUNE 30, 2016	\$ 4,919,015	\$ 981	\$ 326,207	\$ 37,063	\$ 179,979	\$ 14,487

SB-9	Ed Tech Debt Service	Debt Service	Instructional Materials	Special Capital Outlay State	Bond Building	Total
\$ 2,664,740	\$ 831	\$ 3,679,574	\$ 51,618	\$ -	\$ 2,023,811	\$ 11,934,076
-	-	-	-	-	-	-
2,664,740	831	3,679,574	51,618	-	2,023,811	11,934,076
1,329,955	352	3,948,332	141,310	2,027	3,709	24,773,474
-	-	-	-	-	-	1,003,970
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,329,955	352	3,948,332	141,310	2,027	3,709	25,778,384
3,994,695	1,183	7,627,906	192,928	2,027	2,027,520	37,712,460
-	-	-	-	-	-	-
1,767,219	4	3,769,426	142,810	-	921,681	24,698,189
-	-	-	-	-	-	1,003,970
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,200
1,767,219	4	3,769,426	142,810	-	921,681	25,703,359
-	-	-	-	-	-	-
2,227,476	1,179	3,858,480	50,118	2,027	1,105,839	12,009,101
-	-	-	-	-	-	708,817
-	-	-	-	-	-	4,933
<u>\$ 2,227,476</u>	<u>\$ 1,179</u>	<u>\$ 3,858,480</u>	<u>\$ 50,118</u>	<u>\$ 2,027</u>	<u>\$ 1,105,839</u>	<u>\$ 12,722,851</u>

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS  
SCHEDULE OF THE PROPORTIONATE SHARE OF NET PENSION LIABILITY  
Educational Retirement Board (ERB) Pension Plan

JUNE 30, 2016

	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.34053%	0.34672%
Proportionate share of the net pension liability	\$ 22,057,035	\$ 19,782,901
Covered Employee Payroll	\$ 9,297,560	\$ 9,556,814
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	237.23%	207.00%
Plan fiduciary net position as a percentage of total pension liability	63.97%	66.54%

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

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS  
SCHEDULE OF CONTRIBUTIONS Educational Retirement Board (ERB) Pension Plan

JUNE 30, 2016

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,355,048	\$ 1,345,438
Contributions in relation to the contractually required contribution	\$ 1,355,048	\$ 1,345,438
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 9,297,560	\$ 9,556,814
Contributions as a percentage of covered-employee payroll	14.57%	14.08%

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



STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION: SCHEDULE OF THE PROPORTIONATE  
SHARE OF NET PENSION LIABILITY and SCHEDULE OF CONTRIBUTIONS Educational  
Retirement Board (ERB) Pension Plan

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 and 2014.

1. Fiscal year 2015 and 2014 valuation assumptions that changed based on this study:

- a. Lower wage inflation from 4.25% to 3.75%
- b. Lower payroll growth from 3.75% to 3.50%
- c. Update demographic assumptions to use currently published tables
- d. Population growth per year from 0.50% to 0.00%

2. Assumptions that were not changed:

- a. Investment return will remain at 7.75%
- b. Inflation will remain at 3.00%
- c. COLA assumption 2.00% per year
- d. Payroll growth remain at 3.50%

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

STATE OF NEW MEXICO  
 RUIDOSO MUNICIPAL SCHOOLS  
 VENDOR SCHEDULE

JUNE 30, 2016

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>RFB#/RFP# (If applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>
7074	Ruidoso Municipal Schools	Schools	#1 2015-16SY DESIGN PROFESSIONAL SERVICES	RFP	DEKKER, PERRICH, SABATINI, LTD	Winner	\$1,017,533.25
7074	Ruidoso Municipal Schools	Schools	#2 2015-16SY RELATED SERVICES - DIAGNOSTIC/CONSULTANT	RFP	LAUREN NELSON	Winner	\$51,130.00
7074	Ruidoso Municipal Schools	Schools		Small Purchase	DIANA BILLINGSLEY		\$20,000.00
7074	Ruidoso Municipal Schools	Schools		Small Purchase	GLORIA PAFFORD		\$25,252.50
7074	Ruidoso Municipal Schools	Schools	#3 RHS - WEIGHT ROOM ADDITION	RFP	REJECTED	Loser	N/A
7074	Ruidoso Municipal Schools	Schools	#4 RHS WEIGHT ROOM ADDITION	RFP	JRP MASTER BUILDERS, LLC	Winner	\$248,750.00
7074	Ruidoso Municipal Schools	Schools		RFP	LINCOLN TRANSPORTATION	Winner	\$1,027,892.11
7074	Ruidoso Municipal Schools	Schools		RFP	ARCHWAY	Winner	\$102,750.36

<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, Name of Component Unit</i>
	DEKKER, PERRICH, SABATINI, LTD - 7601 JEFFERSON NE, ALBUQUERQUE, NM 87109	Yes	N/A	PROJECT #P15-013. THIS PROJECT WILL DEMOLISH AND REPLACE THE EXISTING NOB HILL EARLY CHILDHOOD CENTER TO THE WHITE MOUNTAIN CAMPUS SITE LOCATED AT 199 W WHITE MOUNTAIN DR., IN RUIDOSO, NM.	N/A
	LAUREN NELSON - PO BOX 2552, RUIDOSO, NM 88355	Yes	N/A	SPEECH/LANGUAGE PATHOLOGIST SERVICES & SUPERVISION FOR THE 2015-2016 SY.	N/A
	DIANA BILLINGSLEY - PO BOX 987, ALTO, NM 88312	Yes	N/A	EDUCATIONAL DIAGNOSTIC SERVICES FOR 2015-16 SY.	N/A
	GLORIA PAFFORD- PO BOX 173, HONDO, NM 88336	Yes	N/A	VOCATIONAL REHABILITATION COUNSELOR SERVICES FOR 2015-2016SY	N/A
	N/A		N/A	N/A	N/A
	JRP MASTER BUILDERS, LLC - PO BOX 274, RUIDOSO, NM 88355	Yes	N/A	CONSTRUCTION CONTRACT FOR THE RHS WEIGHT ROOM PER RFP #4 2015-2016 SY	N/A
	LINCOLN TRANSPORTATION- PO BOX 780, RUIDOSO DOWNS, NM 88346	Yes	N/A	ALL STUDENT TRANSPORTATION INCLUDING REGULAR TO AND FROM	N/A
	ARCHWAY - 1600 FIRST STREET NW, ALBUQUERQUE, NM 87102	Yes	N/A	TEXTBOOK VENDOR FOR THE DISTRICT	N/A

# Woodard, Cowen & Co.

Certified Public Accountants

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* (No Material Weaknesses, no Significant Deficiencies and Reportable Instances of Noncompliance and Other Matters Identified)

Mr. Tim Keller  
New Mexico State Auditor  
School Board  
Ruidoso Municipal Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information the budgetary comparisons of the general fund and major special revenue funds of Ruidoso Municipal Schools (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2016.

## **Internal Control over Financial Reporting**

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

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

Our consideration of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Woodard, Cowen & Co." The signature is written in black ink on a white background.

Woodard, Cowen & Company

Portales, New Mexico  
November 14, 2016

# Woodard, Cowen & Co.

Certified Public Accountants

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

Mr. Tim Keller  
New Mexico State Auditor  
School Board  
Ruidoso Municipal Schools

### **Report on Compliance for Each Major Federal Program**

We have audited Ruidoso Municipal School's (the District) 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 District's major federal programs for the year ended June 30, 2016. The District'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 District'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 District'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 the District's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, the District, 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 District, 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 District'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 District'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.

A handwritten signature in cursive script that reads "Woodard, Cowen & Co." The signature is written in dark ink and is positioned above the typed name of the firm.

Woodard, Cowen & Company  
Portales, New Mexico  
November 14, 2016

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2016

PRIOR YEAR AUDIT FINDINGS – Ruidoso Municipal Schools

**2011-001 – Deposits not made within 24 hours – Significant deficiency (control and compliance)**

Statement of Condition: During the testing of bank deposits, three deposits totaling \$750 out of 29 deposits tested from the high school, one deposit for \$75 out of 28 deposits tested from the middle school, and one deposit for \$30 out of 33 deposits tested from the elementary were not in compliance. This is an improvement over the prior year where a 16 out of 56 deposits tested were not in compliance with the 24-hour rule.

Recommendation: All funds should be deposited with 24 hours or one banking day. Funds that must remain on District property due the bank being closed should be in a secure place to prevent theft or destruction. Management should continue monitoring the process and continue training District staff.

Status: Resolved



STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2016

I. SUMMARY OF AUDITORS RESULTS:

Report on Financial Statements	Unmodified
Significant Deficiencies on GAGAS	None
Material Weakness involving Significant Deficiencies	None
Material Noncompliance	None
Questioned Cost	None
Type A & Type B dollar threshold	\$750,000
Entity Risk	Low Risk
Major Federal Program	Impact Aid #84.041 National School Lunch #10.555 Child and Adult Care Food Program #10.558 School Food Commodity Distributions Program #10.599
Significant Deficiencies on Internal Control over Major Programs	None
Report on Compliance with Major Programs	Unmodified
II. FEDERAL PROGRAM FINDINGS:	None

III. FINANCIAL STATEMENT FINDINGS:

**None**

STATE OF NEW MEXICO  
RUIDOSO MUNICIPAL SCHOOLS

June 30, 2016

OTHER DISCLOSURES

AUDITOR PREPARED FINANCIAL STATEMENTS

These financial statements and related footnotes and supplemental information were prepared by the auditor. The auditor cannot be a part of the District's internal control, thus the preparation of the report is not a substitute for managements' internal control and is not considered in the auditors' evaluation of the severity of the internal control deficiency.

EXIT CONFERENCE

An exit conference, to discuss the contents of this report, was held on November 14, 2016. In attendance at the 1:00 PM meeting were George Bickert, Ed.D, Superintendent; Shane Holder, School Board Secretary; and Clint Taylor, Director of Finance. Gayland Cowen CPA represented our firm at this meeting. Also in attendance was audit committee member Luther Light, parent.

## 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 Ruidoso Municipal School District No. 3, 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 Ruidoso Municipal School District No. 3 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](http://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 Ruidoso Municipal School District No. 3 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 Ruidoso Municipal School District No. 3 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 Ruidoso Municipal School District No. 3, 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 Ruidoso Municipal School District No. 3 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 Ruidoso Municipal School District No. 3 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 Ruidoso Municipal School District No. 3 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 Ruidoso Municipal School District No. 3, the Financial Advisor and the Underwriters believe to be reliable, but none of the Ruidoso Municipal School District No. 3, 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 Ruidoso Municipal School District No. 3, 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

BOND COUNSEL OPINION

FORM OF BOND COUNSEL OPINION

February 15, 2017

Board of Education  
Ruidoso Municipal School District No. 3  
Ruidoso, New Mexico

**Re: \$5,600,000 Ruidoso Municipal School District No. 3, General Obligation  
School Building Bonds, Series 2017A**

Ladies and Gentlemen:

We have acted as bond counsel to the Ruidoso Municipal School District No. 3 (the "District") in connection with the issuance of its \$5,600,000 General Obligation School Bonds, Series 2017A (the "Bonds"), dated their date of issuance, with interest payable on February 1, 2018, and semi-annually thereafter on each August 1 and February 1 until maturity, and being bonds in registered form maturing on August 1 in the years 2018 through 2032, inclusive.

We have examined the transcript of proceedings (the "Transcript") relating to the issuance of the Bonds and the law under authority of which the Bonds are issued. Based on our examination, we are of the opinion that, under the law existing on the date of this opinion, subject to the provisions of federal bankruptcy law and other laws affecting creditors' rights and further subject to exercise of judicial discretion in accordance with general principles of equity:

1. The Bonds constitute valid and binding general obligations of the District and are to be paid from the proceeds of the levy of ad valorem taxes on all taxable property within the District without limitation as to rate or amount.

2. Assuming continuing compliance by the District with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and with the covenants contained in the Transcript regarding the use, expenditure and investment of Bond proceeds, interest on the Bonds is not includable in the gross income of the owners of the Bonds for purposes of federal income taxation. Interest on the Bonds is not treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations. Failure of the District to comply with its covenants and with the requirements of the Code may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issuance.

3. The Bonds and the income from the Bonds are exempt from all taxation by the State or any political subdivision of the State.

Other than as described herein, we have not addressed nor are we opining on the tax consequences to any person of the investment in, or the receipt of interest on, the Bonds.

We express no opinion as of any date subsequent hereto, and our engagement with respect to the Bonds has concluded with their issuance. We disclaim any obligation to update this opinion.

The opinions expressed herein represent our legal judgment based upon a review of existing legal authorities as of the date of issuance and delivery of the Bonds that we deem relevant to render such opinions and are not a guarantee of a result. We express no opinion with respect to any pending legislation.

We are passing upon only those matters set forth in this opinion and are not passing upon the accuracy or completeness of any statement made in connection with any sale of the Bonds.

Respectfully Submitted,



APPENDIX E

CONTINUING DISCLOSURE UNDERTAKING

## CONTINUING DISCLOSURE UNDERTAKING

Section 1. Recitals. This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by the Ruidoso Municipal School District No. 3, Lincoln County, New Mexico (the "District"), in connection with the issuance of the \$5,600,000 Ruidoso Municipal School District No. 3, Lincoln County, New Mexico, General Obligation School Building Bonds, Series 2017A (the "Bonds"). The Bonds are being issued pursuant to the Resolution of the District adopted on January 10, 2017 (the "Resolution"). Pursuant to the Resolution, to allow the underwriters of the Bonds to comply with the Rule (defined below), the District is required to make certain continuing disclosure undertakings for the benefit of owners (including beneficial owners) of the Bonds (the "Owners"). This Undertaking is intended to satisfy the requirements of the Rule.

### Section 2. Definitions.

(a) "Annual Financial Information" means the financial information (which will be based on financial statements prepared in accordance with generally accepted accounting principles, as in effect from time to time ("GAAP"), for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB")) or operating data with respect to the District, delivered at least annually pursuant to Sections 3(a) and 3(b) of this Undertaking, consisting of information of the type included in the sections of the Official Statement entitled "DEBT AND OTHER OBLIGATIONS," "TAX BASE," "THE DISTRICT – Student Enrollment," and "FINANCES OF THE EDUCATIONAL PROGRAM – State Equalization Program, Statement of Net Assets, Statement of Activities, Balance Sheet – General Fund, Statement of Revenues & Expenditures & Changes in Fund Balances – General Fund."

(b) "Audited Financial Statements" means the District's annual financial statements, prepared in accordance with GAAP for governmental units as prescribed from time to time by GASB, which financial statements have been audited by such auditor as may then be required or permitted by the laws of the State.

(c) "EMMA" means the MSRB's Electronic Municipal Market Access system located on the MSRB website at [emma.msrb.org](http://emma.msrb.org).

(d) "Event Information" means the information delivered pursuant to section 3(d).

(e) "MSRB" means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, Virginia 22314, (703) 797-9600, fax (703) 797-6708.

(f) "Official Statement" means the Official Statement delivered in connection with the original issue and sale of the Bonds.

(g) "Report Date" means March 31 of each year, beginning in 2017.

(h) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 C.F.R. Part 240, 5 240.15~2-12), as the same may be amended from time to time.

(i) "SEC" means the Securities and Exchange Commission.

(j) "State" means the State of New Mexico.

Section 3. Provision of Annual Financial Information and Reporting of Event Information.

(a) The District, or its designated agent, will provide the Annual Financial Information for the preceding fiscal year to EMMA on or before each Report Date while the Bonds are outstanding.

(b) If Audited Financial Statements are not provided as a part of the Annual Financial Information, the District, or its designated agent, will provide unaudited financial statements as part of the Annual Financial Information. In such cases, Audited Financial Statements will be provided to EMMA when and if available.

(c) The District, or its designated agent, may provide Annual Financial Information by specific reference to other documents, including information reports and official statements relating to other debt issues of the District, which have been submitted to EMMA or filed with the SEC; provided, however, that if the document so referenced is a "final official statement" within the meaning of the Rule, such final official statement must also be available from the MSRB.

(d) The District, or its designated agent, will provide, to EMMA, notice of any of the following events with respect to the Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) 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 status of the security, or other material events affecting the tax status of the security;

- (vii) modifications to rights of security holders, if material;
- (viii) bond calls, if material, or tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the securities, if material within the meaning of the federal securities law;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or a similar event with respect to the District or an obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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; and
- (xiv) appointment of a successor or additional trustee, or a change of name of a trustee, if material.

Section 4. Method of Transmission. Unless otherwise required by law and subject to technical or economic feasibility, the District, or its designated agent, will employ such methods of electronic or physical information transmission as are requested or recommended from time to time by EMMA, the MSRB or the SEC.

Section 5. Enforcement. The obligations of the District under this Undertaking are for the benefit of the Owners. Each Owner is authorized to take action to seek specific performance by court order to compel the District to comply with its obligations under this Undertaking, which action will be the exclusive remedy available to it or any other Owner. The District's breach of its obligations under this Undertaking will not constitute an event of default under the Resolution, and none of the rights and remedies provided by such Resolution will be available to the Owners with respect to such a breach.

Section 6. Term. The District's obligations under this Undertaking will be in effect from and after the issuance and delivery of the Bonds and will extend to the earliest of (i) the date all principal and interest on the Bonds has been paid or legally defeased pursuant to the terms of the Resolution; (ii) the date on which the District is no longer an "obligated person" with respect to the Bonds within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this Undertaking are determined to be invalid or

unenforceable by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

Section 7. Amendments. The District may amend this Undertaking from time to time, without the consent of any Owner, upon the District's receipt of an opinion of independent counsel experienced in federal securities laws to the effect that such amendment:

(a) is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the District;

(b) this Undertaking, as amended, would have complied with the Rule at the time of the initial issue and sale of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances; and

(c) the amendment does not materially impair the interests of the Owners.

Any Annual Financial Information containing amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. If an amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information and Audited Financial Statements for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 8. Beneficiaries. This Undertaking binds and inures to the sole benefit of the District and the Owners and creates no rights in any other person or entity.

Section 9. Special Funds. This Undertaking shall be subject to availability of necessary funds from annual revenues of the District and shall not be deemed to create a general obligation indebtedness of the District.

Section 10. Governing Law. This Undertaking is governed by and is to be construed in accordance with the law of the State.

Date: February 16, 2017

RUIDOSO MUNICIPAL SCHOOL  
DISTRICT NO. 3

By: \_\_\_\_\_  
President, Board of Education

By: \_\_\_\_\_  
Superintendent

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