

OFFICIAL STATEMENT DATED APRIL 20, 2017
\$19,500,000
JAL PUBLIC SCHOOL DISTRICT NO. 19
General Obligation School Building Bonds, Series 2017

NEW ISSUE

AGM Insured Ratings: S&P AA (Stable Outlook)
Moody's A2 (Stable Outlook)
Kroll AA+ (Stable Outlook)

Book-Entry Only

Moody's rating: A3 Underlying/Aa3 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 [22-24-1 NMSA 1978], 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., Albuquerque, New Mexico (or successor in function) will serve as the Registrar and Paying Agent for the Bonds.

OPTIONAL REDEMPTION

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

SECURITY

The Bonds are general obligations of the Jal Public School District No.19, 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 INSURANCE

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP.



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 May 31, 2017

DATED DATE

Date of delivery

DUE DATE

August 1, as shown on the following page:

BofA Merrill Lynch

GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2017

Year Maturing (Aug. 1)	Principal	Interest Rate	Yield/ Price	Cusip # 470143	Year Maturing (Aug. 1)	Principal	Interest Rate	Yield/ Price	Cusip # 470143
2019	\$880,000	5.000%	1.100%	BZ0	2028	\$650,000	3.000%	2.640%	CJ5
2020	870,000	5.000%	1.310%	CA4	2029	635,000	3.000%	2.790%	CK2
2021	865,000	5.000%	1.470%	CB2	2030	630,000	3.000%	2.920%	CL0
2022	775,000	5.000%	1.650%	CC0	2031	1,255,000	3.000%	3.050%	CM8
2023	760,000	5.000%	1.840%	CD8	2032	1,465,000	3.000%	3.180%	CN6
2024	715,000	5.000%	1.990%	CE6	2033	2,550,000	3.125%	3.240%	CP1
2025	710,000	5.000%	2.170%	CF3	2034	2,650,000	3.125%	3.300%	CQ9
2026	690,000	5.000%	2.310%	CG1	2035	2,730,000	3.250%	3.350%	CR7
2027	670,000	3.000%	2.450%	CH9					

ISSUER

Jal Public School District No. 19
Lea County, New Mexico
200 E. Panther
Jal, New Mexico 88252
(575) 395-2101

BOARD OF EDUCATION

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Jenny Edwards, Vice President
Jamie Earp, Secretary
Kayla Lujan, Member
Humberto Galindo, Member

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DISTRICT ADMINISTRATION

Brian Snider, Superintendent
Ron Vershueren, Business Services

BOND COUNSEL

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PURCHASER

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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.

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.

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

Jal Public School District No. 19
200 E. Panther
Jal, New Mexico 88252
Attention: Brian Snider

Financial Advisor

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

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\$19,500,000
Jal Public School District No. 19
General Obligation School Building Bonds, Series 2017

INTRODUCTION

This Official Statement is furnished to prospective purchasers of Jal Public School District No. 19, New Mexico, General Obligation School Building Bonds, Series 2017 (the "Bonds" or "Series 2017 Bonds"), issued in the aggregate principal amount of \$19,500,000 by Jal Public School District No. 19 (the "District"). The offering of the Bonds is made only by way of this Official Statement and the Official Notice of Meeting and Sale dated April 14, 2017, 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 April 20, 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 city of Jal and part of the unincorporated areas of Lea 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.

Bond Insurance

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Bond Insurance" and "Appendix F - Specimen Municipal Bond Insurance Policy".

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

	<u>2016</u>
2016 Assessed Valuation	\$963,497,435 *
2016 Estimated Actual Valuation	\$2,899,065,786 ⁽¹⁾
District General Obligation	
Debt Outstanding	\$26,100,000
Series 2017 Bonds	<u>19,500,000</u>
	\$45,600,000
District Net General Debt	\$45,061,596
Estimated Direct & Overlapping General Obligation Debt	\$50,013,743
<i>District Net Debt as a Percentage of</i>	
Assessed Valuation	4.68%
Estimated Actual Valuation	1.55%
<i>Direct and Overlapping Debt as a Percentage of</i>	
Assessed Valuation	5.19%
Estimated Actual Valuation	1.73%
Estimated Population	3,500
District Net Debt Per Capita	\$12,874.74
Direct and Overlapping Debt Per Capita	\$14,289.64

* See Section "Recent Developments Regarding Tax Base" for more detail.

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

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 15th 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 2017 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.

Redemption Notices

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

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.

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as Appendix F to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

ASSURED GUARANTY MUNICIPAL CORP.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 27, 2016, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 8, 2016, Moody's published a credit opinion affirming its existing insurance financial strength rating of "A2" (stable outlook) on AGM. AGM can give no assurance as to any further ratings action that Moody's may take.

On December 14, 2016, KBRA issued a financial guaranty surveillance report in which it affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Capitalization of AGM

At December 31, 2016, AGM's policyholders' surplus and contingency reserve were approximately \$3,557 million and its net unearned premium reserve was approximately \$1,328 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and

60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following document filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof: the Annual Report on Form 10-K for the fiscal year ended December 31, 2016 (filed by AGL with the SEC on February 24, 2017).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

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 of 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.

SOURCES AND USES OF FUNDS

It is anticipated that the proceeds of the Bonds will be applied as follows:

Sources:	Total
Par Amount of Bonds	\$19,500,000.00
Premium	898,681.05
Total	\$20,398,681.05

Uses:	
Project Fund	\$19,500,000.00
Costs of Issuance	120,250.00
Underwriter's Discount	254,812.51
Debt Service Fund	523,618.54
Total	\$20,398,681.05

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 general rating for the New Mexico School District Enhancement Program is Aa2. The program rating does not apply to General Obligation Education Technology Notes.

The Moody's rating for the New Mexico School District Enhancement Program for the District is Aa3.

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 \$963,497,435 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 \$57,809,846.

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 4.68% as summarized below:

2016 Assessed Valuation	\$963,497,435
2016 Estimated Actual Valuation	\$2,899,065,786 ⁽¹⁾
Bonded Debt	
Total Outstanding (including the Bonds)	\$45,600,000
Less Debt Service Fund Balance	<u>538,404</u> ⁽²⁾
NET DEBT	<u>\$45,061,596</u>
Ratio of Estimated Net Debt to 2016 Assessed Valuation:	4.68%
Ratio of Estimated Net Debt to 2016 Estimated Actual Valuation:	1.55%
Per Capita Net Bonded Debt:	\$12,874.74
Estimated Population:	3,500

(1) *Estimated actual valuation is computed by adding the exemptions to the assessed valuation and multiplying the result by three.*
 (2) *The debt service fund cash balance was \$729,331.63 as of April 1, 2017. The amount properly attributable to principal reduction is 51.9%.*

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
2015	\$9,500,000	10/01/2030	\$8,100,000
2016	18,000,000	10/01/2032	18,000,000
2017	19,500,000	08/01/2035	19,500,000
Total	\$47,000,000		\$45,600,000

Debt Service Requirements to Maturity

The District schedules principal and interest payments at the time of the bond sales with constraints being general obligation debt capacity and expected property tax revenues 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 principal and interest payments on the Bonds.

Calendar Year	Current Requirements			Series 2017			Total Requirements		
	Principal	Interest	Total	Principal	Coupon	Interest	Principal	Interest	Total
2017	\$1,135,000	\$655,916	\$1,790,916				\$1,135,000	\$655,916	\$1,790,916
2018	1,185,000	587,344	1,772,344	\$0		\$846,239	1,185,000	1,433,583	2,618,583
2019	1,245,000	563,644	1,808,644	880,000	5.000%	723,625	2,125,000	1,287,269	3,412,269
2020	1,305,000	537,744	1,842,744	870,000	5.000%	679,625	2,175,000	1,217,369	3,392,369
2021	1,370,000	508,644	1,878,644	865,000	5.000%	636,125	2,235,000	1,144,769	3,379,769
2022	1,520,000	478,244	1,998,244	775,000	5.000%	592,875	2,295,000	1,071,119	3,366,119
2023	1,590,000	444,844	2,034,844	760,000	5.000%	554,125	2,350,000	998,969	3,348,969
2024	1,700,000	410,044	2,110,044	715,000	5.000%	516,125	2,415,000	926,169	3,341,169
2025	1,775,000	362,044	2,137,044	710,000	5.000%	480,375	2,485,000	842,419	3,327,419
2026	1,850,000	326,544	2,176,544	690,000	5.000%	444,875	2,540,000	771,419	3,311,419
2027	1,935,000	287,044	2,222,044	670,000	3.000%	410,375	2,605,000	697,419	3,302,419
2028	2,020,000	243,844	2,263,844	650,000	3.000%	390,275	2,670,000	634,119	3,304,119
2029	2,105,000	193,444	2,298,444	635,000	3.000%	370,775	2,740,000	564,219	3,304,219
2030	2,195,000	131,213	2,326,213	630,000	3.000%	351,725	2,825,000	482,938	3,307,938
2031	1,650,000	71,325	1,721,325	1,255,000	3.000%	332,825	2,905,000	404,150	3,309,150
2032	1,520,000	34,200	1,554,200	1,465,000	3.000%	295,175	2,985,000	329,375	3,314,375
2033				2,550,000	3.125%	251,225	2,550,000	251,225	2,801,225
2034				2,650,000	3.125%	171,538	2,650,000	171,538	2,821,538
2035				2,730,000	3.250%	88,725	2,730,000	88,725	2,818,725
TOTAL	\$26,100,000	\$5,836,078	\$31,936,078	\$19,500,000		\$8,136,627	\$45,600,000	\$13,972,705	\$59,572,705

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.

	2016 Assessed Valuation	G/O Debt Outstanding	Percent Applicable	Amount
State of New Mexico	\$56,922,567,412	\$260,760,000	1.69%	\$4,413,743
Lea County	3,712,756,413	-	25.95%	-
New Mexico Junior College	3,712,756,413	-	25.95%	-
City of Jal	35,991,801	-	100.00%	-
Jal Schools	963,497,435	45,600,000	100.00%	45,600,000
Total Direct & Overlapping				\$50,013,743
Ratio of Estimated Direct & Overlapping Debt to 2016 Assessed Valuation:				5.19%
Ratio of Estimated Direct & Overlapping Debt to 2016 Estimated Actual Valuation:				1.73%
Per Capita Direct & Overlapping Debt:				\$14,289.64
Population				3,500

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:

Assessments	2016	2015	2014	2013	2012
Value of Land	\$2,064,805	\$1,858,938	\$1,799,773	\$1,739,178	\$1,566,680
Improvements	14,479,123	13,647,768	12,920,020	12,376,570	11,991,271
Personal Property	9,499,402	2,192,374	1,066,595	898,854	877,244
Manufactured Homes	972,252	755,776	628,938	543,856	417,941
Livestock	1,532,219	1,607,957	998,932	931,096	886,933
Assessor's Total Valuation	\$28,547,801	\$20,062,813	\$17,414,258	\$16,489,554	\$15,740,069
Less Exemptions					
Total Exemptions	\$2,857,827	\$2,847,937	\$2,879,649	\$2,957,253	\$2,955,689
Assessors' Net Valuation	\$25,689,974	\$17,214,876	\$14,534,609	\$13,532,301	\$12,784,380
Centrally Assessed	222,708,580	195,774,015	174,361,234	155,650,450	150,505,828
Oil and Gas	715,098,881	919,369,256	596,133,843	317,057,428	234,885,173
Total Assessed Valuation	\$963,497,435	\$1,132,358,147	\$785,029,686	\$486,240,179	\$398,175,381
	2016	2015	2014	2013	2012
Residential	\$11,138,014	\$10,515,207	\$9,932,553	\$9,418,457	\$8,867,098
Non-Residential	237,260,540	202,473,684	178,963,290	159,764,294	154,423,110
Oil and Gas**	715,098,881	919,369,256	596,133,843	317,057,428	234,885,173
	\$963,497,435	\$1,132,358,147	\$785,029,686	\$486,240,179	\$398,175,381

** Oil & Gas Values reflect previous calendar year.

Source: Lea County Assessor's Office.

Recent Developments Regarding Tax Base

The District's tax base is comprised of a significant portion of oil and gas values, which can be impacted by both production volume and prices of oil and gas. Unlike residential and non-residential property taxes which are collected semi-annually oil and gas property taxes are collected monthly and distributed to the District. See "Taxation of Oil and Natural Gas Production" and "Taxation of Oil and Natural Gas Equipment". There can be no assurance that oil prices and activity will remain at these levels.

History of Assessed Valuation

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

Tax Year	Jal Public School District	Lea County
2016	\$963,497,435	\$3,712,756,413
2015	1,132,358,147	4,752,949,968
2014	785,029,686	4,188,042,888
2013	486,240,176	3,565,723,847
2012	398,175,381	3,540,014,396
2011	287,022,156	3,095,370,876
2010	195,176,832	2,583,234,709
2009	291,336,393	3,790,819,682
2008	250,807,665	2,929,488,871
2007	227,335,361	2,548,907,553

Source: Lea County Assessor.

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 \$199,866,285 which represents 20.74% of the 2016 assessed valuation.

Name	2016 A.V.	% of AV
Lea Partners LP	\$111,531,800	11.58%
Sune SPS 1-4, LLC	18,959,666	1.97%
Southwest Public Service Co	18,672,489	1.94%
Plains Pipeline	11,605,510	1.20%
EOG Resources	7,819,904	0.81%
Alpha Crude Connector	7,716,616	0.80%
DCP Midstream	7,267,265	0.75%
Transwestern Pipeline	6,185,914	0.64%
Teppco Crude	5,564,310	0.58%
Versado Gas	4,542,811	0.47%
	\$199,866,285	20.74%

Source: Lea 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.

	2016	2015	2014	2013	2012
State of New Mexico	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Lea County	6.947	7.119	7.318	7.580	7.734
City of Jal	5.830	6.036	6.266	6.468	6.675
New Mexico Junior College	3.540	3.628	3.729	3.862	3.941
Jal Hospital	3.000	2.732	2.829	2.913	3.000
Jal Schools	0.383	0.396	0.410	0.422	0.435
Total	\$19.700	\$19.911	\$20.552	\$21.245	\$21.785

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

State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.360	\$1.360
Lea County	0.000	0.000	0.000	0.000	0.000
City of Jal	0.000	0.000	0.000	0.000	0.000
Jal Schools	5.367	4.449	1.872	1.927	1.985
Total	\$6.727	\$5.809	\$3.232	\$3.287	\$3.345

TOTAL LEVY

State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.360	\$1.360
Lea County	6.947	7.119	7.318	7.580	7.734
New Mexico Junior College	3.540	3.628	3.729	3.862	3.941
Jal Hospital	3.000	2.732	2.829	2.913	3.000
City of Jal	5.830	6.036	6.266	6.468	6.675
Jal Schools	5.750	4.845	2.282	2.349	2.420
Total Residential	\$26.427	\$25.720	\$23.784	\$24.532	\$25.130
Total Non-Residential	\$33.718	\$32.752	\$30.110	\$30.110	\$30.110

Source: 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 year). The Two Mill Levy is renewed every six years, most recently on February 7, 2017. The next two mill levy election is in 2023.

Tax Year	Operational		Two Mill Levy		Debt Service			Total	
	Res	Non Res	Res	Non Res	GO Bonds	ETNs	Total	Res	Non Res
2016	0.383	0.500	1.748	2.000	3.619	-	3.619	5.750	6.119
2015	0.396	0.500	1.807	2.000	2.642	-	2.642	4.845	5.142
2014	0.410	0.500	1.872	2.000	-	-	-	2.282	2.500
2013	0.422	0.500	1.927	2.000	-	-	-	2.349	2.500
2012	0.435	0.500	1.985	2.000	-	-	-	2.420	2.500

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.

Taxation of Oil and Natural Gas Production

Unlike other property taxes, oil and gas production taxes are determined monthly based on the current month's taxable value of product multiplied by the mill levy certified by the Department of Finance and Administration. The certified mill levy is based on the preceding calendar year's taxable value of product with possible adjustment for current market conditions.

The taxable value of products which are severed and sold from each production unit is an amount equal to one hundred fifty percent (150%) of the value of the output after deducting royalties paid to the United States, the state of New Mexico or any Indian tribe, Indian pueblo or Indian. This net value is then multiplied by the standard assessment ratio (presently 33.3%) to determine the taxable value of products.

Any person engaged in the severance of an oil or gas product from a production unit must file a return on or before the twenty-fifth day of the second month after the month for which a return is required. All taxes due or to be remitted by the operator must accompany the return. Interest penalties are imposed on any overdue taxes.

Taxation of Oil and Natural Gas Equipment

The taxable value of equipment of each production unit is an amount equal to twenty-seven percent (27%) of the cumulative net value of product of a production unit for the preceding calendar year. The net value of equipment so determined is then multiplied by the appropriate assessment ratio and tax rate to determine the amount of equipment taxes due. The producer is billed by the New Mexico Taxation and Revenue Department on or before October 15 of each year for payment by November 30th. Interest penalties are imposed on any overdue taxes.

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.

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:

Property Tax Collections for Lea County							
Tax Year	Fiscal Year	Net Taxes		Current	Net Taxes		Current/Delinquent
		Charged to Treasurer ⁽¹⁾	Current Tax Collections ⁽¹⁾	Collections as a % of Net Levied ⁽¹⁾	Charged to Treasurer ⁽²⁾	Delinquent Tax Collections ⁽²⁾	Collections as a % of Net Levied ⁽²⁾
2016	16/17	55,341,220	36,617,348	66.17%	55,341,220	36,617,348	66.17%
2015	15/16	48,894,621	47,689,771	97.54%	46,609,146	45,807,652	98.28%
2014	14/15	41,318,911	39,900,878	96.57%	39,241,853	39,103,947	99.65%
2013	13/14	37,756,561	36,894,161	97.72%	35,636,586	35,617,471	99.95%
2012	12/13	34,304,314	33,328,246	97.15%	32,305,098	32,294,781	99.97%
2011	11/12	32,559,175	31,791,348	97.64%	30,542,612	30,533,980	99.97%

(1) As of June 30 of each year except for tax year 2016.

(2) As of February 2017.

Source: Lea 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.

School District Powers

Pursuant to Chapter 27, Laws 2004 passed in the 2004 legislative session, 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, lease 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:

Jim Gooss, President, term expires March 1, 2021.

Jenny Edwards, Vice President, term expires March 1, 2021.

Jamie Earp, Secretary, term expires March 1, 2019.

Kayla Lujan, Member, term expires March 1, 2019.

Humberto Galindo, Member, term expires March 1, 2021.

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:

Brian Snider, Superintendent has been with Jal Schools for a total of 6 years, he was selected as Superintendent in 2015. Prior to his work with Jal Schools Mr. Snider has worked for over 10 years in other school Districts in New Mexico (Hobbs, Eunice, ECISD). He has received his Bachelor's and Master's Degrees from the University of the Southwest.

Ron Verschueren, Business Manager joined Jal Public Schools over 32 years ago. Prior to becoming a business manager in 2015 he has held various positions including Teacher and Principal. Ron has received his Bachelor's Degree from Eastern NM University and a Master's Degree from NM Highlands University.

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:

	2012-13	2013-14	2014-15	2015-16	2016-17
Elementary	215	236	239	247	226
Middle	80	91	101	98	107
High	119	133	128	129	108
Total	414	460	468	474	441

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.

Recent and Current Legislative Action

The New Mexico State Legislature met in special session in October, 2016, to address the statewide budget deficit. The state equalization guarantee for public schools support was reduced by \$37,800,000. The effect of that reduction was to reduce the District's 2016-2017 state equalization guarantee appropriation by \$61,505. The New Mexico State Legislature additionally reduced appropriations to both the Transportation Fund and the Instructional Material Fund. The effect of that reduction was to reduce District's 2016-2017 transportation appropriation by \$21,461, and the instructional material appropriation by \$5,307. The total reduction to District's 2016-2017 operational budget was \$88,273. The reductions in State appropriations are expected to largely be absorbed by the District by drawing down its General Fund balance.

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 \$507,726 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 not received 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 \$3,977,082 from state sources. Such payments represented approximately 88.68% 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 Value	Number of Program Units	SEG Payment
2016-17	\$3,979.63	915	\$3,642,619
2015-16	4,027.75	1,011	4,073,195
2014-15	4,005.75	961	3,849,526
2013-14	3,817.55	949	3,622,855
2012-13	3,668.18	897	3,290,357

Source: New Mexico Public Education Department and the District.

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 \$ 33,169 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 \$157,400 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.

BALANCE SHEET - GENERAL FUND					
	<u>06/30/12</u>	<u>06/30/13</u>	<u>06/30/14</u>	<u>06/30/15</u>	<u>06/30/16</u>
ASSETS:					
Cash & Cash equivalents	\$ 304,406	\$ 237,926	\$ 381,672	\$ 550,805	\$ 578,328
Receivables	12,687	-	-	-	-
Property Taxes	-	847	634	25,748	-
Interfund Balance	-	216,924	102,474	118,380	96,751
Due from other funds	278,112	-	-	-	23,528
Total Assets	<u>\$ 595,205</u>	<u>\$ 455,697</u>	<u>\$ 484,780</u>	<u>\$ 694,933</u>	<u>\$ 698,607</u>
Liabilities and Fund Balances					
Accounts Payable	\$ -	\$ 12,311	\$ 18,452	\$ 18,039	\$ 25,430
Deferred Revenue	-	622	-	-	544
Total Liabilities	\$ -	\$ 12,933	\$ 18,452	\$ 18,039	\$ 25,974
Deferred Inflow of Resources	\$ -	\$ -	\$ 358	\$ -	\$ -
Fund balances:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:					
Special Revenue	746	-	-	-	-
Capital Projects	9,869	-	-	-	-
Unassigned	584,590	442,764	465,970	676,894	667,840
Total Fund balances	\$ 595,205	\$ 442,764	\$ 465,970	\$ 676,894	\$ 667,840
Total Liabilities and fund balances	<u>\$ 595,205</u>	<u>\$ 455,697</u>	<u>\$ 484,780</u>	<u>\$ 694,933</u>	<u>\$ 693,814</u>

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 year ended June 30, 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.

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

	<u>06/30/2012</u>	<u>06/30/2013</u>	<u>06/30/2014</u>	<u>06/30/2015</u>	<u>06/30/2016</u>
Revenues:					
Property Taxes	\$153,868	\$186,409	\$363,016	\$490,931	\$442,843
Investment Income	1,073	725	70	81	1,548
Fees	-	9,132	1,146	6,109	38,441
State and Local Grants	3,315,698	3,438,075	3,790,425	3,891,568	3,977,082
Federal Grants	-	-	-	-	-
Refunds & Reimbursements	11,990	-	-	-	-
Miscellaneous	10,041	128,222	62,397	53,122	24,894
Total Revenues	\$3,492,670	\$3,762,563	\$4,217,054	\$4,441,811	\$4,484,808
Expenditures:					
Instruction	\$1,929,562	\$2,159,787	\$2,288,542	\$2,379,479	\$2,571,035
Student support services	-	-	-	-	-
Students	130,015	142,028	129,821	186,284	178,271
Instruction	45,789	51,745	50,457	93,091	114,227
General Administration	178,955	188,718	300,947	183,464	236,077
School Administration	246,624	261,654	286,465	312,679	317,593
Central Services	91,698	103,126	115,711	75,260	59,810
Operation of Plant	747,968	659,933	784,698	773,751	773,155
Student Transportation	154,421	175,033	165,761	161,150	170,487
Other	1,716	93,153	753	900	433
Food Service	50,850	71,687	64,962	53,878	52,592
Community Services	4,704	11,855	5,731	10,951	15,389
Total Expenditures	\$3,582,302	\$3,918,719	\$4,193,848	\$4,230,887	\$4,489,069
Excess (deficiency) of revenues over expenditures	(89,632)	(156,156)	23,206	210,924	(4,261)
Other financing sources (uses)	-	3,715	-	-	-
Net changes in fund balances	(89,632)	(152,441)	-	210,924	(4,261)
Fund Balance, beginning of year	684,837	595,205	465,970	465,970	676,894
Fund Balance, end of year	<u>\$595,205</u>	<u>\$442,764</u>	<u>\$465,970</u>	<u>\$676,894</u>	<u>\$672,633</u>
GF Balance as % of Revenues	17.0%	11.8%	11.0%	15.2%	15.0%

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

Major Funds Maintained by the School District

The District reports the following major governmental funds:

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

Major Special Revenue Funds Title 1 (24101). To account for a program funded by a federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the Elementary and Secondary Act of 1965, Chapter 1 of Title 1, as amended, Public Laws 100-297, 20 U.S.C. 2701. The fund was created by the authority of federal grant provisions.

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

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

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

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

Employees and Retirement Plan

The District employs 71 employees (counting 2 part-time employees) including 34 teachers, 13 educational assistants, 10 administrative and support personnel, 8 custodial and maintenance personnel, and 4 cafeteria workers, and 2 bus drivers.

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.

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

Source: State of New Mexico Educational Retirement Board

Funding Policy

Contributions:

The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$578,776 for the year ended June 30, 2016.

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

The District's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$54,061, \$49,526, and \$52,217 respectively, which equals the required contribution for each year.

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.

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 contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$54,061, \$49,526 and \$52,217 respectively, which equal the required contributions for each year.

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 "A3 Underlying/ Aa3 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.

Ratings based on the insurance policy issued by AGM are expected to be assigned from S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC is rated "AA" (stable outlook) ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's").

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.

In March 2014, individual plaintiffs in New Mexico District Court in McKinley County brought suit against the State, among others, alleging, among other things, that the State's educational funding formula violates the sufficiency of education and uniform system of public schools provision of the New Mexico Constitution and asks the court for injunctive relief ordering the State to develop a budget and funding formula that sufficiently, uniformly and equitably funds the public school system. In April 2014, individual plaintiffs in New Mexico District Court in Santa Fe County brought suit against the State, alleging, among other things, that the State has failed to provide a sufficient and uniform system of education in violation of the

sufficiency, uniformity, equal protection and due process provisions of the New Mexico Constitution because of an inadequate and arbitrary funding system. The lawsuits ask for a declaratory judgment and injunctive relief requiring the adoption of a school finance system to remedy these violations. No final decisions have been reached in these cases and it is premature to assess what effect, if any, these lawsuits might have on the State's school finance system.

Recent Events

Recently two lawsuits were filed challenging the funding of the State's primary and secondary education system. In March 2014, individual plaintiffs in New Mexico District Court in McKinley County brought suit against the State, among others, alleging, among other things, that the State's educational funding formula violates the sufficiency of education and uniform system of public schools provision of the New Mexico Constitution and asks the court for injunctive relief ordering the State to develop a budget and funding formula that sufficiently, uniformly and equitably funds the public school system. In April 2014, individual plaintiffs in New Mexico District Court in Santa Fe County brought suit against the State, among others, alleging, among other things, that the State has failed to provide a sufficient and uniform system of education in violation of the sufficiency, uniformity, equal protection and due process provisions of the New Mexico Constitution because of an inadequate and arbitrary funding system. The lawsuit asks for a declaratory judgment and injunctive relief requiring the adoption of a school finance system to remedy these violations. Neither lawsuit asks for a specific award of damages. Because the allegations of violations have not been fully litigated or proven, the State believes it is premature to assess what effect, if any, these lawsuits might have on State budget matters.

The New Mexico State Legislature met in special session in October, 2016, to address the statewide budget deficit. The state equalization guarantee for public schools support was reduced by \$37,800,000. The effect of that reduction was to reduce APS's 2016-2017 state equalization guarantee appropriation by \$9,500,000. The New Mexico State Legislature additionally reduced appropriations to both the Transportation Fund and the Instructional Material Fund. The effect of that reduction was to reduce APS's 2016-2017 transportation appropriation by \$2,300,000, and the instructional material appropriation by \$1,270,000. The total reduction to APS's 2016-2017 operational budget was \$13,070,000.

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 Guarantee, 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, 2018. A draft of the Continuing Disclosure 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.

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 delinquency; 2) non-payment related default, if material; 3) unscheduled draw on debt service reserves reflecting financial difficulties; 4) unscheduled draw on credit enhancements reflecting financial difficulties; 5) substitution of

credit or liquidity provider, or their failure to perform; 6) adverse tax opinion, 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 notice or determination with respect to the tax status of the security, or other material events affecting the tax status of the security; 7) modification to rights of security holders, if material; 8) bond calls; 9) defeasances; 10) release, substitution or sale of property securing repayment of the security, if material; 11) rating change; 12) failure to provide event filing information as required; 13) tender offer/secondary market purchases; 14) merger, consolidation or acquisition and sale of all or substantially all assets; 15) bankruptcy, insolvency, receivership or similar event with respect to the District or an obligated person; and 16) appointment of a successor or additional trustee, or the change of name of a trustee, if material.

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 delivers to 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 Jal Public School District No. 19 is located in Lea County in the southeast quadrant of New Mexico. This area of the State is primarily an oil and natural gas production.

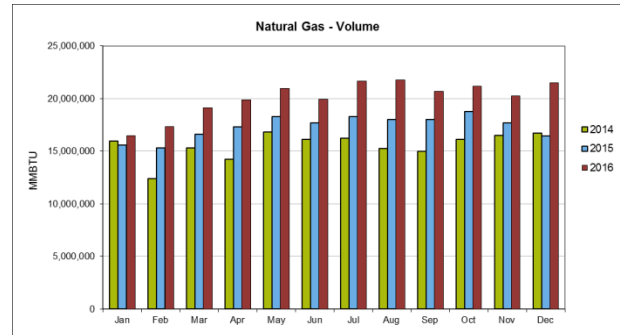
Oil and Gas

The oil and gas industry is an important component of the Lea County economy. The following tables present the history of oil and gas production in the County and the State as reported to the State Department of Taxation & Revenue by the Oil and Gas Accounting Division and the State of New Mexico Oil and Natural Gas Administration and Revenue Database.

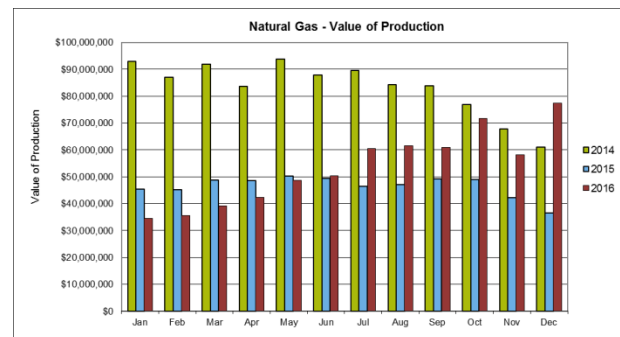
Year	Crude Oil		Natural Gas	
	Volume (bbls)	Value (\$000s)	Volume (MCF)	Value (\$000s)
2015	71,527,491	3,186,027	208,030,130	557,806
2014	57,633,462	4,833,961	186,551,214	1,000,724
2013	45,543,543	4,216,309	174,058,502	876,223
2012	37,214,174	3,260,570	172,704,832	857,600
2011	34,197,270	3,114,605	171,869,835	1,170,418
2010	33,269,775	2,520,786	188,481,308	1,103,737
2009	34,063,575	1,923,931	204,869,316	923,197
2008	34,881,518	3,353,641	204,484,816	1,796,655
2007	35,416,510	2,396,924	559,345,341	3,898,696
2006	35,982,538	2,197,964	218,161,408	1,446,690

Source: State of New Mexico Oil and Natural Gas Administration and Revenue Database
<http://web.ongard.state.nm.us/>

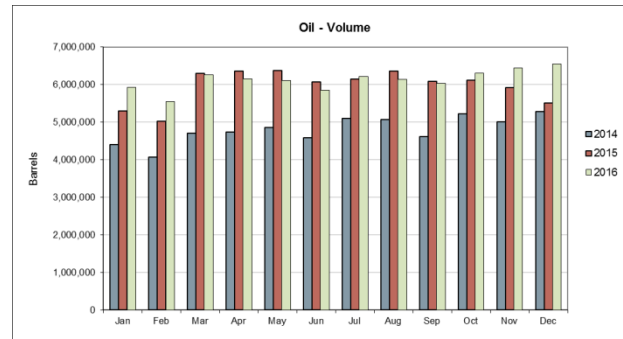
	Natural Gas Volume				
	2014	2015	% Change	2016	% Change
Jan	15,939,660	15,598,495	-2.14%	16,473,486	5.61%
Feb	12,408,866	15,327,316	23.52%	17,359,109	13.26%
Mar	15,296,253	16,617,808	8.64%	19,142,514	15.19%
Apr	14,247,976	17,301,324	21.43%	19,857,048	14.77%
May	16,793,864	18,264,423	8.76%	20,928,076	14.58%
Jun	16,144,213	17,674,027	9.48%	19,939,873	12.82%
Jul	16,215,444	18,260,565	12.61%	21,662,750	18.63%
Aug	15,260,332	18,026,126	18.12%	21,776,060	20.80%
Sep	14,956,828	18,031,020	20.55%	20,667,087	14.62%
Oct	16,106,835	18,785,829	16.63%	21,175,707	12.72%
Nov	16,487,911	17,693,392	7.31%	20,273,759	14.58%
Dec	16,693,032	16,449,805	-1.46%	21,469,725	30.52%
Total	186,551,214	208,030,130		240,725,194	



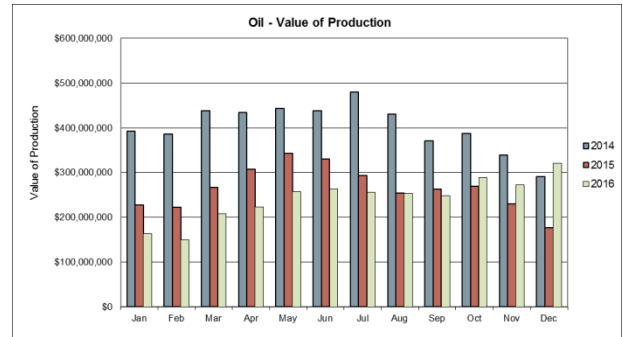
	Natural Gas Value				
	2014	2015	% Change	2016	% Change
Jan	\$ 93,027,108	\$ 45,305,512	-51.30%	\$34,578,280	-23.68%
Feb	87,074,268	45,079,818	-48.23%	35,672,146	-20.87%
Mar	91,893,964	48,726,727	-46.98%	39,151,644	-19.65%
Apr	83,549,203	48,641,269	-41.78%	42,259,669	-13.12%
May	93,701,041	50,313,932	-46.30%	48,656,457	-3.29%
Jun	87,928,000	49,327,771	-43.90%	50,360,571	2.09%
Jul	89,535,856	46,368,036	-48.21%	60,492,705	30.46%
Aug	84,298,238	47,094,081	-44.13%	61,509,214	30.61%
Sep	83,935,239	49,101,663	-41.50%	60,819,327	23.86%
Oct	76,853,542	48,975,193	-36.27%	71,640,765	46.28%
Nov	67,805,110	42,268,826	-37.66%	58,164,961	37.61%
Dec	61,122,457	36,602,843	-40.12%	77,319,562	111.24%
Total	\$ 1,000,724,025	\$ 557,805,672		\$ 640,625,300	



Oil Volume					
	2014	2015	%Change	2016	%Change
Jan	4,398,601	5,293,664	20.35%	5,918,551	11.80%
Feb	4,060,698	5,020,995	23.65%	5,549,375	10.52%
Mar	4,704,034	6,296,099	33.84%	6,261,967	-0.54%
Apr	4,729,530	6,356,911	34.41%	6,155,486	-3.17%
May	4,858,734	6,364,950	31.00%	6,104,030	-4.10%
Jun	4,589,410	6,062,830	32.10%	5,846,464	-3.57%
Jul	5,094,838	6,151,134	20.73%	6,207,304	0.91%
Aug	5,069,516	6,357,885	25.41%	6,133,827	-3.52%
Sep	4,612,628	6,087,689	31.98%	6,025,725	-1.02%
Oct	5,221,002	6,112,922	17.08%	6,302,097	3.09%
Nov	5,011,730	5,910,852	17.94%	6,439,174	8.94%
Dec	5,282,741	5,511,560	4.33%	6,552,561	18.89%
Total	57,633,462	71,527,491		73,496,561	



Oil Value					
	2014	2015	%Change	2016	%Change
Jan	\$ 392,907,990	\$ 227,505,162	-42.10%	\$ 163,193,047	-28.27%
Feb	386,343,693	222,716,549	-42.35%	149,107,437	-33.05%
Mar	438,563,944	266,747,675	-39.18%	207,486,088	-22.22%
Apr	434,947,595	307,651,105	-29.27%	223,583,247	-27.33%
May	443,938,969	343,491,134	-22.63%	257,836,560	-24.94%
Jun	438,654,366	330,320,310	-24.70%	263,893,919	-20.11%
Jul	479,507,039	293,449,780	-38.80%	256,625,846	-12.55%
Aug	430,923,033	254,555,208	-40.93%	253,268,806	-0.51%
Sep	370,692,736	263,084,102	-29.03%	248,822,359	-5.42%
Oct	387,298,512	269,193,354	-30.49%	289,529,162	7.55%
Nov	339,679,936	229,937,870	-32.31%	272,786,810	18.64%
Dec	290,503,299	177,374,736	-38.94%	320,375,439	80.62%
Total	\$ 4,833,961,111	\$ 3,186,026,986		\$ 2,906,508,721	



CRUDE OIL SALES - COUNTY COMPARISON

County	2013		2014		2015		2016	
	Volume (bbls)	Value (\$000s)	Volume (bbls)	Value (\$000s)	Volume (bbls)	Value (\$000s)	Volume (bbls)	Value (\$000s)
Eddy	53,330,702	\$4,940,701	60,463,953	\$5,081,431	66,685,460	\$2,986,951	63,651,647	\$2,501,308
Lea	45,543,543	4,216,309	57,633,462	4,833,961	71,527,491	3,186,027	73,496,561	2,906,509
San Juan	1,393,622	118,921	2,471,661	193,423	4,112,885	156,173	3,899,696	130,963
Sandoval	757,246	67,276	1,833,371	142,639	2,682,370	102,449	1,381,657	47,087
Chaves	1,540,044	140,675	1,517,894	119,918	2,144,262	82,685	1,112,654	42,137
Rio Arriba	1,119,881	94,937	1,463,514	121,468	1,344,064	59,112	2,081,889	69,704
Roosevelt	221,331	20,233	219,735	18,439	185,086	8,112	198,211	7,546
McKinley	58,429	4,932	58,094	4,638	29,426	1,091	12,161	369

NATURAL GAS SALES - COUNTY COMPARISON

County	2013		2014		2015		2016	
	Volume (MCF)	Value (\$000s)	Volume (MCF)	Value (\$000s)	Volume (MCF)	Value (\$000s)	Volume (MCF)	Value (\$000s)
San Juan	390,823,915	\$1,732,539	378,569,589	\$1,918,795	365,471,873	\$1,024,309	340,848,173	\$892,924
Eddy	257,345,438	1,239,623	316,917,359	1,509,639	296,623,329	809,379	304,735,251	840,878
Rio Arriba	291,544,849	1,358,207	272,981,989	1,446,967	264,590,563	771,451	249,295,532	681,753
Lea	174,058,502	876,223	186,551,214	1,000,724	208,030,130	557,806	240,725,194	640,625
Colfax	25,235,846	91,706	23,618,631	102,457	22,308,907	56,589	20,910,821	48,153
Chaves	16,565,728	66,120	14,633,719	68,679	12,497,384	31,424	10,355,199	22,886
Sandoval	2,508,185	11,566	4,814,635	28,032	9,696,987	33,412	7,911,265	27,159
Roosevelt	1,766,165	8,065	2,540,556	12,289	2,206,607	5,158	1,549,150	3,105

Source: New Mexico Taxation and Revenue Department, Oil & Gas Accounting Division and the State of New Mexico Oil and Natural Gas Administration and Revenue Database.

Population

The following chart sets forth historical and current population data for the City of Jal, Lea County and the State.

Census Year	City of Jal	Lea County	State of New Mexico
1960	3,051	53,429	951,023
1970	2,602	52,517	1,017,055
1980	2,675	55,993	1,303,143
1990	2,153	55,765	1,515,069
2000	1,996	55,511	1,826,280
2010	2,047	64,727	2,065,826
2015*	2,202	71,180	2,085,572
2017 ⁽¹⁾	2,304	73,303	2,087,058
2022 ⁽¹⁾	2,435	78,035	2,110,892
Projected Growth 2017-2022 ⁽²⁾	5.69%	6.46%	1.12%

*Estimates. Source: U.S. Census Bureau: State and County QuickFacts and Economic Development Corporation of Lea County, March 2017.

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

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

Age Distribution

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

Age Group	Lea County	New Mexico	United States
0 - 17	30.09%	24.19%	22.97%
18 - 24	10.19%	9.87%	9.84%
25 - 34	14.34%	13.26%	13.35%
35 - 44	12.50%	11.84%	12.63%
45 - 54	11.16%	12.20%	13.33%
55 and Older	21.72%	28.64%	27.88%

Source: The Nielsen Company, February 2017.

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	Lea County	New Mexico	United States
Under \$25,000	19.44%	27.94%	21.90%
\$25,000 - \$34,999	8.52%	10.75%	9.68%
\$35,000 - \$49,999	11.17%	14.09%	13.22%
\$50,000 - \$74,999	16.64%	16.63%	17.38%
\$75,000 & Over	44.23%	30.60%	37.82%
2013 Est. Median Household Income	\$45,214	\$43,273	\$49,297
2014 Est. Median Household Income	\$52,705	\$44,292	\$51,579
2015 Est. Median Household Income	\$56,651	\$45,633	\$53,706
2016 Est. Median Household Income	\$61,289	\$45,445	\$55,551
2017 Est. Median Household Income	\$66,324	\$47,043	\$57,462

Source: The Nielsen Company, February 2017.

Employment

The following table presents information on employment within Lea 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 ⁽¹⁾	Lea County		State of New Mexico		United States
	Labor Force	% Unemployed	Labor Force	% Unemployed	% Unemployed
2017 ⁽²⁾	26,319	8.70%	930,107	7.00%	4.80%
2016	26,477	8.50%	927,355	6.70%	4.90%
2015	29,428	6.20%	919,889	6.60%	5.30%
2014	30,192	4.30%	918,206	6.50%	6.20%
2013	29,227	4.50%	922,960	6.90%	7.40%
2012	28,268	4.70%	928,050	7.10%	8.10%
2011	27,159	5.60%	929,862	7.60%	8.90%
2010	26,292	7.90%	936,088	8.10%	9.60%
2009	28,329	7.90%	940,352	7.50%	9.30%
2008	29,278	2.90%	944,548	4.50%	5.80%

(1) Numbers are annual averages.

(2) Data for the month of January 2017. Numbers are Preliminary.

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

Major Employers

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

Employer	Number of Employees	Type of Business
Hobbs Municipal Schools	1,460	Education
City of Hobbs	500	Municipal Government
Nor-Lea Hospital District	478	Health Care
New Mexico Junior College	410	Education
Wal-Mart	387	Department Store
Lea Regional Medical Center	340	Health Care
Ferguson Construction	330	Construction
Lea County	330	Municipal Government
McDonald's	250	Restaurant
GEO Group (Lea County Correctional Facility)	247	Correctional Facility
Zia Racetrack and Black Gold Casino	237	Casino
Occidental Petroleum	200	Oilfield Services

Source: Economic Development Corporation of Lea County

<http://www.edclc.org/wp-content/uploads/2015/03/page02-989x1280-8.jpg>, March 2017.

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 \(NAICS\)](#).

Lea County					
	2012	2013	2014	2015	2016 ⁽¹⁾
Grand Total	30,161	31,760	33,349	31,441	26,552
Total Private	26,716	28,208	29,718	27,747	23,222
Accommodation and Food Services	2,153	2,324	2,417	2,595	2,809
Administrative and Waste Services	1,589	1,592	1,554	1,241	1,122
Agriculture, Forestry, Fishing & Hunting	401	442	501	489	359
Arts, Entertainment, and Recreation	*	*	*	351	52
Construction	2,476	3,011	3,217	2,576	2,205
Educational Services	*	*	*	113	129
Finance and Insurance	592	625	626	645	639
Health Care and Social Assistance	2,303	2,388	2,399	2,455	2,533
Information	314	311	267	231	221
Management of Companies and Enterprises	116	118	121	119	118
Manufacturing	1,039	1,029	976	918	728
Mining	7,481	8,033	8,836	7,770	5,192
Other Services, Ex. Public Admin	771	769	824	811	650
Professional and Technical Services	589	613	627	552	483
Real Estate and Rental and Leasing	470	519	531	462	376
Retail Trade	2,963	3,021	3,228	3,356	3,088
Transportation and Warehousing	1,595	1,590	1,790	1,774	1,313
Utilities	335	335	339	345	358
Wholesale Trade	1,082	1,072	1,040	943	847
Total Government	3,445	3,552	3,631	3,694	3,283

(1) Data as of Third Quarter of 2016

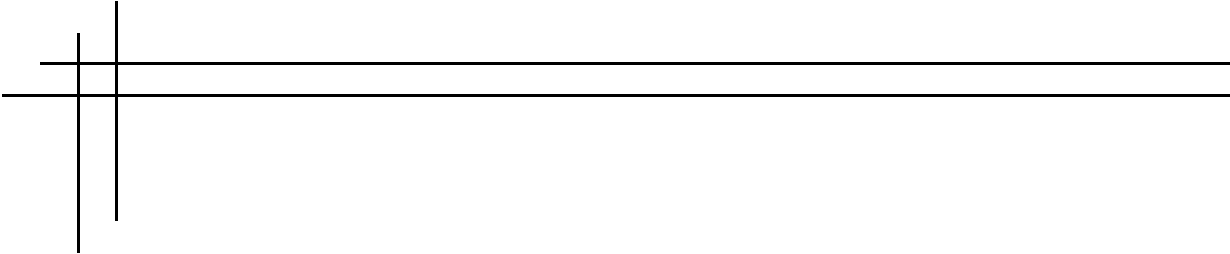
* Withheld to avoid disclosing confidential data. Data that are not disclosed for individual industries are always included in the totals. Therefore, the individual industries may not sum to the totals.

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

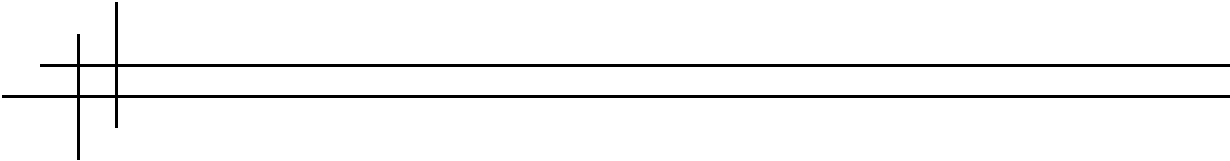
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2016



State of New Mexico
Jal Public Schools

Annual Financial Report
June 30, 2016

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



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

Board of Education

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

School Officials

Brian Snider	Superintendent
Gretchen Garcia	Business Manager

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88130
(855) 253-4313

Independent Auditor's Report

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

Mr. Keller and Members of the Board

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

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

De'Ann Willoughby CPA PC

Clovis, New Mexico
October 5, 2016

Financial Section

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

State of New Mexico

Jal Public Schools

General Fund-Operational-11000

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

State of New Mexico

Jal Public Schools

Special Revenue Fund-Title I-24101

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

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

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

State of New Mexico

Jal Public Schools

Special Revenue Fund-IDEA B Entitlement-24106

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

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

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

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

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

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

Summary of Significant Accounting Policies

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

Financial Reporting Entity

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

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

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

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

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

Governmental Funds

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

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

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

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

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

Fiduciary Fund Type

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

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

Major Funds

The District reports the following major governmental funds:

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

Major Special Revenue Funds

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

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

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

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

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

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

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

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

Program Revenues

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

Fund Financial Statements (FFS)

Governmental Funds

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

Revenues

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

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

Revenue Recognition for Grants

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

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

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

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

Expenditures

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

Other Financing Sources (Uses)

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

Basis of Budgeting

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

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

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

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

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

Cash and Cash Equivalents

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

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

Investments

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

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

Receivables and Payables

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

Property Taxes

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

Elimination and Reclassifications of Certain Receivables and Payables

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

Inventories and Prepaid Items

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

Capital Assets

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

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

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

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

Capital Leases

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

Short -Term Debt

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

Long-Term Liabilities

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

Restricted Net Position

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

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

Imposed by law through constitutional provisions or enabling legislation.

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

Fund Balances of Fund Financial Statements

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

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

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

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

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

Interfund Transfers

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

Deferred Inflow of Resources

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

Compensated Absences

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

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

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

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

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

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

Estimates

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

A. Deposits and Investments

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

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

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

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

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

Custodial Credit Risk-Deposits

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

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

B. Receivables

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

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

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances is as follows:

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

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

D. Capital Assets

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

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

Depreciation expense was charged to governmental activities as follows:

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

E. Long-Term Debt and Other Liabilities

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

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

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

General Obligation Bonds.

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

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

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

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

F. Commitments

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

G. Retirement Plan

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

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

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

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

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

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

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

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

The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$578,776 for the year ended June 30, 2016.

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

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

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

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Notes to the Financial Statements
June 30, 2016

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Pension plan fiduciary net position. Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2014 and 2013 which are publicly available at www.nmerb.org.

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

H. Retiree Health Care

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

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$54,061, \$49,526, and \$52,217 respectively, which equal the required contributions for each year.

I. Reconciliation of Budgetary Basis to GAAP Basis Statements

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

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

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

J. Risk Management

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

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

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

K. Joint Powers Agreements

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

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

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

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

This agreement shall continue as mutually agreeable by all parties.

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

L. Subsequent Events

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

M. Budget Violations

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

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

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

**Supplemental Information Related to
Major Funds**

State of New Mexico

Jal Public Schools

Capital Projects Fund-Bond Building-31100

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

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

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

State of New Mexico

Jal Public Schools

Capital Projects Fund-Senate Bill Nine-31700

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

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

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

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

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

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

**Supplemental Information Related to
Nonmajor Funds**

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

State of New Mexico

Jal Public Schools

Special Revenue Fund-Food Service-21000

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

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

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

State of New Mexico

Jal Public Schools

Special Revenue Fund-Athletics-22000

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

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

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

State of New Mexico

Jal Public Schools

Special Revenue Fund-IDEA Preschool-24109

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

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

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

State of New Mexico

Jal Public Schools

Special Revenue Fund-IDEA B Risk Pool-24120

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

For the Year Ended June 30, 2016

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

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

State of New Mexico

Jal Public Schools

Special Revenue Fund-IDEA B Results Plan-24132

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

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

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

State of New Mexico
Jal Public Schools
Special Revenue Fund-Improving Teacher Quality-24154
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

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

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

State of New Mexico

Jal Public Schools

Special Revenue Fund-Rural Education Achievement Program-25233

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

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

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

State of New Mexico

Jal Public Schools

Special Revenue Fund-Duel Credit Instructional Materials-27103

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

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

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

State of New Mexico

Jal Public Schools

Special Revenue Fund-GO Student Library-27107

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

For the Year Ended June 30, 2016

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

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

State of New Mexico

Jal Public Schools

Special Revenue Fund-NM Reads to Lead-27114

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

For the Year Ended June 30, 2016

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

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

Required Supplemental Information

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

Last 10 Fiscal Years*

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

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

Schedule of District's Contributions

Last 10 Fiscal Years*

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

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

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

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

Changes of assumptions.

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

1. Fiscal year 2015 valuation assumptions that changed based on this study:
 - a. Lower wage inflation from 4.25% to 3.75%
 - b. Minor changes to demographic assumptions
 - c. Lower population growth from .50% to zero by removing population growth assumption for
 - d. Updated the mortality tables to incorporate generational improvements

2. Assumptions that were not changed:
 - a. Investment return will remain at 7.75%
 - b. Inflation will remain at 3.00%
 - c. COLA assumption of 2.00% per year
 - d. Retain net 4.75% real return assumption
 - e. Maintain current payroll growth assumption of 3.50%
 - f. Maintained experience-based rates for members who joined NMERB by June 30, 2010

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

Other Supplemental Information

Fiduciary Fund

Activity Trust Fund

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

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

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

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

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

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

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

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

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

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

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

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

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

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

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

Independent Auditor's Report

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

Mr. Keller and Members of the Board

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

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

District's Responses to Findings

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

Purpose of this Report

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

 De'Ann Willoughby, CPA PC

Clovis, New Mexico

October 5, 2016

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

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

Current Year Audit Findings

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

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

Management has made great progress in this area.

Criteria

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

Cause

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

Effect

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

Recommendation

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

Response

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

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

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

Condition

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

Management has made progress in this area.

Criteria

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

Cause

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

Effect

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

Recommendation

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

Response

Solving bank reconciliation problem should resolve this finding as well.

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

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

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

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

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

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

Management has not made progress in this area

Criteria

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

Cause

There is no review or oversight of the payroll process.

Effect

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

Recommendation

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

Response

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

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

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

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

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

Management has not made progress in this area

Criteria

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

Cause

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

Effect

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

Recommendation

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

Response

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

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

2015-001 Expenditures-Compliance-Significant Deficiency Condition

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

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

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

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

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

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

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

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

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

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

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

Management has not made progress in this area

Criteria

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

Cause

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

Effect

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

Recommendation

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

Response

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

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

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

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

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

Management has not made progress in this area

Criteria

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

Cause

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

Effect

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

Recommendation

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

Response

We will amend out budgets timely to avoid budget violations.

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

Financial Statement Preparation

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

Exit Conference

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

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the

Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

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

Effect of Termination of Book-Entry-Only System

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

APPENDIX D

BOND COUNSEL OPINION

John R. Cooney
James M. Parker
Arthur D. Melendres
James P. Houghton
Paul M. Fish
R. E. Thompson
Ruth M. Schifani
Lynn H. Slade
Larry P. Ausherman
Douglas R. Vadnais
Walter E. Stern III
Martha G. Brown
Tim L. Fields
Earl E. DeBrine, Jr.
Timothy C. Holm
George R. McFall
Roberta Cooper Ramo
Stuart R. Butzier
Donald A. DeCandia
Margaret L. Meister
Peter L. Franklin
Jennifer A. Noya
Zachary L. McCormick
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Karen L. Kahn
Christopher P. Muirhead
Maria O'Brien
Stan N. Harris
Marco E. Gonzales
Michelle A. Hernandez
Jennifer G. Anderson
Joan E. Drake
Alex C. Walker
Susan M. Bisong
Emil J. Kiehne
Brian K. Nichols
Megan T. Muirhead
Deana M. Bennett
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Daniel M. Alsup
Katherine M. Creagan
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Tomas J. Garcia
Zoë E. Lees
Meghan H. Mead
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Cristina A. Mulcahy
Robin E. James
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MODRALL SPERLING

L A W Y E R S

May ___, 2017

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Board of Education
Jal Public School District No. 19
Jal, New Mexico

Ladies and Gentlemen:

We have acted as bond counsel to Jal Public School District No. 19 (the "District") in connection with the issuance of its \$19,500,000 General Obligation School Building Bonds, Series 2017 (the "Bonds"), dated May ___, 2017, 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 2019 through 2035.

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. Interest on the Bonds is excluded from net income for purposes of the tax imposed on individuals, estate and trusts under the New Mexico Income Tax Act and for purposes of the tax imposed on corporations under the New Mexico Corporate Income and Franchise Tax Act.

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.

The opinions expressed herein represent our legal judgment based upon existing legislation 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, and we express no opinion as of any date subsequent thereto or with respect to any pending legislation. Our engagement with respect to the Bonds has concluded with their issuance. We disclaim any obligation to update this opinion.

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 Jal Public School District No. 19, Lea County, New Mexico (the "District"), in connection with the issuance of the Jal Public School District No. 19, Lea County, New Mexico, General Obligation School Building Bonds, Series 2017 (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the District adopted on April 20, 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")) and 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 set forth under the headings "DEBT AND OTHER FINANCIAL OBLIGATIONS," "TAX BASE," "THE DISTRICT – Student Enrollment," and "FINANCES OF THE EDUCATIONAL PROGRAM – State Equalization Guarantee, Statement of Net Position, Statement of Activities, Balance Sheet – General Fund, Statement of Revenues & Expenditures & Changes in Fund Balances – General Fund" in the Official Statement. The District will update and provide this information no later than March 31 of each year, commencing March 31, 2018.

(b) "Audited Financial Statements" means the District's annual 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"), which financial statements have been audited as may then be required or permitted by the laws of the State.

(c) "EMMA" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System located on its website at 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, phone (703) 797-6600, fax (703) 797-6708.

(f) "Official Statement" means the Official Statement dated April 20, 2017, delivered in connection with the original issue and sale of the Bonds.

(g) "Report Date" means March 31 of each year, beginning in 2018.

(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, § 240.15c2-12), 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) The District will timely provide to EMMA notice of failure to provide Annual Financial Information or Audited Financial Statements in the event these items are not available by the Report Date. If Audited Financial Statements are not provided as a part of the Annual Financial Information, the District, or its designated agent, will provide unaudited operating results as part of the Annual Financial Information. Such unaudited operating results will be on a cash or budgetary basis as required by the Public Education Department of the State of New Mexico ("PED"). The District does not prepare or provide an unaudited statement of net assets. The District will then provide Audited Financial Statements when they become 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;

(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) failure to provide event filing information as required;

(xiii) tender offer/secondary market purchases;

(xiv) bankruptcy, insolvency, receivership or a similar event with respect to the District or an obligated person;

(xv) 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

(xvi) appointment of a successor or additional trustee, or a change of name of a trustee, if material.

(e) The District, or its designated agent, will provide, in a timely manner not in excess of ten (10) business days after the occurrence of the event, to EMMA, notice of any: (i) failure of the District to timely provide the Annual Financial Information as specified in Sections 3(a) and 3(b); (ii) changes in its fiscal year-end; and (iii) amendment of this Undertaking.

Section 4. Method of Transmission. 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. Subject to Appropriation. This Undertaking shall be subject to annual appropriation by the District's Board of Education and shall not be construed as a general obligation 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.

[Remainder of Page Intentionally Left Blank]

Date: May 31, 2017

BOARD OF EDUCATION OF JAL
PUBLIC SCHOOL DISTRICT NO. 19

By _____
President

[SEAL]

ATTEST:

Secretary

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APPENDIX F

MUNICIAPL BOND INSURANCE POLICY - SPECIMEN



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100