

# OFFICIAL STATEMENT DATED SEPTEMBER 12, 2017

## LOS LUNAS SCHOOL DISTRICT No. 1 Valencia County, New Mexico

### \$7,500,000 - General Obligation School Bonds, Series 2017 (the "Series 2017 Bonds")

	<b>NEW ISSUE</b>	<b>Bank Qualified</b>
	<b>Book-Entry Only</b>	<b>Moody's Rating: Underlying A1/Aa2 Enhanced</b>
<b>PURPOSES</b>	Proceeds of the Series 2017 Bonds or (the "Bonds") will be used for the purpose of (1) 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, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act, or any combination of those purposes within the District and (2) paying costs of issuance of the Series 2017 Bonds.	
<b>THE BONDS</b>	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 January 15 and July 15, commencing January 15, 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 is the responsibility of DTC. See "The Bonds - Book-Entry Only System". BOKF, NA, Albuquerque, New Mexico, (or successor in function) is the Registrar and Paying Agent for the Bonds.	
<b>OPTIONAL REDEMPTION</b>	The Series 2017 Bonds are subject to redemption prior to maturity as provided herein.	
<b>SECURITY</b>	The Bonds are general obligations of the Los Lunas School District No. 1, Valencia County, New Mexico, payable from general (ad valorem) property taxes that are required to be levied against all taxable property in the District without limitation as to rate or amount.	
<b>BOND AND TAX OPINION</b>	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. 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. Delivery of the Bonds is also subject to the delivery of an approving opinion of the Attorney General of the State of New Mexico. The District will designate the Bonds as "qualified tax-exempt obligations" for financial institutions.	
<b>DELIVERY</b>	When, as and if issued, through DTC's facilities, on or about October 17, 2017.	
<b>DATED DATE</b>	Day of delivery.	
<b>DUE DATE</b>	July 15, as shown below:	

General Obligation School Building Bonds, Series 2017									
Year Maturing (July 15)	Principal	Interest Rate	Yield or Price	Cusip # 545562	Year Maturing (July 15)	Principal	Interest Rate	Yield or Price	Cusip # 545562
2018	\$300,000	3.000%	0.920%	TC4	2025	\$660,000	4.000%	1.650%	TK6
2019	500,000	3.000%	1.000%	TD2	2026	660,000	4.000%	1.800%	TL4
2020	350,000	3.000%	1.050%	TE0	2027	660,000	2.000%	1.950%	TM2
2021	400,000	3.000%	1.150%	TF7	2028	660,000	2.500%	2.050%	TN0
2022	660,000	4.000%	1.250%	TG5	2029	660,000	2.500%	2.150%	TP5
2023	660,000	4.000%	1.350%	TH3	2030	670,000	2.500%	2.400%	TQ3
2024	660,000	4.000%	1.500%	TJ9					

Cantor Fitzgerald & Company

**ISSUER**

LOS LUNAS SCHOOL DISTRICT No. 1  
Valencia County, New Mexico  
119 Luna Street  
Los Lunas, New Mexico 87031  
P.O. Box 1300  
Los Lunas, New Mexico 87031-1300  
(505) 865-9636  
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**BOARD OF EDUCATION**

*President:* Bryan C. Smith  
*Vice-President:* Georgia Otero Kirkham  
*Secretary:* Sonya C'Moya  
*Member:* Frank A. Otero  
*Member:* Arthur F. Castillo

**DISTRICT ADMINISTRATION**

*Superintendent:* Dana Sanders  
*Chief Financial Officer:* Claire Cieremans  
*Finance Director:* Sandra Traczyk

**FINANCIAL ADVISOR**

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Albuquerque, New Mexico 87110  
(505) 872-5999

**BOND COUNSEL**

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(505) 848-1805

**PAYING AGENT/REGISTRAR**

BOKF, N.A.  
100 Sun Avenue NE, Suite 500  
Albuquerque, New Mexico 87109  
(505) 222-8447

**PURCHASER**

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

## A Few Words About Official Statements

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

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### MARKET STABILIZATION

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

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

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

Bond Counsel, Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico was not requested and did not take part in the preparation of the Official Statement nor has this 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 are 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**  
Los Lunas School District No. 1  
P.O. Drawer 1300  
Los Lunas, New Mexico 87031  
(505) 865-9636  
Attn: Claire Cieremans

**Financial Advisor**  
RBC Capital Markets, LLC  
6301 Uptown Blvd. NE, Suite 110  
Albuquerque, New Mexico 87110  
(505) 872-5999  
Attn: Erik Harrigan

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# **LOS LUNAS SCHOOL DISTRICT NO. 1**

**Valencia County, New Mexico**

**\$7,500,000 - General Obligation School Bonds, Series 2017 (the "Series 2017 Bonds")**

## **INTRODUCTION**

This Official Statement is furnished to prospective purchasers of Los Lunas School District No. 1, New Mexico, General Obligation School Building Bonds, Series 2017 (the "Bonds"), issued in the aggregate principal amount of \$7,500,000 by Los Lunas School District No. 1 (the "District"). The offering of the Bonds is made only by way of this Official Statement and the Official Bond Sale dated September 12, 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 the Resolution authorizing issuance of the Bonds adopted by the Board of Education of the District (the "Board") on July 25, 2017 (the "Notice of Bond Sale Resolution" or "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 District**

The District is a political subdivision of the State of New Mexico organized for the purpose of operating and maintaining an educational program for the school-age children residing within its boundaries. The District encompasses approximately 770 square miles, which includes the Village of Los Lunas, the Village of Bosque Farms, and unincorporated portions of Valencia County (the "County") in the middle Rio Grande Valley of central New Mexico. The District's 2017 preliminary assessed valuation is \$857,922,937 and its 2016-17 enrollment was 8,314 students. See "THE DISTRICT."

### **Security**

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

### **Limited Role Of Auditors**

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

## **The Bonds**

New Mexico law enables the District to issue the Bonds (Section 6-15-1 through Section 6-15-22, NMSA, 1978). Pursuant to Section 22-18-9, 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 multiples of \$5,000. Bond payments will be made by the Paying Agent/Registrar to The Depository Trust Company ("DTC"), and DTC will then remit the payments to its participants for disbursement to the beneficial owners of the Bonds. See Appendix C for further explanation of the "Book-Entry Only System".

### **Plan of Finance**

Proceeds of the Bonds will be used for the purpose of (1) 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, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act, or any combination of those purposes within the District and (2) paying costs of issuance of the Bonds.

The Bonds were authorized at an election held on February 2, 2016, and are the second series of a total authorization of \$25,000,000.

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

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

### **Payment of Principal and Interest; Record Date**

The principal of the Bonds is payable to the registered owners of the Bonds at the principal office of the Paying Agent. Interest on the Bonds is payable by check or draft of the Paying Agent mailed on or before each interest payment date to the registered owners of the Bonds as of the close of business on the last business day of the month preceding the interest payment date (the "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 the Registrar whenever moneys become available for the payment of defaulted interest (the "Special Record Date").

### **Optional Prior Redemption**

The Bonds maturing on or after July 15, 2027 may be redeemed prior to their scheduled maturities on July 15, 2026, or on any date thereafter, in whole or in part, at the option of the District, with funds derived from any available and

lawful source, at the redemption price of par, plus accrued interest to the date fixed for redemption. If the District redeems only part of the Bonds of a given maturity, the Registrar will select those Bonds by lot.

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

### Redemption Notices

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

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

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

### Transfers and Exchanges

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 below, 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 or sufficiency of the proceedings relating to the Bond redemption or any other action based on the notice.

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

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

## Security and Remedies

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

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

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

### Limitations of Remedies

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

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

## NEW MEXICO SCHOOL DISTRICT ENHANCEMENT PROGRAM

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

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

**This provision applies to all New Mexico school districts.**

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

The New Mexico School District Enhancement Program was initially put on watch list for possible downgrade on May 15, 2007 after the state adopted new legislation that altered the mechanics of the program. After a review of the law and policies regarding the implementation of the law, program ratings were bifurcated, with one rating applying to bonds issued prior to the March 30, 2007 effective date of the legislation and a second rating applying to bonds



issued on or after the March 30, 2007 effective date. Under the new law, the State cannot immediately advance more than the remaining undistributed SEG payments for the fiscal year of default. As a result, those districts with principal and interest payments that fall in the latter part of the fiscal year or that are significant in amount relative to the district's total annual SEG distribution may not have sufficient undistributed SEG payments to cover debt service payments in the event of a default.

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

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

By request, Moody's will assign the Aa2 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 purchasing computer software or hardware for student use in public school classrooms, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act, or any combination of these purposes but only after the proposition to create any such debt has been submitted to a vote of the qualified electors of the District, and a majority of those voting on the question vote in favor of creating the debt. The total indebtedness of the District may not exceed six percent 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. An issuance of refunding bonds does not have to be submitted to a vote of the qualified electors of the District.

The preliminary valuation of taxable property within the District is \$857,922,937 for tax year 2017. Therefore, the maximum general obligation debt may not exceed \$51,475,376.

After the Bonds are issued, the ratio of total outstanding general obligation debt of the District to the 2017 preliminary assessed valuation will be no greater than 6.52% as summarized on the following page:

2017 Preliminary Assessed Valuation <sup>(1)</sup>	\$857,922,937
2017 Preliminary Estimated Actual Valuation <sup>(2)</sup>	\$2,889,973,497
Current Total Outstanding (Including the "Bonds")	\$46,470,000
Less Debt Service Fund Balance <sup>(3)</sup>	<u>5,487,525</u>
NET DEBT	<u>\$40,982,475</u>

*(1) Excludes protested property and is subject to change. Source: Valencia County Assessor.*

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

*(3) The cash balance as of 6/30/2017 was \$6,578,730.89. The amount properly attributable to principal reduction is 83.41%.*

## Selected Debt Ratios

2017 Preliminary Assessed Valuation	\$857,922,937
2017 Preliminary Estimated Actual Valuation <sup>(1)</sup>	\$2,889,973,497
District Net General Obligation Debt as a Percentage of	
Assessed Valuation	4.78%
Estimated Actual Valuation	1.42%
Direct & Overlapping General Obligation Debt as a Percentage of	
Assessed Valuation	6.52%
Estimated Actual Valuation	1.94%
Estimated Population	40,000
District's General Obligation	
Debt Outstanding (Including the Bonds)	\$46,470,000
District Net General Obligation Debt	\$40,982,475
Estimated Direct & Overlapping General Obligation Debt	\$55,932,547
District Net General Obligation Debt Per Capita	\$1,024.56
Direct and Overlapping General Obligation Debt Per Capita	\$1,398.31

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

## Outstanding Debt

The District has never defaulted in the payment of any of its debt or other obligations. Listed below is the District's total current outstanding general obligation debt including the proposed Bonds.

Series	Original Amount Issued	Final Maturity	Principal Outstanding
2009	6,750,000	07/15/2018	700,000
2010	9,175,000	07/15/2023	3,045,000
2011	15,795,000	07/15/2024	6,670,000
2012	5,915,000	07/15/2025	4,125,000
2013	6,000,000	07/15/2026	4,450,000
2014A	6,100,000	07/15/2026	5,025,000
2014B	3,565,000	07/15/2019	1,415,000
2015	6,000,000	07/15/2028	4,400,000
2016A	1,600,000	7/15/25029	1,400,000
2016B	7,740,000	07/15/2022	7,740,000
2017	7,500,000	07/15/2030	7,500,000
	<b>\$76,140,000</b>		<b>\$46,470,000</b>

## Debt Service Requirements to Maturity

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

Year	Current Requirements			Series 2017 Bonds			Total Requirements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	\$5,370,000	\$932,075	\$6,302,075	\$300,000	\$179,746	\$479,746	\$5,670,000	\$1,111,821	\$6,781,821
2019	4,685,000	812,825	5,497,825	500,000	232,450	732,450	5,185,000	1,045,275	6,230,275
2020	4,845,000	715,225	5,560,225	350,000	217,450	567,450	5,195,000	932,675	6,127,675
2021	4,520,000	599,563	5,119,563	400,000	206,950	606,950	4,920,000	806,513	5,726,513
2022	4,465,000	496,675	4,961,675	660,000	194,950	854,950	5,125,000	691,625	5,816,625
2023	3,945,000	385,875	4,330,875	660,000	168,550	828,550	4,605,000	554,425	5,159,425
2024	3,615,000	282,575	3,897,575	660,000	142,150	802,150	4,275,000	424,725	4,699,725
2025	3,065,000	185,725	3,250,725	660,000	115,750	775,750	3,725,000	301,475	4,026,475
2026	2,215,000	112,550	2,327,550	660,000	89,350	749,350	2,875,000	201,900	3,076,900
2027	1,415,000	53,650	1,468,650	660,000	62,950	722,950	2,075,000	116,600	2,191,600
2028	715,000	19,600	734,600	660,000	49,750	709,750	1,375,000	69,350	1,444,350
2029	115,000	2,300	117,300	660,000	33,250	693,250	775,000	35,550	810,550
2030				670,000	16,750	686,750	670,000	16,750	686,750
	<b>\$38,970,000</b>	<b>\$4,598,638</b>	<b>\$43,568,638</b>	<b>\$7,500,000</b>	<b>\$1,710,046</b>	<b>\$9,210,046</b>	<b>\$46,470,000</b>	<b>\$6,308,684</b>	<b>\$52,778,684</b>

## Statement of Estimated Direct and Overlapping Debt

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

<b>Taxing Entity</b>	<b>2017 Preliminary Assessed Value <sup>(2)</sup></b>	<b>G/O Debt Outstanding</b>	<b>Percent Applicable</b>	<b>Amount</b>
State of New Mexico <sup>(1)</sup>	\$56,922,567,412	\$403,170,000	1.51%	\$6,076,479
Valencia County	1,430,123,929	-	59.99%	-
Village of Los Lunas	366,501,297	-	100.00%	-
Village of Bosque Farms	93,305,170	-	100.00%	-
University of New Mexico - Valencia Branch	1,480,938,691	5,845,000	57.93%	3,386,068
Los Lunas Schools	857,922,937	46,470,000	100.00%	46,470,000
<b>Total Direct &amp; Overlapping Debt</b>				<b>\$55,932,547</b>

(1) Reflects 2016 Assessed Valuation.

(2) Excludes protested property and is subject to change. Source: Valencia County Assessor.

Ratio of Estimated Direct & Overlapping General Obligation Debt to 2017 Preliminary Assessed Valuation:	6.52%
Ratio of Estimated Direct & Overlapping General Obligation Debt to 2017 Actual Valuation:	1.94%
Per Capita Direct & Overlapping Debt:	\$1,398.31

# 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. This means the assessment ratio is 33 1/3%. After deduction of certain personal exemptions, the District's 2017 preliminary assessed valuation is \$857,922,937. The actual value of personal property within the District (see "Assessments" below) is determined by the County Assessor.

The actual value of certain corporate property within the District (see "Centrally Assessed" below) is determined by the State of New Mexico, Taxation and Revenue Department, Property Tax Division. The analysis of Assessed Valuation for 2016 and the previous four years follows. Detailed information for 2017 is not yet available.

	2017*	2016	2015	2014	2013	2012
<b>Assessments</b>						
Value of Land		\$278,714,462	\$273,493,316	\$275,866,123	\$286,242,689	\$266,716,776
Improvements		537,354,170	515,588,743	501,415,979	458,444,320	505,938,916
Personal Property		11,217,544	12,337,863	14,809,786	11,191,655	11,558,964
Mobile Homes		55,203,263	54,950,187	54,038,153	47,341,204	9,703,687
Livestock		2,228,546	2,508,048	2,172,262	2,243,734	2,075,106
<b>Assessor's Total Taxable Value</b>	<b>\$0</b>	<b>\$884,717,985</b>	<b>\$858,878,157</b>	<b>\$848,302,303</b>	<b>\$805,463,602</b>	<b>\$795,993,449</b>
<b>Less Exemptions</b>						
Head of Family	\$	15,022,559	\$ 15,450,913	\$ 15,056,803	\$14,763,355	\$14,585,503
Veterans		8,450,498	8,718,050	8,723,083	8,636,245	8,817,662
Exemption Waiver		18,197,677	17,426,761	16,023,852	14,168,932	13,167,325
Other		63,730,828	60,288,923	65,607,627	47,022,574	46,991,857
<b>Total</b>	<b>\$0</b>	<b>\$105,401,562</b>	<b>\$101,884,647</b>	<b>\$105,411,365</b>	<b>\$84,591,106</b>	<b>\$83,562,347</b>
<b>Assessors Net Taxable Value</b>	\$802,116,224	\$779,316,423	\$756,993,510	\$742,890,938	\$720,872,496	\$712,431,102
<b>Centrally Assessed</b>	55,806,713	54,471,580	56,291,149	48,728,922	46,368,439	40,785,827
<b>Total Assessed Valuation</b>	<b>\$857,922,937</b>	<b>\$833,788,003</b>	<b>\$813,284,659</b>	<b>\$791,619,860</b>	<b>\$767,240,935</b>	<b>\$753,216,929</b>
	2017*	2016	2015	2014	2013	2012
<b>Residential</b>	\$663,581,253	\$644,611,023	\$623,999,001	\$609,157,277	\$596,606,905	\$581,066,221
<b>Non-Residential</b>	194,341,684	189,176,980	189,285,658	182,462,583	170,634,030	172,150,708
<b>Total</b>	<b>\$857,922,937</b>	<b>\$833,788,003</b>	<b>\$813,284,659</b>	<b>\$791,619,860</b>	<b>\$767,240,935</b>	<b>\$753,216,929</b>

\*Preliminary. Excludes protested property.

Source: State of New Mexico, Taxation & Revenue Department, Property Division, and Valencia County Assessor's Office.

## History of Assessed Valuation

The following is a ten-year history of assessed valuation for the District compared with the Village of Los Lunas, Village of Bosque Farms and Valencia County.

<b>Tax Year</b>	<b>Los Lunas Schools</b>	<b>Village of Los Lunas</b>	<b>Village of Bosque Farms</b>	<b>Valencia County</b>
2008	\$653,498,879	\$278,572,946	\$71,902,124	\$1,059,502,475
2009	701,862,203	299,247,298	76,305,623	1,166,647,954
2010	720,675,864	306,924,558	76,661,857	1,203,236,710
2011	739,871,906	306,924,558	78,982,040	1,241,920,127
2012	753,216,929	279,569,710	80,501,264	1,259,299,759
2013	767,240,935	327,275,595	82,052,451	1,289,540,147
2014	791,619,860	339,828,879	85,432,084	1,313,297,661
2015	813,284,659	343,400,710	88,039,540	1,347,645,043
2016	840,050,776	353,710,187	90,053,204	1,380,709,146
2017*	857,922,937	366,501,297	93,305,170	1,430,123,929

*\*Preliminary. Excludes protested property.*

*Source: Valencia County Assessor's Office.*

## Major Taxpayers

The following is a list of the ten largest taxpayers in the District, along with the 2016 assessed valuation. This table is useful in assessing the concentration risk of the tax base. The largest taxpayers assessed valuation is 6.41% of the total 2016 assessed valuation. Information regarding ten largest taxpayers in the District for tax year 2017 are not currently available.

<b>Taxpayer</b>	<b>Business</b>	<b>2016 Valuation</b>	<b>% of Assessed Valuation</b>
Public Service Co. of New Mexico	Electric Utility	\$20,367,359	2.44%
BNSF	Railroad	19,534,435	2.34%
Transwestern	Pipeline	4,795,423	0.58%
Qwest	Telecommunications	2,367,476	0.28%
Gas Company of New Mexico	Gas Utility	1,766,533	0.21%
Comcast	Cable Provider	1,655,908	0.20%
El Paso Natural Gas	Gas Utility	1,553,287	0.19%
AT & T	Telecommunications	549,759	0.07%
Verizon	Cellular	541,891	0.06%
Century Link	Telecommunications	279,490	0.03%
<b>Total</b>		<b>\$53,411,561</b>	<b>6.41%</b>

*Source: Valencia County Assessor's Office.*

## Tax Rates

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

<b>Within 20 Mill Limit for General Purposes</b>					
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
State of New Mexico	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Valencia County	6.760	6.877	6.940	6.519	6.508
Village of Los Lunas	7.213	7.352	7.443	7.529	7.431
Los Lunas Schools	0.181	0.184	0.187	0.189	0.189
University of New Mexico - Valencia Branch	1.849	1.883	1.902	1.928	1.924
Valencia County Hospital	0.000	0.000	2.750	2.744	2.739
<b>Total</b>	<b>\$16.003</b>	<b>\$16.296</b>	<b>\$19.222</b>	<b>\$18.909</b>	<b>\$18.791</b>
<b>Over 20 Mill Limit - Interest, Principal, Judgment, etc.</b>					
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.360	\$1.360
Valencia County	0.601	0.745	0.851	0.907	0.709
Village of Los Lunas	1.396	0.000	0.000	0.000	0.000
Los Lunas Schools	12.942	12.984	13.109	13.172	13.192
University of New Mexico - Valencia Branch	0.850	2.733	2.752	2.778	2.774
<b>Total</b>	<b>\$17.149</b>	<b>\$17.822</b>	<b>\$18.072</b>	<b>\$18.217</b>	<b>\$18.035</b>
<b>Total Levy</b>					
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.360	\$1.360
Valencia County	7.361	7.622	7.791	7.426	7.217
Village of Los Lunas	8.609	7.352	7.443	7.529	7.431
Los Lunas Schools	13.123	13.168	13.296	13.361	13.381
University of New Mexico - Valencia Branch	2.699	4.616	4.654	4.706	4.698
Valencia County Hospital	0.000	0.000	2.750	2.744	2.739
<b>Total Residential in Los Lunas</b>	<b>\$33.152</b>	<b>\$34.118</b>	<b>\$37.294</b>	<b>\$37.126</b>	<b>\$36.826</b>
<b>Total Non-Residential in Los Lunas</b>	<b>\$39.377</b>	<b>\$38.074</b>	<b>\$40.711</b>	<b>\$41.039</b>	<b>\$40.861</b>
Total Residential in Unincorporated County	\$24.543	\$24.883	\$27.948	\$27.669	\$27.471
Total Non-Residential in Unincorporated County	\$30.331	\$30.424	\$33.279	\$33.389	\$33.211
Total Residential in Bosque Farms	\$26.720	\$27.099	\$30.201	\$29.955	\$29.745
Total Non-Residential in Bosque Farms	\$32.125	\$32.192	\$34.978	\$35.209	\$34.954
Total Residential in Peralta	\$27.431	\$27.830	\$30.948	\$27.669	\$27.471
Total Non-Residential in Peralta	\$33.331	\$33.424	\$36.279	\$33.389	\$33.211

Source: New Mexico Department of Finance & Administration

## School Tax Rates

The following table shows the historical school tax levies on property within the District since the 2007 tax year (2007-08 fiscal year). The Two Mill Levy is renewed every six years, most recently in February 2013. The HB33 levy is renewed every six years, most recently in February 2012. Both mill levies require voter approval.

This table breaks down the District's total residential and non-residential tax rate shown in the previous table.

Tax Year	Operational		SB#9 & HB 33		Debt Service	Total	
	Residential	Non-Residential	Residential	Non-Residential	GOB	Residential	Non-Residential
2016	\$0.181	\$0.500	\$4.772	\$5.000	\$8.170	\$13.123	\$13.670
2015	0.184	0.500	4.865	5.000	8.119	13.168	13.619
2014	0.189	0.500	5.000	5.000	8.181	13.370	13.681
2013	0.189	0.500	5.000	5.000	8.172	13.361	13.672
2012	0.189	0.500	5.000	5.000	8.192	13.381	13.692
2011	0.186	0.473	4.944	5.000	8.187	13.317	13.660
2010	0.187	0.450	4.971	5.000	8.192	13.350	13.642
2009	0.188	0.446	5.000	5.000	8.198	13.386	13.644
2008	0.188	0.426	5.000	5.000	8.170	13.358	13.596
2007	0.184	0.413	5.000	5.000	8.171	13.355	13.584

Source: New Mexico Public Education Department.

## Yield Control Limitations

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

## Developments Limiting Residential Property Tax Increases

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

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

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



Section 7-36-21.2 NMSA 1978 establishes a statewide limitation on residential property valuation increases beginning in tax year 2001 (the "Statutory Valuation Cap on Residential Increases"). Annual valuation increases are limited to 3% over the prior year's valuation or 6.1% over the valuation from two years prior. Subject to certain exceptions, these limitations do not apply:

1. To property that is being valued for the first time;
2. To physical improvements made to the property in the preceding year;
3. When the property is transferred to a person other than a spouse, or a child who occupies the property as his principal residence and who qualifies for the head of household exemption on the property under the Property Tax Code;
4. When a change occurs in the zoning or use of the property; and
5. To property that is subject to the valuation limitations under 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 which upheld the constitutionality of the law. 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 65 years of age or older or who are disabled. The statute fixes the valuation of the property to the valuation in the year that the owner turned 65 or became disabled. The Section 7-36-21.3 limitation does not apply:

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

## Tax Collections

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

<b>Tax Year</b>	<b>Fiscal Year</b>	<b>Net Taxes Charged to Treasurer</b>	<b>Current Tax Collections <sup>(1)</sup></b>	<b>Current Collections as a % of Net Levied</b>	<b>Current/Delinquent Tax Collections <sup>(2)</sup></b>	<b>Current/Delinquent Collections as a % of Net Levied</b>
2016	16/17	\$43,423,893	\$40,257,551	92.71%	\$40,257,551	92.71%
2015	15/16	41,225,397	38,001,422	92.18%	39,528,583	95.88%
2014	14/15	43,836,471	40,284,482	91.90%	42,599,570	97.18%
2013	13/14	42,023,897	38,542,428	91.72%	41,111,725	97.83%
2012	12/13	41,190,648	37,613,848	91.32%	40,170,205	97.52%

<sup>(1)</sup> Current collections through June 30 of each year

<sup>(2)</sup> As of June 30, 2017.

Source: Valencia 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 30 days after the date they are due, interest on the unpaid taxes shall accrue from the 30th day after they are due until the date they are paid. Interest accrues at the rate of 1% per month or any fraction of a month.

## Penalty for Delinquent Taxes

Pursuant to Section 7-38-50, NMSA 1978, if property taxes become delinquent, a penalty of 1% of the delinquent tax for each month, or any portion of a month, they remain unpaid must be imposed, but the total penalty shall not exceed 5% of the delinquent taxes. The minimum penalty imposed is \$5.00. A county can suspend application of the minimum penalty requirement for any tax year. If property taxes become delinquent because of an intent to defraud by the property owner, 50% of the property tax due or \$50.00, whichever is greater, shall be added as a penalty.

## Remedies Available for Non-Payment of Taxes

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

A personal judgment may be rendered against the taxpayer for payment of taxes that are delinquent, together with any penalty and interest on the delinquent taxes. Taxes on real property are a lien against the real property. Pursuant to 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 upon which taxes are delinquent.

## The District

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

The Los Lunas School District is the 9th largest district in the State with a projected enrollment for 2016-17 of 8,314 students. There are 8 elementary schools, 3 intermediate schools, 3 middle schools, 2 high schools and 1 alternative high school within the District. The District's educational program also includes vocational, technical and occupational training.

### School District Powers

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

### Management

The District's Board of Education (the "Board"), subject to regulations of PED, develops educational policies for the District. The Board employs a superintendent of schools, delegates administrative and supervisory functions to the superintendent, fixes the superintendent's salary, has the capacity to sue and be sued, contracts, leases, purchases and sells property for the District, acquires and disposes of all property, provides for the repair and maintenance of the District's property, and adopts regulations pertaining to the administration of all powers or duties of the Board. Members serve without compensation for four-year terms of office and are elected in non-partisan elections held every two years on the first Tuesday in February. The current District Board Members are:

The current District Board Members are:

Bryan C. Smith, President  
Term Expires: March 1, 2019

Frank A. Otero, Member,  
Term Expires: March 1, 2019

Georgia Otero Kirkham, Vice President,  
Term Expires: March 1, 2021

Arthur F. Castillo, Member,  
Term Expires: March 1, 2021

Sonya C. Moya, Secretary  
Term Expires: March 1, 2021

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

Dana Sanders, Superintendent: Ms. Sanders was named Superintendent of Los Lunas School District on July, 24 2014. Prior to this position, she held several positions within the District including Assistant Superintendent, Director of Personnel, Principal and Teacher. She received her Master's Degree in Education from the University of New Mexico.

Claire Cieremans, Chief Financial Officer: Ms. Cieremans was promoted to the position of Chief Financial Officer in October 2010. Prior to this position, she served as the District's Director of Finance and was the Accounting Supervisor for over 10 years. Ms. Cieremans received a Bachelor of Business Administration with a Finance Concentration from the University of New Mexico.

Sandra Traczyk, Finance Director: Ms. Traczyk has held the position of Director of Finance since July 2010. She started with the Los Lunas Schools in May of 2007 as the Financial Specialist for the Curriculum Department. Prior

to starting at the Los Lunas Schools, she worked as an Accountant for private firms for 11 years. Ms. Traczyk received a Bachelor of Business Administration with an Accounting Concentration from the University of New Mexico.

### 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 public school employees. The Insurance Authority provides risk related insurance to the District such as worker's compensation, property and casualty insurance, general automobile and fire insurance and general liability insurance for the District, its property, its board members and employees. The Insurance Authority also provides health, dental and vision insurance to employees of the District.

### Intergovernmental Agreements

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

### School Property

In addition to the school buildings and their contents, the District owns the land upon which school buildings and facilities are located, which includes the District Administration Building, a Maintenance Shop and Custodial Center. The District owns a fleet of over 100 buses and 86 other vehicles.

### Enrollment

Set forth below is the District's enrollment for the school years 2012/13 through 2016/17, including special education and bilingual students. For a discussion of the relationship between student enrollment and amounts of financial support provided by the State for public schools, see "FINANCES OF THE EDUCATIONAL PROGRAM - SOURCES OF REVENUES".

	2012-13	2013-14	2014-15	2015-16	2016-17
Elementary School	3,981	3,975	3,937	4,014	3,977
Middle School	1,948	1,896	1,848	1,878	1,902
High School	2,369	2,437	2,455	2,459	2,435
<b>Total</b>	<b>8,298</b>	<b>8,308</b>	<b>8,240</b>	<b>8,351</b>	<b>8,314</b>

*Source: New Mexico Public Education Department and the District.*

## Finances of the Educational Program

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

### Sources of Revenues for General Fund

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

Local Revenues - Local revenues are a minor source of revenue to the District made up, in part, by a property tax annually levied on and against all of the taxable property within the District for operational purposes. The levy is limited by State law to a rate of 50 cents for each \$1,000 of net taxable value of taxable property. Other sources of local revenues include interest income earned on the District's investments, rentals and sale of property. In the fiscal year 2015/16, the District received \$280,879 from local sources.

Federal Revenues - Another minor source of annual revenue for the District's General Fund is derived from indirect costs of direct federal grant funds related to vocational, special education, and various other programs and P.L. 874 federal impact moneys paid to the District in lieu of taxes on federal land located in the District. In fiscal year 2015/16, the District received \$391,172 in federal revenues for its General Fund.

State Revenues - The District's largest source of annual revenue is derived from the State Equalization Guarantee distribution described below. During fiscal year 2015/16, the District received \$61,761,052 from state sources. Such payments represented approximately 99% of actual fiscal year 2015/16 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 school district receives more SEG funds than its entitlement, the school 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, in recent years some districts have indicated a concern about the fact that some school 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 school districts. As a result, the Legislature enacted the following changes to the funding formula:

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

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

SEG payments for the budgeted current and previous four fiscal years are as follows:

Year	Program	
	Unit Value	Amount
2012-2013	\$3,673.54	\$54,101,096
2013-2014	3,817.55	56,272,080
2014-2015	4,005.75	58,598,386
2015-2016	4,027.75	56,908,003
2016-2017	3,979.63	54,363,222

*Source: NM Public Education Department & the District.*

The New Mexico PED receives Federal mineral-leasing funds from which it makes annual allocations to the school district for purchasing textbooks. In 2016-17, the District received \$459,431 of budget authority for textbook purchases.

The District is also reimbursed by the State for the costs of transporting pupils to and from school. These payments are based upon a formula consisting of the number of students per square mile that are transported. In 2016-17, the District received \$1,948,669 for transportation purposes.

## Statement of Net Assets

The following is a history of the District's Statement of Net Assets. See financial statements for the fiscal year ending June 30, 2016 attached as Appendix B. The complete audit report for the fiscal year ending June 30, 2016 and the last four years can be downloaded from the State Auditor's website using the following link [http://www.saonm.org/audit\\_reports](http://www.saonm.org/audit_reports).

<i>Fiscal Year Ended June 30</i>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b><u>ASSETS</u></b>					
Current assets:					
Cash & cash equivalents	\$ 24,655,667	\$ 23,217,310	\$ 26,539,983	\$ 30,503,852	\$ 37,719,996
Taxes receivable	6,183,134	5,262,690	5,456,978	5,105,258	6,092,136
Inventory	231,973	313,125	189,205	272,738	329,618
Total current assets	31,070,774	28,793,125	32,186,166	35,881,848	44,141,750
Noncurrent assets:					
Capital assets	180,050,478	200,787,524	219,198,239	222,643,688	228,278,084
Less: Accumulated depreciation	(60,422,050)	(63,826,973)	(68,508,746)	(61,052,736)	(66,354,048)
Total noncurrent assets	119,628,428	136,960,551	150,689,493	161,590,952	161,924,036
<b>Total Assets</b>	<b>150,699,202</b>	<b>165,753,676</b>	<b>182,875,659</b>	<b>197,472,800</b>	<b>206,065,786</b>
Deferred Outflows	-	-	-	5,758,615	9,217,232
<b><u>LIABILITIES</u></b>					
Current liabilities:					
Accounts payable	1,340,015	1,156,839	1,318,858	1,110,075	844,852
Accrued liabilities	3,603,213	1,012,543	2,439,006	2,457,923	4,439,605
Accrued interest	692,337	191,570	372,991	575,632	575,632
Deferred revenue	52,806	-	-	-	-
Current portion of long-term obligations	4,460,000	5,580,000	4,945,000	5,127,872	5,367,872
Total current liabilities	10,148,371	7,940,952	9,075,855	9,271,502	11,227,961
Long-term obligations					
Compensated absences payable	169,759	170,988	195,740	152,741	152,554
Bond underwriter premiumums	573,105	-	-	-	-
Net Pension Liability	-	-	-	81,324,343	92,828,294
Noncurrent portion of long term obligations	39,785,000	40,120,000	41,175,000	42,351,489	43,216,578
Total long-term obligations	40,527,864	40,290,988	41,370,740	123,828,573	136,197,426
<b>Total Liabilities</b>	<b>50,676,235</b>	<b>48,231,940</b>	<b>50,446,595</b>	<b>133,100,075</b>	<b>147,425,387</b>
Deferred Inflows	-	-	-	8,604,182	2,138,795
<b><u>NET ASSETS</u></b>					
Invested in capital assets, net of related debt	74,810,323	91,260,551	104,569,493	114,111,591	113,339,586
Restricted for:					
Debt service	6,759,245	5,876,371	6,205,850	6,350,465	6,651,462
Capital projects	14,745,211	12,958,815	12,187,502	12,399,210	15,253,819
Special revenue funds	2,567,828	2,376,105	2,048,357	3,365,501	2,637,755
Unrestricted	1,140,360	5,049,894	7,417,862	(74,699,609)	(72,163,786)
<b>TOTAL NET ASSETS</b>	<b>\$ 100,022,967</b>	<b>\$ 117,521,736</b>	<b>\$ 132,429,064</b>	<b>\$ 61,527,158</b>	<b>\$ 65,718,836</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 150,699,202</b>	<b>\$ 165,753,676</b>	<b>\$ 182,875,659</b>	<b>\$ 194,627,233</b>	<b>\$ 213,144,223</b>

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 Districts FY 2016 audited financial statements is provided in Appendix B.

## Statement of Activities

The following is a history of the District's Statement of Activities. See financial statements for the fiscal year ending June 30, 2016 attached as Appendix B. The complete audit report for the fiscal year ending June 30, 2016 and the last four years can be downloaded from the State Auditor's website using the following link [http://www.saonm.org/audit\\_reports](http://www.saonm.org/audit_reports).

*Fiscal Year Ended June 30*

<b>EXPENSES:</b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
Governmental activities					
Instruction	\$ (30,145,177)	\$ (33,167,924)	\$ (27,882,673)	\$ (34,145,613)	\$ (32,871,100)
Student support services	(5,555,593)	(5,848,330)	(6,824,512)	(7,146,868)	(6,649,562)
Instruction support services	(1,488,992)	(1,405,031)	(1,508,040)	(1,569,645)	(1,602,392)
General administration	(1,244,742)	(889,486)	(1,105,757)	(1,488,362)	(1,229,170)
School administration	(5,112,366)	(4,204,206)	(5,265,013)	(5,561,613)	(5,607,998)
Other support services	(274,142)	(289,043)	(3,576,637)	(3,848,665)	(140,718)
Central services	(2,296,693)	(2,134,809)	(2,558,135)	(2,363,708)	(2,303,697)
Operation & maintenance of plant	(6,504,028)	3,427,184	(78,308)	8,317,703	(12,574,213)
Pupil transportation services	(789,001)	(1,835,180)	(1,382,547)	(1,455,118)	(1,305,038)
Food services	(383,720)	(313,359)	137,328	377,794	(7,784)
Loss on Disposition of Assets	-	-	-	(5,933,505)	26,618
Depreciation - unallocated	(3,431,991)	-	-	-	-
Interest on long-term obligations	(1,341,200)	(1,353,524)	(1,424,184)	(1,497,239)	(1,184,975)
Total governmental activities	\$ (58,567,645)	\$ (48,013,708)	\$ (51,468,478)	\$ (56,315,239)	\$ (65,448,029)
General revenues					
Property taxes for general purposes	187,081	172,650	200,186	320,558	205,803
Property taxes for debt service	6,041,844	6,087,534	5,823,554	6,365,098	6,484,308
Property taxes for capital projects	3,658,669	3,658,932	3,725,038	3,678,457	3,807,134
General Federal & State aid	55,311,046	54,717,711	56,544,701	59,100,395	59,042,860
Interest & investment earnings	17,841	-	-	-	-
Miscellaneous	(232,986)	(202,142)	82,327	112,904	99,602
Subtotal, general revenues	64,983,495	64,434,685	66,375,806	69,577,412	69,639,707
Change in net assets	6,415,850	16,420,977	14,907,328	13,262,173	4,191,678
Restatement	-	-	-	(84,164,079)	-
Net assets - beginning, as adjusted	93,607,117	101,100,759	117,521,736	132,429,064	61,527,158
Net Assets - End of Year	\$ 100,022,967	\$ 117,521,736	\$ 132,429,064	\$ 61,527,158	\$ 65,718,836

*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 Districts FY 2016 audited financial statements is provided in Appendix B.*

*Note: Net position at June 30, 2015 was restated in the amount of \$84,164,079. This restatement was due to the implementation of GASB 68.*



## Balance Sheet

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

	<b><u>BALANCE SHEET - OPERATIONAL FUND <sup>(1)</sup></u></b>				
<i>Fiscal Year Ended June 30</i>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
<b>Assets:</b>					
Cash and Investments	\$3,049,530	\$1,975,289	\$5,422,155	\$9,394,611	\$13,931,738
Receivables					
Taxes	45,814	418,220	46,532	47,821	49,384
Due from other governments	67,472	-	-	-	
Due from other funds	2,721,828	2,794,307	3,676,937	2,124,305	3,293,184
Inventory	<u>32,136</u>	<u>32,136</u>	<u>41,347</u>	<u>40,035</u>	<u>38,364</u>
<b>Total Assets</b>	<b>\$5,916,780</b>	<b>\$5,219,952</b>	<b>\$9,186,971</b>	<b>\$11,606,772</b>	<b>\$17,312,670</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 311,111	\$ 265,251	\$ 559,549	\$ 250,771	\$ 283,696
Accrued expenses	3,093,935	499,579	1,782,133	1,921,452	3,963,680
Deferred revenues	<u>39,846</u>	<u>412,624</u>	<u>39,687</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<b>\$3,444,892</b>	<b>\$1,177,454</b>	<b>\$2,381,369</b>	<b>\$2,172,223</b>	<b>\$4,247,376</b>
Deferred Inflows	\$ -	\$ -	\$ -	\$ 42,617	\$ 42,134
<b>Fund Equity:</b>					
Fund Balances:					
Unreserved:					
Nonspendable	\$ 32,136	\$ 37,136	\$ 48,027	\$ 36,210	\$ 45,245
Restricted	420,251	339,656	339,656	515,213	654,227
Assigned	796,038	796,038	796,038	-	-
Unassigned	<u>1,223,463</u>	<u>2,869,668</u>	<u>5,621,881</u>	<u>8,837,309</u>	<u>12,323,688</u>
<b>Total Fund Balance</b>	<b><u>2,471,888</u></b>	<b><u>4,042,498</u></b>	<b><u>6,805,602</u></b>	<b><u>9,388,732</u></b>	<b><u>13,023,160</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$5,916,780</u></b>	<b><u>\$5,219,952</u></b>	<b><u>\$9,186,971</u></b>	<b><u>\$11,603,572</u></b>	<b><u>\$17,312,670</u></b>

(1) Operational Fund includes General, 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 Districts FY 2016 audited financial statements is provided in Appendix B.

## Statement of Revenues, Expenditures & Changes in Fund Balances

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

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

<i>Fiscal Year Ended June 30</i>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Revenues:</b>					
Local Sources	\$264,393	\$271,021	\$262,089	\$265,763	\$280,879
State Sources	58,099,466	57,314,435	59,324,928	62,066,271	61,761,052
Federal Sources	<u>321,868</u>	<u>351,507</u>	<u>334,721</u>	<u>391,311</u>	<u>391,172</u>
<i>Total Revenues</i>	\$58,685,727	\$57,936,963	\$59,921,738	\$62,723,345	\$62,433,103
<b>Expenditures:</b>					
General administration	\$844,658	\$731,324	\$673,984	\$1,052,346	\$775,898
School administration	4,195,978	4,086,650	4,265,373	4,571,729	4,623,437
Direct Instruction	31,303,232	30,925,556	31,357,910	33,116,070	32,558,005
Student support services	5,681,099	5,812,682	5,843,858	6,140,681	5,835,958
Instruction support services	1,494,511	1,342,838	1,302,610	1,409,839	1,392,748
Central services	2,104,051	2,134,809	2,253,806	2,165,999	2,246,704
Pupil Transportation	2,688,664	2,687,946	2,673,276	2,680,287	2,512,426
Op. & Maintenance of Plant	8,501,307	8,484,356	8,561,270	8,611,683	8,788,921
Other support services	274,142	160,192	184,673	229,039	90,804
Capital Outlay	<u>-</u>	<u>-</u>	<u>41,874</u>	<u>64,343</u>	<u>-</u>
<i>Total Expenditures</i>	\$57,087,642	\$56,366,353	\$57,158,634	\$60,042,016	\$58,824,901
Excess (Deficiency)					
of Revenues over Expenditures	\$1,598,085	\$1,570,610	\$2,763,104	\$2,681,329	\$3,608,202
Operating Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>(97,999)</u>	<u>26,026</u>
Restated fund balance	1,598,085	1,570,610	2,763,104	2,583,330	3,634,228
Fund Balance-Beginning	873,803	2,471,888	4,042,498	6,805,602	9,388,932
<b>Fund Balance-Ending</b>	<u><u>2,471,888</u></u>	<u><u>4,042,498</u></u>	<u><u>6,805,602</u></u>	<u><u>9,388,932</u></u>	<u><u>13,023,160</u></u>

(1) Operational Fund includes General, 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 Districts FY 2016 audited financial statements is provided in Appendix B.

## **Special Revenue Funds**

The Special Revenue Fund accounts are used to account for grant funds received from various sources that are legally required to be used for purposes specified in the grant awards and may not be used for any other purpose.

## **Debt Service**

Debt service funds are used to account for accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The County remits property taxes collected on locally assessed and centrally assessed property to the district as one lump sum and does not break down the amounts as to principal or interest reduction in accordance with instructions from the PED.

## **Capital Projects**

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

The Capital Projects Fund which consists of the General Building Fund accounts for the resources and major costs of capital improvements in the district such as erecting, remodeling, making additions to and furnishing school buildings and purchasing and improving school grounds. Revenue is provided through general obligation bonds and earnings on investments.

## **Fiduciary Funds – Trust & Agency**

These funds are used to account for assets held by the district in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

## **District Budget Process**

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

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

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

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

To conform with PED's requirements, budgets for all funds of a school district are adopted on the cash basis of accounting. As a result, budgets are not prepared in conformity with generally accepted accounting principles (GAAP), and budgetary comparisons are presented on the (Non-GAAP) basis of accounting.

## **Employees and Retirement Plan**

The District employs 62 administrators, approximately 557 teachers and other professional instructional personnel, 112 educational assistants, 124 administrative assistants and clerical personnel, 101 maintenance and custodian personnel, 74 cafeteria full-time and part-time employees, and 75 transportation employees.

### **Pension Plan Description**

Substantially all of Los Lunas Schools' full time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11 NMSA 1978.) The Educational Retirement Board ("ERB") is the administrator of the plan, which is a cost sharing, multiple employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits, and cost of living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P. O. Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

<b>Fiscal Year Ending June 30</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>	<b>Net Assets Held in Trust</b>
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	293,847,970	11,532,837,951

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

### **Funding Policy**

**Contributions.** The contribution requirements of defined benefit plan members are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2015 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2016 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from Los Lunas Schools were \$5,623,402 for the year ended June 30, 2016.

On June 25, 2012, the Governmental Accounting Standards Board approved Statement No. 68 which addresses accounting and financial reporting for pensions that are provided to employees of state and local government employers through pension plans that are administered through trusts and also establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. According to Statement No. 68, the School District, as a contributor to ERB, is required to recognize its proportionate share of the collective net pension liability, pension expense, and deferred inflows or outflows of resources of the cost-sharing, multi-employer plan with ERB. The School District is assessing the full extent of the effect of the new standards on

the School District's audited financial statements. Statement No. 68 is effective beginning with the fiscal year ending June 30, 2015 for the School District.

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

At June 30, 2016, Los Lunas School District reported a liability of \$92,828,294 for its proportionate share of the net pension liability. Los Lunas School'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, Los Lunas School's proportion was 1.43314%, which was an increase of 0.00783% from its proportion measured as of June 30, 2014. For the year ended June 30, 2016, Los Lunas Schools recognized pension expense of \$1,579,947.

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

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.

#### Post-Employment Benefits Plan Description

Los Lunas Schools 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](http://www.nmrhca.state.nm.us).

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 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. Los Lunas School's contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$811,446, \$756,551 and \$736,256, 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 the opinion of Bond Counsel is attached to this Official Statement 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.

### **Financial Institution Interest Deduction**

The Tax Code generally provides that a financial institution may not deduct that portion of its interest expense which is allocable to tax-exempt interest. The interest expense which is allocable to tax-exempt interest is an amount which bears the same ratio to the institution's interest expense as the institution's average adjusted basis of tax-exempt obligations acquired after August 7, 1986 bears to the average adjusted basis of all assets of the institution. Tax exempt obligations may be treated as if issued prior to August 7, 1986 (and therefore are not subject to this rule) if they are "qualified tax-exempt obligations" as defined in the Code and are designated for this purpose by the issuer. The District has designated the Bonds as "qualified tax-exempt obligations" for this purpose; however, under provisions of the Code dealing with financial institution preference items, certain financial institutions, including banks, are denied 20 percent of their otherwise allowable deduction for interest expense with respect to obligations incurred or continued to purchase or carry the Bonds. In general, interest expense with respect to obligations incurred or continued to purchase or carry the Bonds will be in an amount which bears the same ratio as the institution's average adjusted basis in the Bonds bears to the average adjusted basis of all assets of the institution.

### **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 its 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 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.

Two lawsuits have been filed challenging the funding of the State's primary and secondary education system. In March 2014, individual plaintiffs in New Mexico District Court in McKinley County brought suit against the State, among others, alleging, among other things, that the State's educational funding formula violates the sufficiency of education and uniform system of public schools provision of the New Mexico Constitution and asks the court for injunctive relief ordering the State to develop a budget and funding formula that sufficiently, uniformly and equitably funds the public school system. In April 2014, individual plaintiffs in New Mexico District Court in Santa Fe County brought suit against the State, among others, alleging, among other things, that the State has failed to provide a sufficient and uniform system of education in violation of the sufficiency, uniformity, equal protection and due process provisions of the New Mexico Constitution because of an inadequate and arbitrary funding system. The lawsuits ask for a declaratory judgment and injunctive relief requiring the adoption of a school finance system to remedy these violations. Neither lawsuit asks for a specific award of damages. No final decisions have been reached in these cases and it is premature to assess what effect, if any, these lawsuits might have on the State's school finance system.

## Rating

Moody's Investors Service has rated the Bonds "A1." In addition, Moody's Investors Service has assigned a "Aa2 Enhanced (Negative Outlook)" rating to the Bonds based on the New Mexico School District Enhancement Program. There is no assurance that the ratings will continue for any given period of time or that the ratings will not be revised downward, upward or withdrawn entirely by the rating agency, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an effect on the market price of the Bonds.

## Legal Matters

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



## 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 District Court is expected to issue a ruling in the fall of 2017. The State believes it is premature to assess what effect, if any, these lawsuits might have on State budget matters.

## 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 each nationally recognized municipal securities information repository (a "NRMSIR") and to the state information depository, if any, designated by the State of New Mexico for purposes of the Rule (the "SID"), 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 – Enrollment," "FINANCES OF THE EDUCATIONAL PROGRAM-State Equalization Guarantee," "Balance Sheet," and "Statement of Revenues, Expenditures and Changes in Fund Balances." The District will update and provide this information no later than March 31 of each year, commencing March 31, 2018, for the fiscal year ending on the preceding June 30.

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 by the required time and will provide audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with generally accepted accounting principals 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 nine months after the end of its new fiscal year. In addition, the District shall provide to Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA") and to the SID, if any, 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 delinquencies; 2) Non-payment related defaults, if material within the meaning of the federal securities laws; 3) Unscheduled draws on debt service reserves reflecting financial difficulties; 4) Unscheduled draws on credit enhancements reflecting financial difficulties; 5) Substitution of credit or liquidity providers, or their failure to perform; 6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; 7) Modifications to rights of holders of the Bonds, if material within the meaning of the federal securities laws; 8) Bond calls, if material, and tender offers; 9) Defeasances; 10) Release, substitution, or sale of

property securing repayment of the Bonds, if material within the meaning of the federal securities laws; 11) Rating changes; 12) Bankruptcy, insolvency, receivership or similar event of the District; 13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material within the meaning of the federal securities laws; and 14) Appointment of a successor or additional trustee or the change of name of a trustee, if material with the meaning of the federal securities laws.

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

### **Limitations and Amendments**

The District may amend its undertaking from time to time without consent of the Bondholders, if the District delivers to EMMA and the SID, if any, 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 and the SID, if any, 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.

On October 25, 2010, the District received a rating downgrade from Moody's Investors Service. The District did not file the Moody's rating report or a Notice of Failure to Provide Event Filing Information. The District filed the rating report on September 22, 2014. The District has previously made continuing disclosure agreements in accordance with SEC Rule 15c2-12 and is in material compliance with such agreements. The District has hired a third party Dissemination Agent to assist in meeting its future disclosure requirements.

### **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're 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 Los Lunas School District* is located in the northern portion of Valencia County in west-central New Mexico. The District encompasses approximately 770 square miles and includes the incorporated communities of Peralta, Tome and Valencia.

The economy of the District is dependent upon agriculture, government, trade, manufacturing and services. Vegetable farming, cattle ranching, dairy operations and orchards located within the District are the mainstays of the agricultural economy.

Interstate Highway 25 and State Highways 314, 6 and 47 serve the District. There is also access to Interstate 40 making the District easily accessible. The District is also served by the Burlington North & Santa Fe Railroad, and additional surface transportation is provided by all major bus and trucking companies, with overnight service to and from major terminals. The Rio Grande River flows through the District, which provides recreational areas and irrigation for the many farms, ranches and orchards within the District.

*The Village of Los Lunas*, County Seat of Valencia County (2010 Population 14,835) is a small community located in the Rio Grande Valley, ten miles north of Belen and 21 miles south of Albuquerque. Los Lunas will remain a village due to a unique jurisdictional boundary on the north – Isleta Pueblo, an important component of the community's culture.

Los Lunas is built on a rich and proud history rooted in traditional living. Initially driven by an agricultural economy, the Village has evolved into a progressive municipality which works on creating the best possible future for its citizens. While agriculture is still one of the major economic activities, government is a major employer, principally because of the state-operated hospital, honor farm, and the public school system. In addition, Wal-Mart employs approximately 1,000 people in the retail and distribution center combined. Most of those who hold jobs outside the area commute to Albuquerque.

*The Village of Bosque Farms*, incorporated in 1974 (2010 Population 3,904). The Village is experiencing growth in many sectors of the economy including services and trade because of the increase in urbanization.

*Valencia County* (2010 Population 76,569), located in west-central New Mexico is known for its diversity in agriculture, retail trade, and the railroad. On June 19, 1981, the western part of Valencia County officially became Cibola County.

## Population

Based on information obtained from the Bureau of Business & Economic Research, the following table shows the population data for the Village of Los Lunas, Valencia County and the State of New Mexico.

US Census Year	Village of Los Lunas	Valencia County	State of New Mexico
1970	973	20,451	1,017,055
1980	4,097	30,769	1,303,143
1990	6,013	45,575	1,515,069
2000	10,074	66,152	1,826,280
2010	14,835	76,740	2,065,826
2016*	15,454	75,626	2,081,015
2017 <sup>(1)</sup>	15,827	75,387	2,087,058
2022 <sup>(1)</sup>	16,220	74,985	2,110,892
Projected Growth 2017-2022 <sup>(2)</sup>	2.48%	-0.53%	1.14%

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

1) Estimates. Source: Spotlight, 2017.

2) Projected. Source: Spotlight, 2017.

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

<b>Age Group</b>	<b>Valencia County</b>	<b>New Mexico</b>	<b>United States</b>
0 - 17	24.0%	23.9%	22.8%
18 - 24	9.3%	9.8%	9.8%
25 - 34	12.1%	13.3%	13.40%
35 - 44	11.5%	11.9%	12.60%
45 - 54	12.8%	11.9%	13.10%
55 and Older	30.2%	29.2%	28.3%

Source: *Spotlight*, 2017.

### Effective Buying Income

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

<b>Effective Buying Income Group</b>	<b>Valencia County</b>	<b>New Mexico</b>	<b>United States</b>
Under \$25,000	32.6%	27.9%	21.9%
\$25,000 - \$34,999	11.3%	10.8%	9.7%
\$35,000 - \$49,999	13.3%	14.1%	13.2%
\$50,000 - \$74,999	17.1%	16.6%	17.4%
\$75,000 and over	25.8%	30.6%	37.8%
2013 Est. Median Household Income	\$41,314	\$43,273	\$49,297
2014 Est. Median Household Income	\$43,577	\$44,292	\$51,579
2015 Est. Median Household Income	\$39,889	\$45,633	\$53,706
2016 Est. Median Household Income	\$41,075	\$45,445	\$55,551
2017 Est. Median Household Income	\$41,460	\$47,043	\$57,462

Source: *Spotlight*, 2017.

## Gross Receipts

The following table shows the total reported and total reported retail gross receipts generated in the Village of Los Lunas, Valencia County and the State of New Mexico for the past ten years. For the purposes of these tables, gross receipts means the total amount of money received from selling goods and services in the State of New Mexico, from leasing property employed in the State and from performing services in the State. Gross receipts includes, among other things, food sales and services such as legal and medical.

FY 30-Jun	Village of Los Lunas		Valencia County		State of New Mexico	
	Retail (\$000s)	Total (\$000s)	Retail (\$000s)	Total (\$000s)	Retail (\$000s)	Total (\$000s)
2016	\$351,587	\$642,550	\$555,686	\$1,314,554	\$22,456,726	\$97,151,637
2015	407,202	731,054	618,826	1,385,063	27,481,308	119,726,978
2014	344,935	635,873	543,347	1,221,634	24,395,913	107,584,700
2013	353,576	618,158	545,072	1,152,549	23,873,877	106,300,014
2012	343,030	591,213	531,419	1,121,088	23,914,774	104,221,140
2011	335,773	586,686	523,197	1,127,263	23,789,930	102,715,750
2010	315,303	554,074	509,401	1,112,236	24,608,800	94,722,576
2009	297,125	584,393	493,492	1,152,887	23,812,635	104,562,006
2008	333,451	632,387	405,622	1,007,700	25,711,762	110,710,200
2007	306,254	651,589	525,055	1,284,105	26,012,240	103,740,330

Source: New Mexico Taxation & Revenue Department

## Employment

Historically, the unemployment rates for the County and the State have remained higher than national levels. The following table provides a ten-year history of labor force and unemployment rates for the County, the State and the United States.

Year <sup>(1)</sup>	Valencia County		State of New Mexico		United States
	%		%		
	Labor Force	Unemployed	Labor Force	Unemployed	% Unemployed
2017 <sup>(2)</sup>	30,393	7.40%	938,625	6.70%	4.50%
2016	29,823	7.20%	927,355	6.70%	4.90%
2015	29,378	7.50%	919,889	6.60%	5.30%
2014	29,284	8.00%	918,206	6.50%	6.20%
2013	29,887	8.50%	922,960	6.90%	7.40%
2012	29,992	8.80%	928,050	7.10%	8.10%
2011	30,482	9.10%	929,862	7.60%	8.90%
2010	31,037	9.60%	936,088	8.10%	9.60%
2009	30,898	8.50%	940,352	7.50%	9.30%
2008	31,397	5.10%	944,548	4.50%	5.80%

(1) Numbers are annual averages.

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

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

## Major Employers

Major employers in Valencia County include the following:

<b>Largest Employers in Valencia County</b>
Los Lunas Public Schools
State of New Mexico
Wal-Mart (regional distribution center)
Belen Public Schools
Burlington Northern & Santa Fe Railroad
Solo Cup Co.
Valencia County
Sud Chemie Performance Packaging
Merit Distribution Services
University of New Mexico - Valencia Campus
Avonite Inc.
<i>Source: Mid-Region Council of Governments</i>

## Average Annual Covered Wage and Salary Employment by NAICS Major Sector

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

	2012	2013	2014	2015	2016 <sup>(1)</sup>
Grand Total	13,170	13,391	13,084	13,437	13,802
Total Private	9,264	9,477	9,098	9,493	9,837
Accommodation and Food Services	1,273	1,299	1,340	1,375	1,376
Administrative and Waste Services	224	220	220	224	277
Agriculture, Forestry, Fishing & Hunting	133	151	151	152	127
Arts, Entertainment, and Recreation	66	64	76	64	61
Construction	674	740	765	825	848
Educational Services	*	*	*	69	96
Finance and Insurance	283	286	309	301	299
Health Care and Social Assistance	2,083	2,092	1,604	1,726	1,869
Information	74	79	73	57	52
Management of Companies and Enterprises	86	129	101	94	85
Manufacturing	537	513	530	570	647
Mining	29	*	*	33	33
Other Services, Ex. Public Admin	238	231	239	234	234
Professional and Technical Services	260	259	257	265	251
Real Estate and Rental and Leasing	140	148	141	164	159
Retail Trade	2,103	2,113	2,143	2,194	2,242
Transportation and Warehousing	764	830	815	905	965
Utilities	58	55	55	48	50
Wholesale Trade	198	207	208	192	165
Total Government	3,986	3,962	3,984	3,945	3,965

(1) Data as of Fourth Quarter of 2016

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

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

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



## APPENDIX B

### JUNE 30, 2016 AUDITED FINANCIAL STATEMENTS

LOS LUNAS SCHOOLS

ANNUAL FINANCIAL  
STATEMENTS

June 30, 2016



*Certified Public Accountants  
and Business Advisors LLC*

**ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2016  
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**STATE OF NEW MEXICO**

**LOS LUNAS SCHOOLS**

**Official Roster**

**June 30, 2016**

**Board of Education**

<i>Name</i>	<i>Title</i>
Frank A. Otero	Board President
Bryan C. Smith	Board Vice President
Georgia Otero-Kirkham	Board Secretary
Sonya C'Moya	Board Member
Robert Archuleta	Board Member

**School Officials**

<i>Name</i>	<i>Title</i>
Dana Sanders	Superintendent
Claire Cieremans	Chief Financial Officer
Sandra Traczyk	Director of Finance

## **BASIC FINANCIAL STATEMENTS**

## INDEPENDENT AUDITOR'S REPORT

To Timothy Keller  
New Mexico State Auditor  
The Office of Management and Budget  
New Mexico Public Education Department  
The District Board Los Lunas School District  
Los Lunas, New Mexico

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of Los Lunas School District (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, fiduciary funds, and the budgetary comparisons for the major capital project fund, debt service fund, 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 misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2016, and the respective changes in financial position and the respective budgetary comparisons for the major capital project fund, debt service fund and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8-25, Schedule of the District's Proportionate Share of the Net Pension Liability on page 73, and the Schedule of District Contributions on page 74, 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 of Expenditures of federal awards as required by Office of Management and Budget *Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of federal awards and other schedules required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying

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

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

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 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.

A handwritten signature in blue ink that reads "Axiom".

Albuquerque, New Mexico  
November 11, 2016

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
June 30, 2016**

**LOS LUNAS SCHOOLS  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

The Management Discussion and Analysis is a required part of the School District's financial reporting and is an objective and easily readable discussion of the School District's financial activities. The reader will see two statements, a Statement of Net Position and a Statement of Activities. These statements provide the overall view of the financial activities of the School District. This discussion and analysis will provide a review of the School District's *overall* financial activities, using the accrual basis of accounting, for the year ending June 30, 2016. Fund financial statements are reported on a modified accrual basis of accounting. Rather than looking at specific areas of performance, this discussion and analysis focuses on the financial performance of the School District, as a whole. Whenever possible this discussion and analysis will provide the reader multi-year pictures of financial performance and other pertinent information through the use of tables and other graphics information.

This annual report consists of a series of detailed, audited financial statements and the notes to those statements. Also included is the Independent Auditor's Report; 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; Report on Compliance with Requirements Applicable to each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133; and the Schedule of Findings and Questioned Costs.

**LOS LUNAS SCHOOLS ACCOUNTING AND FINANCE**

We believe this written analysis and the accompanying financial report will indicate to the reader that the Los Lunas Schools is in good financial health. Even though the economy has not fully recovered from the past few years, we were able to maintain and experience an incline in fund balances, and cash on hand. This means our efforts have held strong with annual adjustments to our revenues and expenditures accordingly and we continue to take every precaution to stay ahead of the down turn in the economy. We are making a conscious effort to continue to increase fund balance and cash on hand in the operational fund. We are also still dealing with factors of continual budget declines due to loss of enrollment. Regardless of the difficult economic hard times, the School District maintains a financial and accounting staff with strong levels of technical experience and education.

In order to define and support internal controls, the School Business Office utilizes a comptrollership model organizational structure. A written Business Office Policies and Procedures Manual is in place to guide School District staff through the daily fiscal and business routines.

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
June 30, 2016**

As an integral part of the School District accountability process, the Los Lunas Schools Board of Education monitors School District expenditures and budgets through a formal monthly reporting process to a Finance Committee and the full Board of Education. This reportage is provided at public meetings and becomes a part of the Los Lunas Schools Board of Education's permanent public record. These reports are public documents and through this public process, the financial reporting information is provided to the community and open to public inspection.

**SIGNIFICANT FINANCIAL HIGHLIGHTS FOR THE YEAR ENDING JUNE 30, 2016**

- The voters approved a \$25,000,000 bond election in February 2016. The voter approval was over 80%. The money will be used for funding the next wave of bond projects, which includes various site improvement projects. The Community continues to be supportive of all our bond and mil levy elections.
- Capital Outlay expenses decreased from \$26,875,323 in the year ending June 30, 2015 to \$10,185,756 for the year ending June 30, 2016. This decrease represents a decrease in major construction projects. We have prioritized several smaller site improvement projects district wide. Despite lowered bond sales, the district is still going to apply for money from the Public School Capital Outlay funds to match our local dollars to maximize the construction dollars available to the school district. Our current match from the Public School Facility Authority (PSFA) is 77%. The means we only pay 23% of the dollars allocated to capital projects approved by the PSFA. Projects we have participated in include a Classroom Addition at Katherine Gallegos Elementary, Sundance Elementary, renovation for Bosque Farms Elementary, and renovation for Los Lunas High School. Expenditures in capital outlay are expected to rise, as new projects are identified.
- As shown in the three-year comparison of the Statement of Net Position, total net position increased from \$61,527,158 in the year ending June 30, 2015 to \$65,718,836 in the year ending June 30, 2016. The overall increase in net position of \$4,191,678 is due to pension related adjustments.
- The overall adjusted fund balance shown in the Statement of Revenues and Expenditures and Changes in Fund Balances (GAAP), increased from \$30,882,871 for the year ending June 30, 2015 to \$37,620,323 for the period ending June 30, 2016. This increase is due another year of effort to increase our fund balances by adding to our reserves. The Fund Balance of the General (Operations) Fund increased from \$8,844,190 to \$12,330,569 during the same period.
- The State Equalization Guarantee Formula Unit Value increased overall by \$10.00 for the fiscal year ending June 30, 2016. Revenues from the State Equalization Guarantee Formula (SEG) for the fiscal year ending June 30, 2015 were \$59,100,395; revenues for the fiscal year ending June 30, 2016 were \$59,042,860. The reason revenue did not increase in

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
June 30, 2016**

proportion to the unit value increase is due to the decrease in other factors that go into that formula. For example, Training and Experience index were down in 2015/2016.

- Total expenditures, *inclusive of all capital expenditures from general obligation bond proceeds*, decreased from \$109,013,080 for the year ending June 30, 2015 to \$88,100,708 for the year ending June 30, 2016, representing a 19.2% decrease.
- The School District's overall cash assets increased from \$30,503,852 on June 30, 2015 to \$37,719,996 on June 30, 2016. The largest cash balances were reflected in Debt Service (41000), Operational (11000), Bond Building (31100), and HB-33 (31600).
- The Operations Emergency Reserve was \$1,785,000 during the 2014/2015 fiscal year. This reserve account was increased to \$2,000,000 for the 2015/2016 fiscal year. An effort has been made to increase the reserve, the District will try to continue to work to maintain a healthy level of emergency reserves, and cash balance in the operational account.
- This was the seventh year in a row that the Operational budget had to supplement the transportation budget to avoid a negative balance. The District Transportation budget continues to not able to sustain itself without the support of operational funding. The District has taken several measures to reduce the expenditures in Transportation including operating a New Eastside Transportation Dept., reducing bus routes, and reducing bus driver contracts.

## **GOVERNMENT WIDE FINANCIAL STATEMENTS**

### **STATEMENT OF NET POSITION**

This statement shows that as of June 30, 2016, the School District has total net position of \$65,718,836 as compared to net position of \$61,527,158 as of June 30, 2015, and \$132,429,064 as of June 30, 2014. The School District had \$44,141,750 in cash and current assets on hand as of June 30, 2016 compared to \$35,881,848 as of June 30, 2015, and accounts payable/current liabilities and current long-term debt of \$11,227,961 compared to \$9,238,630 as of June 30, 2015. Cash Assets increased by \$7,216,144 while Other Current Assets increased by \$1,043,758. Long-term liabilities have increased from \$123,861,445 as of June 30, 2015 to \$136,197,426 as of June 30, 2016.

The School District retains maximum allowable levels of debt related to its assessed valuation; therefore, the increase in long-term liabilities is due to a relatively stagnant valuation. Net Assets totaling \$21,905,281 are "restricted" for debt service and capital projects.

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
June 30, 2016**

	June 30, 2014	June 30, 2015	June 30, 2016
<b>Assets</b>			
Cash Assets	\$26,539,983	\$30,503,852	\$37,719,996
Other Current Assets	\$5,646,183	\$5,377,996	\$6,421,754
Bond Issuance Costs	\$	\$	\$
Capital Assets	\$219,198,239	\$222,643,688	\$228,278,084
Depreciation	(\$68,508,746)	(\$61,052,736)	(\$66,354,048)
<b>Total Assets</b>	<b>\$182,875,659</b>	<b>\$197,472,800</b>	<b>\$206,065,786</b>
<b>Deferred Outflows</b>			
Pension Related		\$5,758,615	\$9,217,232
<b>Total deferred Outflows</b>		<b>\$5,758,615</b>	<b>\$9,217,232</b>
<b>Liabilities</b>			
Accounts Payable	\$1,318,858	\$1,110,075	\$844,852
Other Current Liabilities	\$2,811,997	\$3,033,555	\$5,015,237
Current Portion/Long Term	\$4,945,000	\$5,095,000	\$5,367,872
Long Term Liabilities	\$41,370,740	\$123,861,445	\$136,197,426
<b>Total Liabilities</b>	<b>\$50,446,595</b>	<b>\$133,100,075</b>	<b>\$147,425,387</b>
<b>Deferred Inflows</b>			
Pension Related		\$8,604,182	\$2,138,795
<b>Total deferred Inflows</b>		<b>\$8,604,182</b>	<b>\$2,138,795</b>
<b>Net Position</b>			
Invested in Capital Assets	\$104,569,493	\$114,111,591	\$113,339,586
Restricted	\$20,415,683	\$22,115,176	\$24,543,036
Unrestricted	\$7,443,888	(\$74,699,609)	(\$72,163,786)
<b>Total Net Position</b>	<b>\$132,429,064</b>	<b>\$61,527,158</b>	<b>\$65,718,836</b>

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
June 30, 2016**

**Statement of Activities**

The Statement of (Governmental) Activities is also a statement required by GASB 34, and is prepared using the accrual method of accounting. This report compliments the Statement of Net Assets by showing the overall change in the School District's net assets for the fiscal year ending June 30, 2016. As of June 30, 2016, the School District had net assets of \$65,718,836 as compared to net assets of \$61,527,158 as of June 30, 2015 and \$132,429,064 as of June 30, 2014.

	June 30, 2014	June 30, 2015	June 30, 2016
<b>Governmental Activities</b>			
Total Governmental Activities	\$76,338,794	\$89,678,186	\$84,218,952
Less Charges for Services	(\$788,874)	(\$756,864)	(\$776,955)
Less Operating Grants and Contributions	(\$15,496,324)	(\$15,504,219)	(\$14,989,464)
Less Capital Grants and Contributions	(\$8,585,118)	(\$17,101,864)	(\$3,004,504)
<b>Net (expenses) Revenues</b>	<b>(\$51,468,478)</b>	<b>(\$56,315,239)</b>	<b>(\$65,448,029)</b>
<b>General Revenues</b>			
Taxes-General, Debt Service, Capital Projects	\$9,748,778	\$10,364,113	\$10,497,245
State Aid not Restricted to Specific Purposes (State Equalization Guarantee - SEG)	\$56,544,701	\$59,100,395	\$59,042,860
Interest and Earnings in Investments	\$0	\$0	\$0
Miscellaneous	\$82,327	\$112,904	\$99,602
<b>Subtotal, General Revenues</b>	<b>\$66,375,806</b>	<b>\$69,577,412</b>	<b>\$69,639,707</b>
<b>Changes in Net Position</b>	<b>\$14,907,328</b>	<b>\$13,262,173</b>	<b>\$4,191,678</b>
Restatement	\$0	(\$84,164,079)	
Net Position Beginning	\$117,521,736	\$132,429,064	\$61,527,158
<b>Net Position Ending</b>	<b>\$132,429,064</b>	<b>\$61,527,158</b>	<b>\$65,718,836</b>

**FUND FINANCIAL STATEMENTS**

**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**

Fund financial statements are based on a *modified accrual* basis of accounting. The Statement of Revenues and Expenditures and Changes in Fund Balances is *not* a new statement to the School District's annual financial reports. This report guides the reader to a meaningful, overall, view of

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
June 30, 2016**

the District's revenues, expenditures and fund balance and changes to the fund balance. This report also shows the revenue and expenditure activities of each major fund and the total of all "other" Governmental Funds. Total revenues from State, Local and Federal sources were \$88,605,199. Total expenditures for the School District was \$88,100,708. The total ending Fund Balance was \$37,620,232; an increase of \$6,737,452 from the prior year.

**MULTI-YEAR DISTRICT REVENUES AND EXPENDITURES**

During the 2015/2016 fiscal year, revenues as shown in the chart below decreased from prior year balances, revenue, decreased by \$14,214,169 and expenditures decreased by \$20,912,372. This revenue decrease is mainly due to a increase in reduction in proceeds from bond issues. The decrease in expenditures is a direct relation to a decrease in capital outlay projects.

<b>Year</b>	<b>Total Revenues *</b>	<b>Increase %</b>	<b>Total Expenditures*</b>	<b>Increase %</b>
1998/1999	\$50,954,992	29%	\$53,870,029	9%
1999/2000	\$60,492,174	19%	\$56,085,681	4%
2000/2001	\$66,373,486	10%	\$65,727,785	17%
2001/2002	\$70,314,391	6%	\$72,028,003	10%
2002/2003	\$76,605,597	9%	\$76,347,148	6%
2003/2004	\$75,436,662	-1.50%	\$74,842,654	-2.00%
2004/2005 **	\$87,325,182	15.70%	\$86,718,047	15.90%
2005/2006	\$84,438,528	-3.31%	\$84,541,105	-2.00%
2006/2007***	\$99,216,680	17.50%	\$93,995,800	11.18%
2007/2008	\$101,792,107	2.60%	\$103,883,263	10.52%
2008/2009	\$105,507,566	4.00%	\$103,874,640	-0.01%
2009/2010	\$93,006,003	-11.80%	\$93,872,062	-11%
2010/2011	\$94,237,137	1.30%	\$89,898,017	-4.35%
2011/2012	\$100,074,994	6.20%	\$91,700,954	2.00%
2012/2013	\$96,377,306	-3.70%	\$96,279,388	5.00%
2013/2014	\$97,827,228	1.50%	\$95,456,914	-0.85%
2014/2015	\$102,819,368	5.10%	\$109,013,080	14.20%
2015/2016	\$88,605,199	-13.82%	\$88,100,708	-19.18%

\* **Note:** Revenues include proceeds from general obligation bonds and exclude cash carryovers; Expenditures include capital outlays.

\*\* **Note:** includes revenues and expenditures from November 2004 –Series 1995, 1996, 1997 G.O. Bond refunding; November 2004 G.O. Bond Sale; March 2005.

\*\*\* **Note:** includes an October 2006 BAN sale and a savings of \$122,327 in interest payments due the prior year's refinancing of debt.



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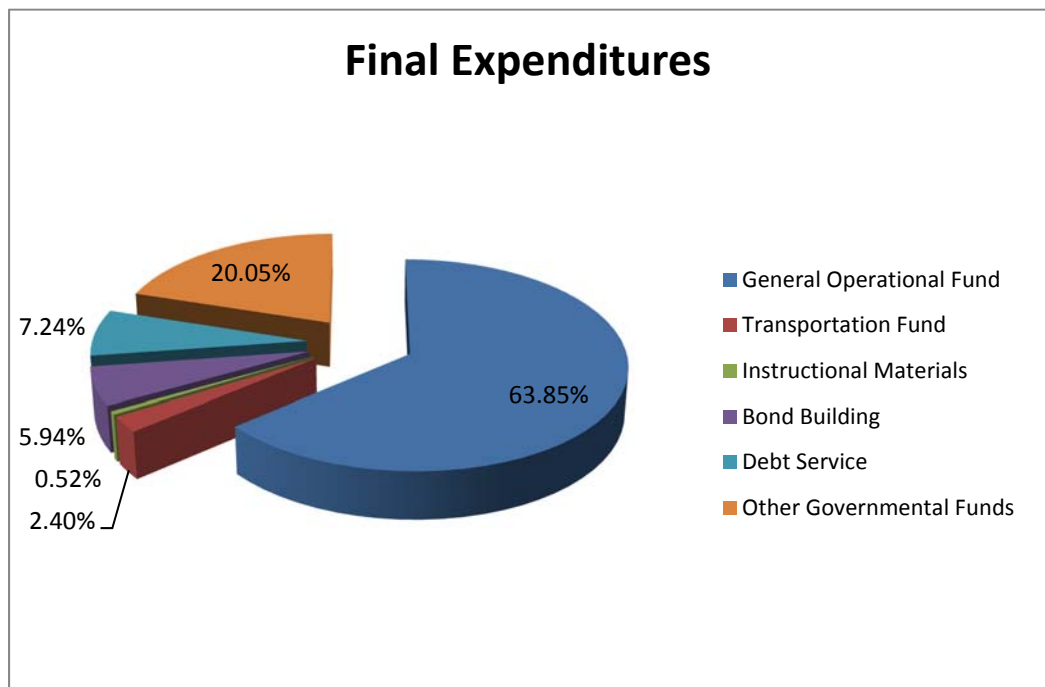
**THE BUDGET**

The State of New Mexico school budget process is defined under New Mexico State Statutes (Section 22-8, Public School Finance) and the New Mexico Administrative Code (Section 6). To enhance the process of developing a budget at the school district level, the Los Lunas School District utilizes goals and objectives defined by the Los Lunas School Board, community/parent input meetings, the district's five-year facility master plan, long term planning and input from various staff groups to develop the School District budget. School District priorities are well defined through this process.

GASB 34 does not require a statement presenting the overall result of the budget for each year. However, all major budgetary funds are required to be reported as separate statements.

Major budgetary funds in these reports are; The Operational Fund that includes the General, Transportation, and Instructional Materials funds (Operational Funds), Debt Service, Bond Building, and Other Governmental Funds.

Non-major Capital Project funds include HB33 (3 Mill levy), and SB-9 (2 Mill Levy). The following graphics and tables show the fiscal relationship of the major funds and the combined non-major funds.



The reader will note that the Operations Fund Final Expenditures represents 63.85% of the total fund dollar amount compared to 52.31% in FY 2014/2015. This fund provides the salary and benefits for the significant majority of the Instructional, Instructional Support and School Support, Maintenance and Administrative staff as well as classroom materials, special education consulting staff and fixed utility costs. Revenue from this fund is substantially derived from the State

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Equalization Guarantee, which is the funding formula appropriated for education by the State Legislature. The Operations Fund is explored later in the Management Discussion and Analysis.

The following table examines the summary budget performance of the major funds for the fiscal year ending June 30, 2016. Detail budget performance is examined through the Statement of Revenues and Expenditures, Budget and Actual for each major and non-major fund.

**MAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE  
(NON-GAAP)**

<b>FUND TYPE</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
Operations (11000)	\$68,375,807	\$54,167,316	\$14,208,491
Transportation (13000)	\$2,124,918	\$2,124,918	\$0
Instructional Materials (14000)	\$1,109,115	\$455,843	\$653,272
Bond Building (31100)	\$14,575,735	\$5,878,950	\$8,696,785
Debt Service Fund (41000)	\$12,105,970	\$6,377,884	\$5,728,086

All major and non-major funds fell within the strict regulatory criteria set by the Public Education Department and New Mexico Statute that no funds may be over-expended at either the fund, or function level. Both the Manual of Procedures for Public School Accounting and NMSA 8-22-5, 1978, Annotated, require that budget expenditures be within the authorization of the approved budget.

Non-major funds, while important to the success of school operations, do not represent a significant fiscal impact to warrant specific discussion.

**The General (Operations) Fund**

The Operations Fund serves as the School District General (Operations) Fund and is the largest Fund. Because the Operations Fund revenues represent \$59,714,161 of the total \$88,605,199 of School District revenues (inclusive of bond proceeds), the significant impact of this fund on School District Operations must be kept in context.

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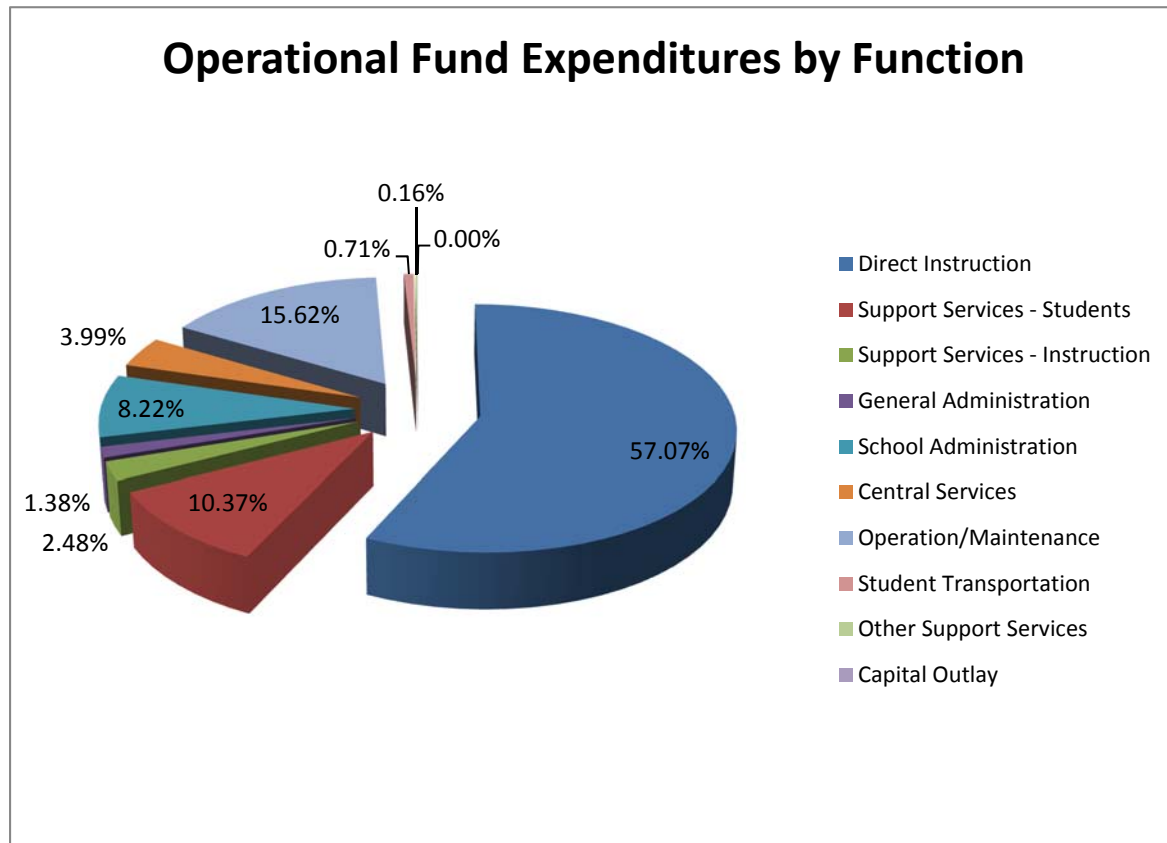
The General (Operations) Fund is predominately funded by revenues from the State of New Mexico Equalization Guarantee Formula. This fund pays for teaching staff, teaching support staff, special education support staff, maintenance staff and administrative staff. The General (Operations) Fund provides the predominant funding for athletics and student activities.

**GENERAL (OPERATIONS) FUND REVENUES**

<b>YEAR</b>	<b>REVENUES</b>	<b>INCREASE %</b>
1999/2000	\$38,648,467	5.05%
2000/2001	\$42,095,896	8.92%
2001/2002	\$46,826,574	11.24%
2002/2003	\$46,398,919	-0.91%
2003/2004	\$48,454,893	4.43%
2004/2005	\$50,430,536	4.08%
2005/2006	\$54,254,563	7.58%
2006/2007	\$58,216,044	7.30%
2007/2008	\$62,026,642	6.55%
2008/2009	\$62,138,555	0.18%
2009/2010	\$54,295,485	-12.62%
2010/2011	\$54,991,153	1.28%
2011/2012	\$55,887,434	1.63%
2012/2013	\$55,340,239	-0.98%
2013/2014	\$57,142,252	3.26%
2014/2015	\$59,757,469	4.58%
2015/2016	\$59,714,161	-0.07%

Because the General (Operations) Fund is the main fund in which expenditures are significantly related to the educational process, \$56,253,808 was expended in the year ending June 30, 2016. The most significant inter-fund expense was for the function noted as “Instruction” (Direct Instruction). This expenditure was \$32,102,162 or 57.07% of all General (Operations) Fund expenditures, compared with fiscal year 2014/2015 of \$32,478,789 (56.96%). Expenditures included in this function are Regular Education, Special Education and Early Childhood Education teachers and educational assistants, benefits, payroll taxes, school supplies, training and miscellaneous instructional related contract services. Approximately 83% of all General (Operations) Fund expenditures are for employee salaries, payroll taxes and benefits.

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The following discussion on the General (Operations) Fund budget will relate functional expenditures for the year ending June 30, 2016, exclusive of Capital Outlay expenditures, for the Operations Fund. Direct Instruction represents 57.07% of all General (Operations) Fund expenditures. This represents a .11% increase compared to the year fiscal ending June 30, 2015. Direct Instruction expenditures account for regular education, vocational education, bilingual education, special education and kindergarten teachers and educational assistants' salaries, payroll taxes and benefits.

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**PERCENTAGE OF DIRECT INSTRUCTION TO TOTAL EXPENDITURES  
OPERATIONS FUND  
(GAAP)**

<b>Year</b>	<b>Direct Instruction Cost</b>	<b>Actual Expenditures</b>	<b>%</b>
2004/2005	\$ 30,404,078	\$ 51,081,357	59.4%
2005/2006	\$ 31,909,199	\$ 53,742,851	59.4%
2006/2007	\$ 34,342,180	\$ 58,308,781	58.9%
2007/2008	\$ 36,685,109	\$ 62,703,997	58.8%
2008/2009	\$ 36,735,064	\$ 63,474,138	57.9%
2009/2010	\$ 32,264,185	\$ 54,618,319	59.1%
2010/2011	\$ 29,949,683	\$ 52,901,522	56.6%
2011/2012	\$ 31,014,174	\$ 54,367,566	57.0%
2012/2013	\$ 30,300,881	\$ 53,694,034	56.4%
2013/2014	\$ 31,015,237	\$ 54,572,031	56.8%
2014/2015	\$ 32,478,789	\$ 57,025,181	56.9%
2015/2016	\$ 32,102,162	\$ 56,253,808	57.07%

The table above has been included to convey to the reader the School District's budgetary commitment to maximize expenditures in the "classroom". The table shows that expenditures in the area of Direct Instruction average 57.87% since the 2004/2005 year.

**GENERAL (OPERATIONS) FUND EXPENDITURES BY FUNCTION  
(NON-GAAP)**

<b>Function</b>	<b>Final Budget</b>	<b>Expenditure</b>	<b>Variance</b>	<b>Percentage (Expenditure) Note 1</b>
Instruction (Direct)	\$35,735,284	\$30,015,670	\$5,719,614	55.41%
Support Services:				
Students	\$6,603,195	\$5,835,958	\$767,237	10.77%
Instruction	\$1,668,825	\$1,392,748	\$276,077	2.57%
General Administration	\$1,369,034	\$775,898	\$593,136	1.43%
School Administration	\$5,018,101	\$4,623,437	\$394,664	8.54%
Central Services	\$2,577,237	\$2,246,704	\$330,533	4.15%
Operations and Maintenance	\$11,407,610	\$8,788,921	\$2,618,689	16.23%
Other Support Services	\$2,314,437	\$90,804	\$2,223,633	0.17%
Transportation	\$1,682,084	\$397,176	\$1,284,908	0.73%
Capital Outlay	\$0	\$0	\$0	0.00%
<b>Total</b>	<b>\$68,375,807</b>	<b>\$54,167,316</b>	<b>\$14,208,491</b>	<b>100.00%</b>

**Note 1:** Percentage of expenditure to total expenditures. Statement of Revenues, Expenditures, and Changes in fund Balance

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Instructional Support represents 21.88% (compared to 23.04% last fiscal year 2014/2015) of General (Operations) Fund expenditures, and accounts for expenditures for school principals, program coordinators, counselors, school nursing staff, librarians, special education ancillary staff and significant support to special education programs through contract ancillary support staff and contract programs. The Office of the Superintendent and the Business Office represent the overhead support for the entire operations of the School District; these programs combined represent 5.58% of the total General (Operations) Fund. Maintenance and Operations account for 16.23% of the General (Operations) Fund expenditures. Included in the Maintenance and Operations expenditures are salaries and benefits for maintenance staff, school custodians, fixed utility costs, maintenance and repairs, maintenance supplies/equipment, school custodial supplies/equipment, and safety and security staff and equipment. Because of the expansion/addition of school facilities and increases to the utility costs, this functional expenditure will need to be increased to meet school needs. Additional support for maintenance supplies and projects comes from the voter approved Two-Mill Levy Fund, which is also given a state matching grant. The General (Operations) Fund also supports expenditures for school athletics and student activities and Transportation.

**OPERATIONS BUDGET RESERVE FUNDS**

The School District maintains a Non-Operating function within the General (Operations) Fund as a reserve against unexpected emergency expenses or unexpected and unpredicted reductions in revenues. Most unexpected emergency expenses are those related to legal settlements or facility repairs. Facility issues can be addressed through the School District Two-Mill Levy Fund or insurance coverage that lessens the need for the School District to maintain a high Operations Fund reserve. The budget for the 2015/2016 fiscal year reflects a reserve fund of \$2,000,000. The budget for the 2014/2015 school year reflected a reserve amount of \$1,785,000. This is a budget increase of \$215,000.

**CAPITAL ASSETS**

GASB 34 requires public entities to depreciate capital assets. As of June 30, 2016, the School District capital assets were valued at \$161,894,037 after depreciation. This statement includes total accumulated depreciation of the School District's capital assets in the amount of \$66,384,049. The School District utilizes a "straight line" depreciation method in all cases and standardized lifetime tables in calculating this depreciation. Utilization of depreciation concepts by public entities allows the reader to know if the entity is replacing its assets at a rate in which they are being used. In accordance with State Statute, State Regulations and School Board Policy, all assets with a value in excess of \$5,000 are capitalized.

Because of past student growth and certain aging facilities, the School District has taken a planned and focused approach towards investing in equipment, and building new facilities as well as adding to and maintaining existing facilities. This effort is evidenced by the substantial and continuous

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investment in the “Capital Outlay” account. This planning includes applications for additional capital funding support from the Public School Capital Outlay Council (PSCOC).

In addition to construction, the School District continued planned efforts to replace old vehicles, enhance technology, and replace outdated school furnishings and equipment. In order to assure that aged equipment and vehicles are replaced on a routine basis, the Board of Education enacted a policy mandating that the replacement of equipment be funded, yearly, as a matter of routine. Schedules for equipment replacement will be included in future G.O. Bond elections and/or the Two Mill Levy.

The following table illustrates the three-year history of year-end balances for the School District’s investment in all capital assets:

**CAPITAL ASSETS**

<b>Asset Type</b>	<b>Balance June 30, 2014</b>	<b>Balance June 30, 2015</b>	<b>Balance June 30, 2016</b>
Land and Land Improvements	\$12,011,169	10,345,710	\$10,538,932
Buildings and Building Improvements	\$158,897,586	\$143,526,842	\$203,597,156
Furniture, Fixtures and Equipment	\$4,888,531	\$4,791,511	\$5,013,203
Vehicles	\$7,406,785	\$8,134,068	\$8,576,451
Construction in Progress	\$35,994,168	\$55,845,557	\$552,344
<b>Total Assets</b>	<b>\$219,198,239</b>	<b>\$222,643,688</b>	<b>\$228,278,086</b>
Less Accumulated Depreciation	(\$68,508,746)	(\$61,052,736)	(\$66,384,049)
Capital Assets - Net	\$150,689,493	\$161,590,952	\$161,894,037
<b>Net Change in Assets</b>	<b>\$13,728,942</b>	<b>\$10,901,459</b>	<b>\$303,085</b>

This table shows that the School District is, despite operational decreases and loss of students, still diligently replacing assets and building facilities to accommodate the student needs. As indicated with an increase in the net change in Capital Assets in the amount of \$303,085 as of June 30, 2016.

**GENERAL LONG-TERM DEBT**

Article IX, Section 11 of the New Mexico Constitution limits the powers of a school district to incur general obligation debt beyond a school year. The School District can incur such debt for “the purpose of erecting, remodeling, making additions, and furnishing buildings or purchasing or improving school grounds or purchasing computer software or hardware for student use in public

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classrooms or any combination of these purposes”. The approval of the debt is subject to a vote of the local electors and may not exceed 6% of the assessed valuation of the taxable property within the School District. Currently, long-term debt may not exceed \$48,997,247. Total Long-Term Debt, on June 30, 2016 was \$47,714,440.

The School District has maintained a level of indebtedness to the maximum extent allowed. The policy to maintain this amount of debt is largely due to the need to add additional facilities in order to meet student population requirements upgrade and expand existing facilities, and to leverage additional funds available from Public School Capital Outlay. Public School Capital Outlay Fund awards give higher funding priorities to school districts with lower assessed valuations and higher levels of indebtedness. The most recent general obligation bond election was held on February 2, 2016 in which the School District’s voters approved a \$25.0 million, four-year, General Obligation Bond initiative by a margin exceeding 80%.

During the fiscal year ending June 30, 2016, the School District made one sale of General Obligation Bonds in the amount of \$6,000,000 in September 2015. The sale included \$6,000,000 for new debt. This bond sale was the fourth and final issuance of the 2012 General Obligation Bond election. As a result, of action taken by the 2002 legislature, a statute was enacted to allow school districts to complete sales of Bond Anticipation Notes (BANs). This legislation allows school districts to enter into short-term borrowing agreements and make repayments with the proceeds of future general obligation bond sales. Borrowing may not be longer than a one-year term and limited to the amount of the principal retirement for that year. The district did not enter into any BAN agreements for the fiscal year 2015-2016.



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The School District maintained an A1 underlying rating for the September 2015 bond sale. Effective July 1, 2003 School District bonds also carry the *enhanced* State of New Mexico bond rating of Aa1. This action was authorized in Senate Bill 847. The effect of this bill will be to reduce the risk to bond holders and, as a consequence, reduce the interest costs to the taxpayer. The School District has never defaulted on any of its debt or other obligations. Listed below is the School District's total general obligation debt as of June 30, 2016.

<b>YEAR ENDED JUNE 30</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2016	\$ 5,335,000	\$ 1,321,209	\$ 6,656,209
2017	\$ 5,305,000	\$ 1,260,125	\$ 6,565,125
2018	\$ 5,210,000	\$ 1,121,775	\$ 6,331,775
2019	\$ 4,535,000	\$ 987,825	\$ 5,522,825
2020	\$ 4,740,000	\$ 862,975	\$ 5,602,975
2021-2025	\$19,095,000	\$ 2,285,388	\$21,380,388
2026-2028	\$ 4,000,000	\$ 258,100	\$ 4,258,100
<b>Total</b>	<b>\$48,220,000</b>	<b>\$ 8,097,397</b>	<b>\$ 56,317,397</b>

The School District recommends the Official Statement, dated September 14, 2015 to a reader desiring to know more about the School District's long-term debt and community demographics. This Official Statement may be obtained by visiting our web site at [www.llschools.net](http://www.llschools.net) under the Business Office tab, or by contacting:

RBC Capital Markets.  
6301 Uptown Blvd. NE, Suite 110  
Albuquerque, NM 87110

In addition to the sale of General Obligation Bonds, the School District is eligible to receive awards from the Public Schools Capital Outlay Council (PSCOC) in accordance with Senate Bill 513, Chapter 147 Section 10(b) NMSA. The impact of these various awards is discussed throughout this Management Discussion and Analysis.

**AGENCY FUNDS**

The School District, as a custodian, maintains and monitors special funds on behalf of the schools and school activity groups. Agency funds maintained by the School District are to benefit a specific activity or interest and are generally raised by students for student use.

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While each school site is responsible for the administration of the agency funds, the custody and use of these funds are in accordance with Public Education Department Regulations and School District Policy. The management of these funds is in accordance with Business Office procedures and all banking is performed through School District accounts. The funds are also subject to annual review by the School District's Independent Auditor. The year ending June 30, 2016 states the accumulated balance of all agency funds was \$804,180.

**FUTURE TRENDS**

The district continues to closely monitor positions and other expenditures in order to survive the fluctuations of enrollment and still try to increase our level of reserves in our Operational fund. The District was hopeful that we would enter the new fiscal year with additional students enrolled, however within the first weeks of school the opposite trend has occurred. The district will continue to look for saving opportunity and work to maintain within our budget constraints.

**Local Assessments General and Obligation Bonds:** Local property taxes serve as the revenue source for the repayment of general obligation bonds. Because of the slowed growth of both residential and commercial assessed valuation for properties in the Los Lunas School District, the School District has been able to concentrate on renovating older buildings, security upgrades for existing buildings, and HVAC upgrades to existing facilities as supposed to needing more new classroom space. The following table illustrates the slowed growth of the assessed valuation for both the Los Lunas Schools and Valencia County.

**VALUATION TABLE**

TAX YEAR	LOS LUNAS SCHOOLS	VALENCIA COUNTY
2015*	\$ 816,620,789	\$ 1,347,645,043
2014	\$ 794,414,792	\$ 1,172,408,288
2013	\$ 767,238,934	\$ 1,272,248,861
2012	\$ 753,216,929	\$ 1,259,299,759
2011	\$ 739,871,906	\$ 1,241,920,127
2010	\$ 720,675,864	\$ 1,203,236,710
2009	\$ 701,862,203	\$ 1,166,647,954
2008	\$ 653,498,879	\$ 1,055,871,740
2007	\$ 601,593,453	\$ 978,386,196
2006	\$ 524,498,886	\$ 875,594,467
2005	\$ 479,881,276	\$ 820,258,813
2004	\$ 447,871,070	\$ 771,579,462
2003	\$ 457,628,275	\$ 778,317,018
2002	\$ 412,948,320	\$ 687,197,444
2001	\$ 400,435,727	\$ 678,216,414
2000	\$ 378,025,851	\$ 601,120,398

\*Note: Preliminary Assessment

\* Source: Official Statement Dated September 14, 2015

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Because of slow moving development in both the residential and commercial properties in the School District, it is expected that future assessed valuations will continue a flat or very small growth pattern. It is also expected that voter support for the Los Lunas Schools will continue to be strong and revenues from General Obligation Bond proceeds will continue to be an integral part of the School District Master Plan.

**Community Growth:** In the past year, the community has seen a minimal number of residential growth in our district. Most of the growth and homebuilding is focused on the West side of the District. We expect this trend to continue for the upcoming 2016/2017 fiscal year due to the current economic conditions in NM and the nation in general. All near future projections are expected to include, lower projected gas and oil revenues, a flat growth pattern in assessed valuation of taxable property within the School District, slight growth in student population and a cautious eye toward future bond and Mill Levy initiatives for the next two-five years.

**District Master Planning:** The District has contracted with Greer Stafford/SJCF Inc. to provide master planning for the Los Lunas School District. Because of the potential for student population growth, the School is undertaking a master planning process to look at future student population projections and existing school utilization for a five-year period. This project will help the District plan new school locations and provide analytical data for use by the District and the Public Schools Capital Outlay Council that will affect future capital funding needs. The District's current Master Plan is currently being updated and once approved will be good through 2016-2021. The School district will seek School Board approval for the updated FMP in January 2017.

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**Contacting the Los Lunas Schools**

This financial report is designed to provide our community, taxpayers, investors and creditors with an overview of the Los Lunas School District's financial condition and to provide accountability for the funds the School District receives. If you have questions about our report or about the operations of the Los Lunas School District, please visit our web site at [www.llschools.net](http://www.llschools.net) , or contact:

**Dana Sanders**  
Superintendent  
Los Lunas Schools  
PO Drawer 1300  
Los Lunas, NM 87031  
[dsanders@llschools.net](mailto:dsanders@llschools.net)

**or**

**Claire Cieremans**  
Chief Financial Officer  
Los Lunas Schools  
PO Drawer 1300  
Los Lunas, NM 87031  
[ccieremans@llschools.net](mailto:ccieremans@llschools.net)

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Exhibit A-1  
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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 37,719,996
Receivables (net of allowance for uncollectibles)	6,092,136
Inventory and other assets	329,618
Total current assets	<u>44,141,750</u>
Noncurrent assets	
Capital assets, non-depreciable	
Land	2,476,610
Construction in progress	552,344
Total capital assets, non-depreciable	<u>3,028,954</u>
Capital assets, net of accumulated depreciation	
Land improvements	8,062,320
Buildings and building improvements	203,597,156
Furniture, fixtures and equipment	5,013,203
Vehicles	8,576,451
Less: accumulated depreciation	<u>(66,354,048)</u>
Total capital assets, net of accumulated depreciation	<u>158,895,082</u>
Total noncurrent assets	<u>161,924,036</u>
<b>Total Assets</b>	<u>206,065,786</u>
<b>DEFERRED OUTFLOWS</b>	
Pension related	<u>9,217,232</u>
<b>Total deferred outflows</b>	\$ <u>9,217,232</u>

*See Notes to Financial Statements.*

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Exhibit A-1  
(Page 2 of 2)

	<b>Governmental Activities</b>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	\$ 844,852
Accrued payroll expenses	3,981,942
Accrued compensated absences	457,663
Accrued interest	575,632
Current portion of long-term debt	5,367,872
Total current liabilities	<u>11,227,961</u>
Noncurrent liabilities	
Bonds due in more than one year	43,216,578
Compensated absences	152,554
Net pension liability	92,828,294
Total noncurrent liabilities	<u>136,197,426</u>
<b>Total liabilities</b>	<u>147,425,387</u>
<b>DEFERRED INFLOWS</b>	
Pension related	<u>2,138,795</u>
<b>Total deferred inflows</b>	<u>2,138,795</u>
<b>NET POSITION</b>	
Net investment in capital assets	113,339,586
Restricted for:	
Debt service	6,651,462
Capital projects	15,253,819
Special revenue funds	2,637,755
Unrestricted	<u>(72,163,786)</u>
<b>Total net position</b>	<u><u>\$ 65,718,836</u></u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO**  
**LOS LUNAS SCHOOLS**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 2016**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Service</b>
<b>Primary government</b>		
Governmental activities		
Instruction	\$ 42,401,803	327,499
Support Services		
Students	6,731,674	82,112
Instruction	1,602,392	-
General Administration	1,229,170	-
School Administration	5,607,998	-
Other Support Services	140,718	-
Central Services	2,303,697	-
Operation & Maintenance of Plant	15,578,717	-
Student Transportation	3,429,206	-
Food Services Operation	4,037,220	367,344
Loss on disposition of assets	(28,618)	-
Interest on long-term debt	1,184,975	-
<b>Total Primary Government</b>	<b>\$ 84,218,952</b>	<b>776,955</b>

*See Notes to Financial Statements.*

Program Revenues		Net (Expenses)
Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Assets
9,203,204	-	(32,871,100)
-	-	(6,649,562)
-	-	(1,602,392)
-	-	(1,229,170)
-	-	(5,607,998)
-	-	(140,718)
-	-	(2,303,697)
-	3,004,504	(12,574,213)
2,124,168	-	(1,305,038)
3,662,092	-	(7,784)
-	-	28,618
-	-	(1,184,975)
14,989,464	3,004,504	(65,448,029)

**General Revenues:**

## Property taxes:

Levied for general purposes	205,803
Levied for debt service	6,484,308
Levied for capital projects	3,807,134
State Equalization Guarantee	59,042,860
Miscellaneous	99,602

<b>Total general revenues</b>	<b>69,639,707</b>
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<b>Change in net position</b>	<b>4,191,678</b>
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<b>Net position - beginning</b>	<b>61,527,158</b>
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<b>Net position - ending</b>	<b>\$ 65,718,836</b>
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See Notes to Financial Statements.



STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2016

	Operational Fund		
	General 11000	Transportation 13000	Instructional Materials 14000
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 13,277,511	-	654,227
Accounts receivable			
Taxes	49,384	-	-
Due from other governments	-	-	-
Interfund receivables	3,286,303	-	-
Other	-	-	-
Prepaid expenditures	6,881	-	-
Inventory	-	38,364	-
<i>Total assets</i>	<u>\$ 16,620,079</u>	<u>38,364</u>	<u>654,227</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Current Liabilities</i>			
Accounts payable	\$ 283,696	-	-
Accrued payroll liabilities	3,963,680	-	-
Interfund payables	-	-	-
<i>Total liabilities</i>	<u>\$ 4,247,376</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS - PROPERTY TAXES</b>			
Unearned revenue - property taxes	\$ 42,134	-	-
Unearned revenue - other	-	-	-
<i>Total Deferred Inflows</i>	<u>42,134</u>	<u>-</u>	<u>-</u>
<i>Total Liabilities and Deferred Outflows</i>	<u>4,289,510</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>			
Fund Balance			
Nonspendable	6,881	38,364	-
Restricted	-	-	654,227
Committed	-	-	-
Assigned	-	-	-
Unassigned	12,323,688	-	-
<i>Total fund balance</i>	<u>12,330,569</u>	<u>38,364</u>	<u>654,227</u>
<i>Total liabilities and fund balance</i>	<u>\$ 16,620,079</u>	<u>38,364</u>	<u>654,227</u>

See Notes to Financial Statements.

Exhibit B-1  
(Page 1 of 2)

Bond Building 31100	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
10,822,243	6,300,251	6,665,764	37,719,996
-	1,344,976	814,619	2,208,979
-	-	3,883,157	3,883,157
-	-	-	3,286,303
-	-	-	-
-	-	49,453	56,334
-	-	234,920	273,284
<u>10,822,243</u>	<u>7,645,227</u>	<u>11,647,913</u>	<u>47,428,053</u>
86,455	-	474,701	844,852
-	-	18,262	3,981,942
-	-	3,286,303	3,286,303
<u>86,455</u>	<u>-</u>	<u>3,779,266</u>	<u>8,113,097</u>
-	993,765	658,734	1,694,633
-	-	-	-
<u>-</u>	<u>993,765</u>	<u>658,734</u>	<u>1,694,633</u>
<u>86,455</u>	<u>993,765</u>	<u>4,438,000</u>	<u>9,807,730</u>
-	-	284,373	329,618
10,735,788	6,651,462	7,194,867	25,236,344
-	-	-	-
-	-	-	-
-	-	(269,327)	12,054,361
<u>10,735,788</u>	<u>6,651,462</u>	<u>7,209,913</u>	<u>37,620,323</u>
<u>10,822,243</u>	<u>7,645,227</u>	<u>11,647,913</u>	<u>47,428,053</u>

**STATE OF NEW MEXICO**  
**LOS LUNAS SCHOOLS**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**For the Year Ended June 30, 2016**

Exhibit B-1  
 (Page 2 of 2)

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Fund balances - total governmental funds	\$ 37,620,323
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	161,924,036
Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds.	9,217,232
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities	1,694,633
Accrued Interest	(575,632)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	(610,217)
General obligation bonds	(48,584,450)
Net pension liability	(92,828,294)
Defined benefit pension plan deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(2,138,795)</u>
<b>Net Position-total Governmental Activities</b>	<b>\$ <u>65,718,836</u></b>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2016**

	Operational Fund		
	General 11000	Transportation 13000	Instructional Materials 14000
<i>Revenues</i>			
Property taxes	\$ 205,803	-	-
State grants	59,042,860	2,124,168	594,024
Federal grants	391,172	-	-
Charges for service	8,781	-	-
Miscellaneous	65,545	750	-
Interest	-	-	-
	<u>59,714,161</u>	<u>2,124,918</u>	<u>594,024</u>
<i>Expenditures</i>			
Current			
Instruction	32,102,162	-	455,843
Support Services			
Students	5,835,958	-	-
Instruction	1,392,748	-	-
General Administration	775,898	-	-
School Administration	4,623,437	-	-
Central Services	2,246,704	-	-
Operation & Maintenance of Plant	8,788,921	-	-
Student Transportation	397,176	2,115,250	-
Other Support Services	90,804	-	-
Food Services Operations	-	-	-
Community Service	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
	<u>56,253,808</u>	<u>2,115,250</u>	<u>455,843</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>3,460,353</u>	<u>9,668</u>	<u>138,181</u>
<i>Other financing sources (uses)</i>			
Operating transfers	26,026	-	-
Proceeds from bond issues	-	-	-
<i>Total other financing sources (uses)</i>	<u>26,026</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>3,486,379</u>	<u>9,668</u>	<u>138,181</u>
<i>Fund balances, beginning of year</i>	<u>8,844,190</u>	<u>28,696</u>	<u>516,046</u>
<i>Fund balances (deficit), end of year</i>	<u>\$ 12,330,569</u>	<u>38,364</u>	<u>654,227</u>

See Notes to Financial Statements.

Bond Building 31100	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
-	6,678,877	3,807,134	10,691,814
1,893,785	-	3,026,743	66,681,580
-	-	9,964,076	10,355,248
-	-	768,174	776,955
8,035	4	25,268	99,602
-	-	-	-
1,901,820	6,678,881	17,591,395	88,605,199
-	-	5,985,079	38,543,084
-	-	788,978	6,624,936
-	-	174,252	1,567,000
-	65,037	370,736	1,211,671
-	-	843,791	5,467,228
-	-	-	2,246,704
-	-	-	8,788,921
-	-	582,772	3,095,198
-	-	-	90,804
-	-	3,966,559	3,966,559
-	-	-	-
5,231,638	-	4,954,118	10,185,756
-	5,095,000	-	5,095,000
-	1,217,847	-	1,217,847
5,231,638	6,377,884	17,666,285	88,100,708
(3,329,818)	300,997	(74,890)	504,491
-	-	(26,026)	-
6,232,961	-	-	6,232,961
6,232,961	-	(26,026)	6,232,961
2,903,143	300,997	(100,916)	6,737,452
7,832,645	6,350,465	7,310,829	30,882,871
10,735,788	6,651,462	7,209,913	37,620,323

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2016**

Exhibit B-2  
(Page 2 of 2)

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net Change in fund balances - total governmental funds	\$ 6,737,452
Change in net pension liability	(1,579,947)
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 assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period.	
Depreciation expense	(5,924,937)
Capital Outlays	6,229,403
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(194,569)
The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:	
Change in accrued interest payable	32,872
Change in accrued compensated absences	747
Bond proceeds	(6,232,961)
Principal payments on bonds	5,095,000
Loss on disposition of fixed assets	<u>28,618</u>
Change in Net Position-total Governmental Activities	\$ <u><u>4,191,678</u></u>

*See Notes to Financial Statements.*

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
GENERAL FUND - 11000

Exhibit C-1

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ 204,049	204,049	205,803	1,754
State grants	58,510,765	58,517,955	59,042,860	524,905
Federal grants	228,224	228,224	389,609	161,385
Charges for service	7,500	7,500	8,781	1,281
Miscellaneous	12,500	12,500	65,545	53,045
Interest	1,500	1,500	-	(1,500)
<i>Total revenues</i>	<u>58,964,538</u>	<u>58,971,728</u>	<u>59,712,598</u>	<u>740,870</u>
<i>Expenditures</i>				
Current:				
Instruction	33,354,605	35,735,284	30,015,670	5,719,614
Support Services				
Students	6,424,155	6,603,195	5,835,958	767,237
Instruction	1,520,825	1,668,825	1,392,748	276,077
General Administration	976,034	1,369,034	775,898	593,136
School Administration	4,925,851	5,018,101	4,623,437	394,664
Central Services	2,510,987	2,577,237	2,246,704	330,533
Operation & Maintenance of Plant	9,746,110	11,407,610	8,788,921	2,618,689
Student Transportation	667,084	1,682,084	397,176	1,284,908
Other Support Services	793,876	2,314,437	90,804	2,223,633
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total Expenditures</i>	<u>60,919,527</u>	<u>68,375,807</u>	<u>54,167,316</u>	<u>14,208,491</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(1,954,989)</u>	<u>(9,404,079)</u>	<u>5,545,282</u>	<u>14,949,361</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	26,026	26,026
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>26,026</u>	<u>26,026</u>
<i>Net changes in fund balances</i>	<u>(1,954,989)</u>	<u>(9,404,079)</u>	<u>5,571,308</u>	<u>14,975,387</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ (1,954,989)</u>	<u>(9,404,079)</u>	<u>5,571,308</u>	<u>14,975,387</u>
<i>Reconciliation to GAAP Basis</i>				
Adjustments to revenues			\$ 1,563	
Adjustments to expenditures			(2,086,492)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 3,486,379</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**LOS LUNAS SCHOOLS**  
**TRANSPORTATION FUND - 13000**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2016**

Exhibit C-2

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	2,130,534	2,124,918	2,124,168	(750)
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	750	750
Interest	-	-	-	-
<i>Total revenues</i>	<u>2,130,534</u>	<u>2,124,918</u>	<u>2,124,918</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	2,130,534	2,124,918	2,124,918	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total Expenditures</i>	<u>2,130,534</u>	<u>2,124,918</u>	<u>2,124,918</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Reconciliation to GAAP Basis</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			<u>9,668</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 9,668</u>	

See Notes to Financial Statements.



STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
INSTRUCTIONAL MATERIALS FUND - 14000  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Exhibit C-3

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	453,238	593,902	594,857	955
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>453,238</u>	<u>593,902</u>	<u>594,857</u>	<u>955</u>
<i>Expenditures</i>				
Current:				
Instruction	453,238	1,109,115	455,843	653,272
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total Expenditures</i>	<u>453,238</u>	<u>1,109,115</u>	<u>455,843</u>	<u>653,272</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(515,213)</u>	<u>139,014</u>	<u>654,227</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>(515,213)</u>	<u>139,014</u>	<u>654,227</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>(515,213)</u>	<u>139,014</u>	<u>654,227</u>
<i>Reconciliation to GAAP Basis</i>				
Adjustments to revenues			\$ (833)	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 138,181</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**LOS LUNAS SCHOOLS**  
**BOND BUILDING CAPITAL PROJECT FUND - 31100**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2016**

Exhibit C-4

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	-	-	-	-
State grants	5,725,000	5,725,000	1,893,785	(3,831,215)
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	8,035	8,035
Interest	9,323	9,323	-	(9,323)
<i>Total revenues</i>	<u>5,734,323</u>	<u>5,734,323</u>	<u>1,901,820</u>	<u>(3,832,503)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	13,253,384	14,575,735	5,878,950	8,696,785
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total Expenditures</i>	<u>13,253,384</u>	<u>14,575,735</u>	<u>5,878,950</u>	<u>8,696,785</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(7,519,061)</u>	<u>(8,841,412)</u>	<u>(3,977,130)</u>	<u>4,864,282</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	6,232,961	6,232,961
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>6,232,961</u>	<u>6,232,961</u>
<i>Net change in fund balances</i>	<u>(7,519,061)</u>	<u>(8,841,412)</u>	<u>2,255,831</u>	<u>11,097,243</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>(7,519,061)</u>	<u>(8,841,412)</u>	<u>2,255,831</u>	<u>11,097,243</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to revenues-PSFA portion of capital outlay			-	
Adjustments to expenditures			647,312	
Adjustments to expenditures-PSFA portion of capital outlay			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 2,903,143</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**LOS LUNAS SCHOOLS**  
**AGENCY FUNDS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**  
**June 30, 2016**

Exhibit D-1

	Agency Funds
	<hr/>
<b>ASSETS</b>	
<i>Current Assets</i>	
Cash	\$ <u>804,180</u>
<i>Total assets</i>	\$ <u><u>804,180</u></u>
 <b>LIABILITIES</b>	
<i>Curent Liabilities</i>	
Deposits held in trust for others	\$ <u>804,180</u>
<i>Total liabilities</i>	\$ <u><u>804,180</u></u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 1. NATURE OF ORGANIZATION**

The Los Lunas School Board was created under the provision of Chapter 22 Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District. The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the state of New Mexico and the regulations of the State Board of Education and the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years.

The School Board operates sixteen schools within the School District with a total enrollment of approximately 8,500 pupils. In conjunction with the regular educational programs, some of these schools offer special education. In addition, the School Board provides transportation and school food services for the students.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Los Lunas Schools (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the District's accounting policies are described below.

**A. Financial Reporting Entity**

GASB Statement No. 14 established criteria for determining the government 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 also has no *component units*, as defined by GASB Statement No. 14 and/or GASB Statement No. 39, as there are no other legally separate organizations for which the elected School Board 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.

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-wide and Fund Financial Statements**

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

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

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

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

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

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

Ad valorem taxes (property taxes), franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary fund operating revenue, such as charges for service, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenue, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The *agency funds* are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity.

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 long-term debt. Governmental funds include:

The *General Funds* are the primary operating funds of the District, and accounts for all financial resources, except those required to be accounted for in other funds.

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

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The *Debt Service Funds* account for the services of long-term debt not being financed by proprietary or nonexpendable trust funds.

Under the requirements of GASB 34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following, which include funds that were not required to be presented as major but were at the discretion of management:

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

***General Funds:***

The *Operational Fund* is the primary operating fund of the District, and accounts for all financial resources, except those required to be accounted for in other funds.

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

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

***Other Funds Presented as Major Funds:***

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

The *Debt Service Fund* is used to account for the accumulation of resources for the payment of Long- Term Debt principal and interest.

Additionally, the District reports the following agency fund:

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Program revenues are categorized as (a) charges for services, which include revenues collected for cafeteria fees and lost books, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as Title I, IDEA-B, and Magnet school funding to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources such as SB-9 and HB-33 funding to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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

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

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

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

**Receivables and Payables:** Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

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



**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Position (Continued)**

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

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

**Instructional Materials:** The New Mexico State Department of Education receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of material listed in the State Board of Education 'State Adopted Instructional Material' list, while the other fifty percent of each allocation is available for purchases directly from vendors, for which the school district receives cash draw-downs, or transfer for requisition of material from the adopted list.

**Inventory:** Inventory is valued at lower of cost (first-in, first-out) or market. Inventory in the General Fund consists of expendable supplies held for consumption. Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed. The U.S.D.A. commodities are recorded at year-end by audit adjusting entries. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories and deferred revenue. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. No deferred revenue was recorded for unused commodity inventory as of June 30, 2016. Inventories in the Transportation Fund consisted of related supplies.

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 per Section 12-6-10 NMSA 1978, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. However, infrastructure assets have not been included in the June 30, 2016 financial statements of Los Lunas School District, since the District did not own any infrastructure assets as of June 30, 2016. Information technology equipment, including software, is being capitalized and included in furniture and equipment as the District did not maintain internally developed software. The District expenses the cost of library books when purchased. Donated capital assets are recorded at estimated fair value at the date of donation.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Position (Continued)**

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2016.

Capital expenditures made on the District's building construction projects by the NM Public School Facilities Authority have been recorded as a revenue and expenditure in the fund financial statements, and have been included as capital assets in the District's government-wide financial statements.

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

Buildings/building improvements	20-40 years
Furniture and equipment	3-7 years

**Deferred Outflows/Inflows of Resources:** In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Also, in addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Deferred inflows are reported in the governmental funds regarding property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Compensated Absences:** Qualified employees are entitled to accumulate annual leave according to a graduated leave schedule of 12 days to 20 days per year, depending on length of service, the employee's hire date, and the employee's employment status (administrator or classified). All earned vacation must be taken within one year after it is earned. Upon termination, employees will be paid for up to twenty days of accrued annual leave.

Qualified employees are entitled to accumulate sick leave according to a graduated leave schedule of 10 days to 14 days per year, depending on the employee's annual contract length. There is no limit to the amount of sick leave an employee may accumulate. Employees with a minimum of twelve years of service with the Los Lunas School District are eligible for the following compensation upon official retirement from the District through the New Mexico Educational Retirement Board:

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Position (Continued)**

1. Eligible employees will receive 10% of the average daily rate stated in the final employment contract for all unused sick leave earned on June 30 of the year prior to the last year of service up to a maximum of 700 hours; and
2. Eligible employees will receive 100% of the average daily rate stated in the final employment contract for all unused sick leave earned in the final school year of employment up to a maximum of 49 hours.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the district-wide statement of net position.

**Long-term Obligations:** In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

For fund financial reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**Pensions:** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the Fiduciary Net Position of the New Mexico Educational Retirement Board (ERB) and additions to/deductions from ERB's Fiduciary Net Position have been determined 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.

**Net Position or Fund Equity:** Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The detail of which is presented in Note 19.

In the government-wide financial statements, fund equity is classified as net position and is displayed in three components:

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Position (Continued)**

*Net Investment in capital assets:* Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted Net Position:* Consists of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position are restricted for "debt service or capital projects."

*Unrestricted Net Position:* All other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

The Government-wide Statement of Net Position reports \$24,543,036 of restricted net position of which \$15,253,819 is restricted by enabling legislation.

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

**Interfund Transactions:** Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the District's financial statements include management's estimate of the useful lives of capital assets.

**E. Revenues**

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

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Position (Continued)**

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$59,042,860 in state equalization guarantee distributions during the year ended June 30, 2016.

**Tax Revenues:** The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Tax revenues are recognized when they are in the hands of the collecting agency.

The District records only the portion of the taxes considered to be 'measurable' and 'available'. The District recognized \$10,691,814 in tax revenues during the year ended June 30, 2016. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Property taxes attach an enforceable lien on property as of January 1. Tax notices are sent to property owners by November 1<sup>st</sup> of each year to be paid in whole or in two installments by November 10<sup>th</sup> and April 10<sup>th</sup> of each year. Valencia County collects County, City, and School taxes, and distributes them to each fund once per month, except in June when taxes are distributed twice to close out the fiscal year.

**Transportation Distribution:** School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$2,124,168 in transportation distributions during the year ended June 30, 2016.

**Instructional Materials:** The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while the other fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2016 totaled \$594,024.

**Public School Capital Outlay:** Under the provisions of Chapter 22, Article 24, a public school capital outlay fund was created. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program, and the capital outlay expenditures are limited to the purchase, or construction of temporary or permanent classrooms.

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Revenues (Continued)**

The council shall approve an application for grant assistance from the fund when the council determines that:

1. A critical need exists requiring action;
2. The residents of the school districts have provided all available resources to the district to meet its capital outlay requirements;
3. The school district has used its resources in a prudent manner;
4. The District is in a county or counties which have participated in the reappraisal program and the reappraised values are on the tax rolls, or will be used for the tax year 1979 as certified by the property tax division; and
5. The school district has provided insurance for buildings of the school district in accordance with the provisions of Section 13-5-3 NMSA 1978.

The council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district has complied with the provisions of this section. The council shall list all applications in order of priority and all allocations shall be made on a priority basis.

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved. During the year ended June 30, 2016, the District received \$1,893,785 in capital outlay funds.

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

During the year ended June 30, 2016 the District received \$807,219 in funds for state SB-9 matching.

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

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Revenues (Continued)**

Department of Education). The various budgets are approved by the Local School Board and the New Mexico Public Education Department.

The District also receives reimbursement under the National School Lunch and Breakfast Programs for its food services operations, and the distributions of commodities through the New Mexico Human Services Department.

**NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

*Budgetary Information*

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

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

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

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

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

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the State of New Mexico Public Education Department (PED) by the District shall contain headings and details as described by law and have been approved by the Public Education Department.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

which fixes the estimated budget for the school district for the ensuing fiscal year.

3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.
4. The “operating” budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system. 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 DBPU.
5. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
6. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the SBPU.
7. Legal budget control for expenditures is by fund.
8. Appropriations lapse at fiscal yearend. 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 Los Lunas Schools 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.
9. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.
10. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico state law prohibits a Governmental Agency from exceeding an individual function.



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**NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non- GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

**NOTE 4. CASH AND CASH EQUIVALENTS**

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

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

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

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

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

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

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**NOTE 4. CASH AND CASH EQUIVALENTS (CONTINUED)**

**Deposits**

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

	US Bank	Wells Fargo	Total
Total amount of deposits	\$ 38,537,549	1,019,905	39,557,454
FDIC coverage	(500,000)	(250,000)	(750,000)
Total uninsured public funds	<u>\$ 38,037,549</u>	<u>769,905</u>	<u>38,807,454</u>
Pledged collateral held by pledging bank's trust department or agent in agency's name	\$ 41,750,000	862,876	42,612,876
Collateral requirement (50% of uninsured public funds)	\$ 19,018,775	384,953	19,403,728
Pledged Security	41,750,000	862,876	42,612,876
Total over (under) collateralized	<u>\$ 22,731,225</u>	<u>477,923</u>	<u>23,209,148</u>

*Custodial Credit Risk – Deposits.* 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, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2016, none of the District's bank balance of \$39,557,454 was exposed to custodial credit risk as the amount uninsured was collateralized and the collateral was held by the pledging bank's trust department in the District's name. None of the District's bank balance was uninsured and uncollateralized. At June 30, 2016, the carrying amount of these deposits was \$38,523,502.

**Reconciliation of Cash and Cash Equivalents**

**Governmental Funds-Balance Sheet**

Cash and cash equivalents per Exhibit A-1	\$ 37,719,996
Statement of Fiduciary Net Assets – cash per Exhibit D-1	804,180
Add: outstanding checks and other reconciling items	1,034,483
Less: petty cash	<u>(1,205)</u>
Bank balance of deposits	<u>\$ 39,557,454</u>

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**NOTE 5. RECEIVABLES**

Receivables as of June 30, 2016 are as follows:

	General	Debt Service	Other Governmental Funds	Total
Property taxes	\$ 49,384	1,344,976	814,619	2,208,979
Intergovernmental grants	-	-	3,883,157	3,883,157
Totals	\$ 49,384	1,344,976	4,697,776	6,092,136

The above receivables are deemed 100% collectible. In accordance with GASB 33, property tax receivables are presented net of unearned revenues in the amount of \$1,694,633 on the governmental fund financial statements.

**NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

“Interfund balances” have primarily been recorded when funds overdraw their share of pooled cash when the District is waiting for grant reimbursements. The composition of interfund balances as of June 30, 2016 is as follows:

<b>GOVERNMENTAL ACTIVITIES</b>	Interfund Receivables	Interfund Payables
<b>Major Funds:</b>		
General	\$ 3,286,303	
<b>Nonmajor Funds:</b>		889,108
Title I - IASA		825,176
IDEA-B Entitlement		52,168
Non-instructional Support		7,539
IDEA-B Competitive		13,502
Education of Homeless		9,959
IDEA-B “Risk Pool”		1,631
English Language Acquisition		121,922
Teacher/Principal Training & Recruiting		124,794
Title I School Improvement		6,595
Immigrant Funding Title III		26,026
Carl D. Perkins Secondary - Current		36,847
Carl D. Perkins Redistribution		15,567
Teen Dating Violence		8,525
Indian Education Formula Grant		12,345
Gear Up FY13 Plus		212,781
Dual Credit Instructional Materials		2,352
2012 GO Bond Library Fund		46,225
Pre K Initiative		276,172
Indian Education Art		16,774

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**NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)**

<b>GOVERNMENTAL ACTIVITIES</b>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>Nonmajor Funds:</b>		
Breakfast for Elementary Students		1
Kindergarten – Three Plus		274,846
GRADS – Instructional		576
Special Capital Outlay		304,872
<b>Total Governmental Activities</b>	\$ <u>3,286,303</u>	<u>3,286,303</u>

Net operating transfers made to close out funds, to supplement other funding sources, and to repay previous transfers were as follows:

<u>Governmental Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund (11000)	\$ -	26,026
Immigrant Funding Title III (24163)	26,026	-
Total	\$ <u>26,026</u>	<u>26,026</u>

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**NOTE 7. CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2016, including those changes pursuant to the implementation of GASB Statement No. 34, follows:

	Balance June 30, 2015	Additions	Deletions	Transfers	Balance June 30, 2016
<b>Capital Assets used in Governmental Activities</b>					
<i>Assets not depreciated:</i>					
Land	\$ 2,476,610	-	-	-	2,476,610
Construction in progress	55,845,557	494,473	-	(55,787,686)	552,344
Subtotal, assets not depreciated	<u>58,322,167</u>	<u>494,473</u>	<u>-</u>	<u>(55,787,686)</u>	<u>3,028,954</u>
<i>Assets depreciated:</i>					
Land improvements	7,869,100	193,220	-	-	8,062,320
Building & building improvements	143,526,842	4,385,828	(103,200)	55,787,686	203,597,156
Furniture, fixtures, and equipment	4,791,511	405,474	(183,782)	-	5,013,203
Vehicles	8,134,068	750,408	(308,025)	-	8,576,451
Subtotal, assets depreciated	<u>164,321,521</u>	<u>5,734,930</u>	<u>(595,007)</u>	<u>55,787,686</u>	<u>225,249,130</u>
<i>Less accumulated depreciation:</i>					
Land improvements	(3,953,654)	(363,842)	34,528	-	(4,282,968)
Buildings & building improvements	(47,161,915)	(4,847,564)	103,200	-	(51,906,279)
Furniture, fixtures, and equipment	(3,855,829)	(239,262)	182,382	-	(3,912,709)
Vehicles	(6,081,338)	(474,269)	303,515	-	(6,252,092)
Subtotal, accumulated depreciation	<u>(61,052,736)</u>	<u>(5,924,937)</u>	<u>623,625</u>	<u>-</u>	<u>(66,354,048)</u>
Net assets being depreciated	<u>103,268,785</u>	<u>(190,007)</u>	<u>28,618</u>	<u>55,787,686</u>	<u>158,895,082</u>
Total net capital assets	<u>\$ 161,590,952</u>	<u>304,466</u>	<u>28,618</u>	<u>-</u>	<u>161,924,036</u>

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**NOTE 7. CAPITAL ASSETS (CONTINUED)**

Depreciation expense for the year ended June 30, 2016 was charged to governmental activities as follows:

Instruction	\$	2,865,095
Support Services – Students		5,176
Fiscal Services		235
Operations and Management of Plant		2,699,190
Student Transportation		334,007
Food Services Operation		21,233
Total	\$	<u>5,924,936</u>

**NOTE 8. LONG-TERM DEBT**

During the year ended June 30, 2016, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
General Obligation Bonds	\$ 47,315,000	6,000,000	(5,095,000)	48,220,000	5,335,000
Bond Premium	164,361	232,961	(32,872)	364,450	52,285
Compensated Absences	610,964	290,349	(291,096)	610,217	457,663
Total	\$ <u>48,090,325</u>	<u>6,523,310</u>	<u>(5,418,968)</u>	<u>49,194,667</u>	<u>5,844,948</u>

Interest expense paid on long-term debt totaled \$1,184,975 on the Statement of Activities for the year ended June 30, 2016.

The District's general obligation bonds were issued for the purposes of creating, remodeling, making additions to and furnishing school buildings, and purchasing and improving school grounds and are payable solely from general property taxes. The bonds are payable from the Debt Service Fund (Fund 41000). Interest payments are due semi-annually on July 15 and January 15. Interest rates on the bonds range from 0.582% to 4.000%. Principal payments in varying amounts are due annually on August 1 or August 15 through 2028.

*General Obligation Bonds Series 2015:* On October 28, 2015, the District issued GO Bond Series 2015 at a par amount of \$6,000,000, a premium of \$232,961, variable interest rate of 2.00% to 4.00%, and a maturity date of July 15, 2028. The net bond proceeds, after paying issuance costs of \$5,095,000, were used to fund the District's on-going school and building and renovation program for the purposes of 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, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act and for paying costs of issuance.

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**NOTE 8. LONG-TERM DEBT (CONTINUED)**

The annual requirements to amortize the General Obligation Bonds as of June 30, 2015, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 5,335,000	1,220,667	6,555,667
2018	5,305,000	1,170,775	6,475,775
2019	5,210,000	1,048,225	6,258,225
2020	4,535,000	920,875	5,455,875
2021	4,740,000	787,725	5,527,725
2022-2026	19,095,000	1,938,639	21,033,639
2027-2028	4,000,000	165,100	4,165,000
Totals	\$ 48,220,000	7,252,006	55,472,006

In prior years, the general fund was typically used to liquidate long-term liabilities other than debt.

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2016, compensated absences decreased \$747 over the prior year accrual. See Note 2 for more details.

Operating Leases – The District leases office equipment and storage units under short-term cancelable operating leases. Rental cost for the year ended June 30, 2016 was \$281,328.

**NOTE 9. RISK MANAGEMENT**

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

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible to each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort

Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery and Money Orders. A limit of \$100,000 applies to Money and Security, which includes a \$750 deductible.

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**NOTE 9. RISK MANAGEMENT (CONTINUED)**

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2015, there have been no claims that have exceeded insurance coverage.

**NOTE 10. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

Generally accepted accounting principles require disclosures as part of the Combined Statements of certain information concerning individual funds including:

- A. *Deficit fund balance of individual funds:*** The following funds reported a deficit fund balance at June 30, 2015:

<b>Nonmajor Funds:</b>	
Non-Instructional Support	(53,182)
Title I	(10,259)
IDEA-B Entitlement	(1,543)
IDEA-B Competitive	(1,790)
English Language Acquisition	(54,183)
Teacher/Principal Training & Recruiting	(24,629)
Immigrant Funding Title III	(26,026)
Title I School Improvement	(398)
Indian Ed Formula Grant	(12,345)
GRADS Child Care	(576)
Total	<u>\$ (184,931)</u>

- B. *Excess expenditures over appropriations:*** Budgetary authority is at the function level. There were no funds with expenditures in excess of budgetary authority for the year ended June 30, 2016.
- C. *Designated cash appropriation in excess of available balances:*** There were no funds with designated cash in appropriations in excess of available balances for the year ended June 30, 2016.

**NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD**

**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](http://www.nmerb.org).



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**NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

**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 other consecutive five-year period, whichever is greater. A brief summary of Plan coverage provisions is as 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 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.

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**NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

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

**Contributions.** The contribution requirements of defined benefit plan members are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2015 employers contributed 13.15% if employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2016 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from Los Lunas Schools were \$5,623,402 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, Los Lunas Schools reported a liability of \$92,828,294 for its proportionate share of the net pension liability. Los Lunas Schools' 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, Los Lunas Schools' proportion was 1.43314% percent, which was a increase of 0.00783% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, Los Lunas Schools recognized pension expense of \$1,579,947. At the June 30, 2016, Los Lunas Schools reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

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NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	1,720,951
Changes in assumptions	3,192,860	-
Net difference between projected and actual earnings on pension plan investments	-	417,844
Changes in proportion and differences between Los Lunas Schools' contributions and proportionate share of contributions	400,970	-
Los Lunas Schools' contributions subsequent to the measurement date	5,623,402	-
Total	\$ 9,217,232	2,138,795

\$9,217,232 reported as deferred outflows of resources related to pensions resulting from Los Lunas Schools' 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	\$ (65,962)
2018	(19,362)
2019	251,060
2020	1,289,297
2021	-
Thereafter	\$ -

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

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**NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

1. All members with an annual salary of more than \$20,000 will contribute 10.10% during the fiscal year ending June 30, 2015 and 10.7% thereafter.
2. Members hired after June 30, 2014 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

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

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

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**NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.).

***Sensitivity of Los Lunas Schools 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 Los Lunas Schools' 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.

	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
Los Lunas Schools' proportionate share of the net pension liability	\$ 124,906,671	92,828,294	65,879,118

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

***Payables to the pension plan.*** Los Lunas Schools did not accrue any payables for the pension plan at June 30, 2016. All 10-month teacher contracts for the school year are paid by fiscal year end.

**NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

***Plan Description.*** Los Lunas Schools 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.

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN  
(CONTINUED)**

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](http://www.nmrhca.state.nm.us).

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 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

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN  
(CONTINUED)**

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. Los Lunas School's contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$811,446, \$756,551 and \$736,256, respectively, which equal the required contributions for each year.

**NOTE 13. CONTINGENT LIABILITIES**

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

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

**NOTE 14. BUDGETED ACTIVITY FUNDS**

The Student Activity Funds, while budgeted under Non-Instructional Support in the financial statements, are considered for reporting purposes as agency funds and the related activity has been reported as such in the Statement of Changes in Assets and Liabilities – All Agency Funds section of the financial statements.

**NOTE 15. JOINT POWERS AGREEMENTS**

The New Mexico Public School Capital Outlay Council (PSCOC) through its Public School Facilities Authority (PSFA) and Los Lunas Schools are in agreement to cooperate to complete the public school capital outlay projects and to correct existing health and safety deficiencies that have been identified, verified, prioritized. The responsible party is the PSCOC. This agreement was extended as of October 2010 and will continue indefinitely.

**NOTE 16. COMMITMENTS**

Los Lunas Schools contracts with outside vendors for construction and renovation of various facilities. At June 30, 2016, contracts outstanding for capital projects totaled \$7,788,658.

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 17. RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2016, Los Lunas Schools contracted services from related parties. Expenditures related to the vendors totaled \$16,984.

**NOTE 18. RECENT AND NEW ACCOUNTING PRONOUNCEMENTS**

**Recent Accounting Pronouncements**

In February 2015, the GASB issued statement No. 72, *Fair Value Measurement and Application*. This Statement provides guidance for determining the fair value and applying the fair value to certain investments and note disclosures. GASB Statement No. 72 was effective for periods ending after June 15, 2016. The adoption of GASB Statement No. 72 did not have any effect on the District's Financial Statements.

In June 2015, the GASB issued statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68*. This Statement establishes requirements for defined benefit pension plans and other pension plans not addressed under GASB Statement No. 68. This Statement also amends some requirements of GASB Statement No. 67 and GASB Statement No. 68. GASB Statement No. 73 clarifies requirements of GASB Statements No. 67 and 68 regarding the information that must be presented as notes to the required supplemental 10 year schedules, accounting and financial reporting for certain liabilities for individual employers and non-employer contributing entities, and the revenue recognition for non-employer contributing entities that are not in a special funding situation. This statement requires that all pensions under GASB Statement No. 68 that are not administered through trusts and meet the requirements of GASB Statement No. 68 not be classified as pension plan assets. The implementation of GASB No. 73 did not have an impact on the District's Financial Statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Statement No. 76, which supersedes Statement No. 55, aims to identify, in the context of the current governmental financial reporting environment, the hierarchy of

U.S. GAAP, which consists of the sources of accounting principles used to prepare the financial statements of state and local governments entities in conformity with U.S. GAAP, as well as the framework for selecting those principles. The District adopted GASB Statement No. 76 during fiscal year 2016, with no significant impact to the District's financial statements.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement establishes criteria that must be met for an external investment pool to be permitted to measure its investments at the amortized cost for financial reporting purposes. This Statement also requires that the pool participants of external investment pools that meet the criteria also report their investments at the amortized cost for financial reporting purposes. External Investment Pools that not meet the requirement are required to follow paragraph 16 of GASB Statement No. 31. GASB Statement No. 79 requires additional note disclosures to be made in qualifying external



**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 18. RECENT AND NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

**Recent Accounting Pronouncements (Continued)**

investment pools financial statements. The additional note disclosures are also required to be made in the pool participants financial statements. The adoption of GASB Statement No. 79 did not have a significant impact on the District's financial statements.

**New Accounting Pronouncements**

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2016.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*

GASB Statement No. 77, *Tax Abatement Disclosures*

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*

GASB Statement No. 80, *Blending Requirements for Certain Units – an amendment to GASB Statement No. 14*

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*

GASB Statement No. 82, *Pension Issues (an Amendment of GASB Statements No. 67, No. 68, and No. 73)*

The District will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The District believes that the above listed new GASB pronouncements will not have a significant financial impact to the District or in issuing its financial statements.

**NOTE 19. GOVERNMENTAL FUND BALANCE**

**Fund Balance:** In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Some governments may not have policies or procedures that are comparable to those policies that underlie the classifications and therefore would not report amounts in all possible fund balance classifications.

In the governmental financial statements, fund balance is classified and is displayed in five components:

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 19. GOVERNMENTAL FUND BALANCE (CONTINUED)**

*Nonspendable:* Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted:* Consists of amounts that are restricted to specific purposes as a result of a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed:* Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

*Assigned:* Consist of amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned:* Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016**

**NOTE 19. GOVERNMENTAL FUND BALANCE**

Detail relating to the fund balance classifications is displayed below:

	Operational Fund	Transportation Fund	Instructional Materials Fund	Bond Building
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	\$ -	38,364	-	-
Prepaid expenditures	6,881	-	-	-
<b>Restricted for:</b>				
Student instruction	-	-	654,227	-
Capital projects	-	-	-	10,735,788
Food service	-	-	-	-
Debt service	-	-	-	-
<b>Committed to:</b>	-	-	-	-
<b>Assigned to:</b>	-	-	-	-
<b>Unassigned:</b>	12,323,688	-	-	-
Total fund balances	\$ 12,330,569	38,364	654,227	10,735,788

	Debt Service Fund	Other Governmental Funds	Total
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Inventory	\$ -	234,920	273,284
Prepaid expenditures	-	49,453	56,334
<b>Restricted for:</b>			
Student instruction	-	-	654,227
Capital projects	-	4,557,112	10,735,788
Food service	-	1,149,468	1,149,468
Special revenue	-	1,488,287	6,045,399
Debt service	6,651,462	-	6,651,462
<b>Committed to:</b>	-	-	-
<b>Assigned to:</b>	-	-	-
<b>Unassigned:</b>	-	(269,327)	12,054,361
Total fund balances	\$ 6,651,462	7,209,913	37,620,323

## **REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
**LOS LUNAS SCHOOLS**  
**SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**June 30, 2016**

**New Mexico Educational Retirement Board Pension Plan**  
**Schedule of Ten Year Tracking Data\***  
**(Dollars in Thousands)**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
School's Proportion of the Net Pension Liability (Asset)	1.43%	1.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
School's Proportionate Share of Net Pension Liability (Asset)	\$ 81,324	92,828	-	-	-	-	-	-	-	-
School's Covered-Employee Payroll	\$ 39,287	39,129	-	-	-	-	-	-	-	-
School's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	207.00%	237.23%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.54%	63.97%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\*The amounts presented for each fiscal year were determined as of June 30, 2015

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
SCHEDULE OF SCHOOL CONTRIBUTIONS  
June 30, 2016

New Mexico Educational Retirement Board Pension Plan  
Schedule of Ten Year Tracking Data  
(Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 5,166	6,463	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	5,166	5,663	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ -	800	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 8,504	5		\$ 2,234	2,234	2,188	1,848	-				
2015	\$ 1,455	5			(66)	(19)	251	1,289	-			
2016	-	5				-	-	-	-	-		
2017	-	5					-	-	-	-	-	
2018	-	5						-	-	-	-	-
2019	-	5							-	-	-	-
2020	-	5								-	-	-
2021	-	5									-	-
2022	-	5										-
2023	-	5										
	<u>\$ 9,959</u>			<u>\$ 2,234</u>	<u>2,168</u>	<u>2,169</u>	<u>2,099</u>	<u>1,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2016**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**1. 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***.

**2. 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 April 26, 2014, ERB implemented the following changes in assumptions for fiscal years 2015 and 2016.

1. Fiscal year 2015 and 2014 valuation assumptions that changed based on this study:
  - a. Lower wage inflation from 4.75% to 4.25%
  - b. Lower payroll growth from 3.75% to 3.50%
  - c. Minor changes to demographic assumptions
  - d. Population growth per year from 0.75% to 0.50%
2. Assumptions that were not changed:
  - a. Investment return will remain at 7.75%
  - b. Inflation will remain at 3.00%

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

## **SUPPLEMENTARY INFORMATION**



**NONMAJOR GOVERNMENTAL FUNDS**

**STATE OF NEW MEXICO**  
**LOS LUNAS SCHOOLS**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2016**

Statement A-1

	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 2,662,954	4,002,810	6,665,764
Accounts receivable			
Taxes	-	814,619	814,619
Due from other governments	2,827,438	1,055,719	3,883,157
Interfund receivables	-	-	-
Other	-	-	-
Prepaid expenditures	32,162	17,291	49,453
Inventory	234,920	-	234,920
<i>Total assets</i>	<u>\$ 5,757,474</u>	<u>5,890,439</u>	<u>11,647,913</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Current Liabilities</i>			
Accounts payable	\$ 65,899	408,802	474,701
Accrued payroll liabilities	18,262	-	18,262
Interfund payables	2,981,431	304,872	3,286,303
<i>Total liabilities</i>	<u>3,065,592</u>	<u>713,674</u>	<u>3,779,266</u>
<b>DEFERRED INFLOWS - PROPERTY TAXES</b>			
Unearned revenue - property taxes	-	658,734	658,734
Unearned revenue - other	-	-	-
<i>Total Deferred Inflows</i>	<u>-</u>	<u>658,734</u>	<u>658,734</u>
<i>Total Liabilities and Deferred Outflows</i>	<u>3,065,592</u>	<u>1,372,408</u>	<u>4,438,000</u>
<i>Fund balances</i>			
Fund Balance			
Nonspendable	267,082	17,291	284,373
Restricted	2,637,755	4,557,112	7,194,867
Committed	-	-	-
Assigned	-	-	-
Unassigned	(212,955)	(56,372)	(269,327)
<i>Total fund balance</i>	<u>2,691,882</u>	<u>4,518,031</u>	<u>7,209,913</u>
<i>Total liabilities and fund balance</i>	<u>\$ 5,757,474</u>	<u>5,890,439</u>	<u>11,647,913</u>

See Notes to Financial Statements.

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

Statement A-2

	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL
<i>Revenues</i>			
Property taxes	\$ -	3,807,134	3,807,134
State grants	1,916,024	1,110,719	3,026,743
Federal grants	9,964,076	-	9,964,076
Charges for service	768,174	-	768,174
Miscellaneous	-	25,268	25,268
Interest	-	-	-
<i>Total revenues</i>	<u>12,648,274</u>	<u>4,943,121</u>	<u>17,591,395</u>
<i>Expenditures</i>			
Current			
Instruction	5,985,079	-	5,985,079
Support Services			
Students	788,978	-	788,978
Instruction	174,252	-	174,252
General Administration	333,199	37,537	370,736
School Administration	843,791	-	843,791
Central Services	-	-	-
Operation & Maintenance of Plant	-	-	-
Student Transportation	582,772	-	582,772
Other Support Services	-	-	-
Food Services Operations	3,966,559	-	3,966,559
Community Service	-	-	-
Capital outlay	-	4,954,118	4,954,118
Debt service	-	-	-
Principal	-	-	-
Interest	-	-	-
	<u>12,674,630</u>	<u>4,991,655</u>	<u>17,666,285</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(26,356)</u>	<u>(48,534)</u>	<u>(74,890)</u>
<i>Other financing sources (uses)</i>			
Operating transfers	(26,026)	-	(26,026)
<i>Total other financing sources (uses)</i>	<u>(26,026)</u>	<u>-</u>	<u>(26,026)</u>
<i>Net change in fund balances</i>	<u>(52,382)</u>	<u>(48,534)</u>	<u>(100,916)</u>
<i>Fund balances, beginning of year</i>	<u>2,744,264</u>	<u>4,566,565</u>	<u>7,310,829</u>
<i>Fund balances, end of year</i>	<u>\$ 2,691,882</u>	<u>4,518,031</u>	<u>7,209,913</u>

See Notes to Financial Statements.

## **SPECIAL REVENUE FUNDS**

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOL DISTRICT  
SPECIAL REVENUE FUNDS DESCRIPTIONS  
June 30, 2016**

**SPECIAL REVENUE FUNDS**

The Special Revenue Funds are used to account for Federal, State and Local funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational tasks. Grants accounted for in the Special Revenue Funds include:

**Food Service (21000)** – This fund is used to account for the cost of operating a student breakfast, lunch, snack bar and summer lunch program and is financed with federal grants and fees paid by program users.

**Athletics (22000)** – This fund is used to account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC.

**Non-Instruction Ed. Support (23000)** – To account for budgeted revenues and expenditures which relate to student activities other than athletics.

**Title I – IASA and Federal Stimulus (24101)** – Used to provide supplemental educational opportunity for academically disadvantaged children in the area of residing. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criterion that identifies a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

**IDEA-B Entitlement (24106), IDEA-B Competitive (24108), and IDEA-B “Risk Pool” (24120)** – To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Program funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91- 230, 93-380, 94-142, 98-199, 99-457, 100,639, and 101-476, 20 U.S.C. 1411-1420.

**IDEA-B Preschool (24109) and IDEA-B Preschool Federal Stimulus (24209)** – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105- 17.

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOL DISTRICT  
SPECIAL REVENUE FUNDS DESCRIPTIONS  
June 30, 2016**

**SPECIAL REVENUE FUNDS (CONTINUED)**

**Education of Homeless (24113)** – To ensure that homeless children and youth have equal access to the same free, appropriate public education as other children; to provide activities for and services to ensure that these children enroll in, attend, and achieve success in school; to establish or designate an office in each State educational agency (SEA) for the coordination of education for homeless children and youth; to develop and implement programs for school personnel to heighten awareness of specific problems of homeless children and youth; and to provide grants to local educational agencies (LEAs). Program funding is authorized by authorized by McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B.

**Enhancing Ed Through Technology-Formula (24133) and Federal Stimulus (24249)** – Funds used to Enhance Education through Technology meant to purchase Professional Development for teachers, to purchase technology equipment for school sites. Program funding is authorized by P.L. 103-382.

**Comprehensive School Reform (24135)** – To account for the provision of financial incentives for schools in need of substantially improving student achievement to implement comprehensive school reform programs based on reliable research and effective practices. Program funding is authorized by P.L. 103-382.

**ELL Title III – Incentive awards (24143)** –This program insures that English language learners including immigrant children and youth develop English proficiency and meet the same academic content and achievement standards that all students are expected to meet. This program is authorized by Title III, Part A of the ESEA, as amended.

**English Language Acquisition (24153)** – To provide funds to improve the educational performance of limited English proficient students by assisting the children to learn English and meet State academic content standards. This program is authorized by Title III, Part A of the ESEA, as amended.

**Teacher / Principal Training & Recruiting (24154)** – To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students. This program is authorized by Title II, Part A, subparts 1-3 of the ESEA as amended.

**Safe & Drug Free Schools & Community (24157)** – To establish a local program of alcohol and drug abuse education and prevention coordinated with related community efforts and resources. This program is authorized by Title IV, Part A, Subpart 1 of the Elementary and Secondary Education Act of 1965, as amended.

**Title I School Improvement (24162)** – To account for Title I Program Improvement funding designated to assist with the implementation of approved school improvement corrective action plans. This funding was authorized by the Elementary and Secondary Education Act (ESEA), as amended, Executive Order Section 1003(g), 115 Stat. 1442, 20 U.S.C 6303(g).

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOL DISTRICT  
SPECIAL REVENUE FUNDS DESCRIPTIONS  
June 30, 2016**

**SPECIAL REVENUE FUNDS (CONTINUED)**

**Carl D. Perkins Secondary - Current (24174)** - The objective of this grant is to provide secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Department of Education. This program is authorized by the Carl D. Perkins Career and Technical Education Act of 2006.

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

**Impact Aid - Special Education (25145) and Indian Education (25147)** – To account for funding of a Federal program to provide financial assistance to local educational agencies (LEA's) where enrollments or availability of revenue are adversely affected by Federal activities, i.e. where the tax base of a district is reduced through the Federal acquisition of real property (Section 2), or where there are a significant number of children who reside on Federal (including Indian) lands and/or children whose parents are employed on Federal property or in the Uniformed Services (Section 3(a) and 3(b)); where there is a significant decrease (Section 3(c)) or a sudden and substantial increase (Section 4) in school enrollment as the result of Federal activities; to provide disaster assistance for reduced or increased operating costs (Section 7(a)), for replacing or repairing damaged or destroyed supplies, equipment, and books, and for repairing minor damage to facilities. Funding authorized by Public Law 81-874.

**Title XIX MEDICAID 3/21 Years (25153)** – To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. Program funding is authorized by Social Security Act, Title XIX, as amended.

**Child Care Block Grant CYFD (25157)** – To account for funds received for the transition assistance program funding through the Children, Youth and Families Department and the State of New Mexico. Program funding is authorized by Child Care and Development Block Grant Act of 1990, as amended.

**Indian Education Formula Grant (25184)** – To account for a program funded by a Federal grant to develop and carry out supplementary elementary and secondary school programs designed to meet the special educational and culturally related academic needs of Indian children, for example to: 1) Improve academic performance, 2) Reduce school dropout rates and improve attendance, and 3) Integrate the value of cultural education into the school curriculum for Indian children. Funding authorized by Indian Education Act of 1988, Title V, Part C, Subpart 1, as amended, Public Law 100-297 and 93-638, 25 U.S.C. 2601-2606.

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOL DISTRICT  
SPECIAL REVENUE FUNDS DESCRIPTIONS  
June 30, 2016**

**SPECIAL REVENUE FUNDS (CONTINUED)**

**GEAR UP NM State Initiatives (25205), and GEAR UP USDE (25211)** –To encourage eligible entities to provide or maintain a guarantee to eligible low-income students who obtain a secondary diploma, of the financial assistance necessary to permit the student to attend an institution of higher education; and provide additional support services to students who are at risk of dropping out of school. Higher Education act, Title IV, Part A, Subpart 2, Chapter 2, Public Law 105-244.

**Smaller Learning Communities (25217)** - To conduct nationally significant programs to improve the quality of education, assist all students to meet challenging State content standards, and contribute to the achievement of the National Education Goals. Elementary and Secondary Education Act of 1965; Title X, Part A, as amended, 20 U.S.C. 8001-8007.

**Federal Equalization Stabilization Federal Stimulus (25250)** - Education stabilization funds are used to restore state funding to public schools and higher education institutions for FY09, FY10 and FY11 for the purpose of stimulating the economy as authorized by Title XIV of the American Recovery and Reinvestment Act (ARRA).

**Dual Credit Instructional Materials (27103)** – To purchase college textbooks for students who dual enroll in college credited courses while still attending high school. Program is authorized by state statute.

**2012 G.O. Bond Student Library Fund (SB1) (27107)** – Funds used to purchase library books and library supplies for all school sites. Program is authorized by state statute.

**Pre K Initiative (27149)** – To account for monies received from the State of New Mexico to be used to provide direct services to 20 4 year old children in Pre-Kindergarten programs at Mariposa Elem., and Tome Elem. Program is authorized by state statute.

**Indian Education Act (27150)** – To account for funds to help support the educational reform initiatives outlined in the schools' Educational Plan for Student Success (EPSS). The grant expenditures must support how the identified EPSS focus areas/ activities/ strategies will be deployed for addressing the needs of American Indian students to ensure improved academic performance and closing of the achievement gap.

**Breakfast for Elementary Students (27155)** – The 2005 Legislative General Appropriations Act allocated \$475,000 to implement Breakfast in the Classroom for elementary schools in need of improvement based on 2004-2005 AYP designation.

**Legislative Appropriations of 2007 (27165)** –To provide funds for college readiness and high school redesign initiative. Program is authorized by state statute.

**Kindergarten - Three Plus (27166)** –the funding is part of a pilot project for Kindergarten through third grade students at both Ann Parish Elementary and Desert View Elementary. Funds used for teachers, educational assistants, nurses, an academic coach, and PE coach at both schools.



**STATE OF NEW MEXICO  
LOS LUNAS SCHOOL DISTRICT  
SPECIAL REVENUE FUNDS DESCRIPTIONS  
June 30, 2016**

**SPECIAL REVENUE FUNDS (CONTINUED)**

**School Bus (27178)** – The purpose of this fund is to account for a program, funded by the Public Education Department, to purchase school buses statewide. Funding is authorized by the Laws of 2013, SB-60, Section 53.

**NM Grown Fruits & Vegetables (27183)** – The purpose of this fund is to account for a state grant received for the purchase of New Mexico grown fresh fruits and vegetables.

**Library Book Fund (27549)** – Funds for the purpose of purchasing library books for all school sites. Program is authorized by state statute.

**Office of Cultural Affairs (28177)** – to account for monies received from the State of New Mexico to be used for preserving and promoting New Mexico's culture. Program is authorized by state statute.

**GRADS Child Care (28189)** – To provide grants to States, Territories, or Tribes to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families. Social Security Act, Title IV, Part A, as amended; Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193.

**GRADS-Instructional (28190)** and **GRADS Instructional (28203)** - To account for an agreement to provide child care services in conjunction with the Graduation, Reality and Dual Role Skills Program. Funding is provided by State of New Mexico Children Youth and Families Department. Program is authorized by state statute

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2016

	Food Service 21000	Athletics 22000	Non-Instructional Support 23000
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 1,175,699	14,439	-
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	-
Interfund receivables	-	-	-
Other	-	-	-
Prepaid expenditures	-	-	-
Inventory	234,920	-	-
<i>Total assets</i>	<u>\$ 1,410,619</u>	<u>14,439</u>	<u>-</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Current Liabilities</i>			
Accounts payable	\$ 10,691	-	-
Accrued payroll liabilities	15,540	-	1,014
Interfund payables	-	-	52,168
<i>Total liabilities</i>	<u>26,231</u>	<u>-</u>	<u>53,182</u>
<b>DEFERRED INFLOWS - PROPERTY TAXES</b>			
Unearned revenue - property taxes	-	-	-
Unearned revenue - other	-	-	-
<i>Total Deferred Inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Liabilities and Deferred Outflows</i>	<u>26,231</u>	<u>-</u>	<u>53,182</u>
<i>Fund balances</i>			
Fund Balance			
Nonspendable	234,920	-	-
Restricted	1,149,468	14,439	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	(53,182)
<i>Total fund balance</i>	<u>1,384,388</u>	<u>14,439</u>	<u>(53,182)</u>
<i>Total liabilities and fund balance</i>	<u>\$ 1,410,619</u>	<u>14,439</u>	<u>-</u>

See Notes to Financial Statements.

Title I IASA 24101	IDEA-B Entitlement 24106	IDEA-B Competitive 24108	IDEA-B Preschool 24109	Education of Homeless 24113	IDEA-B "Risk Pool" 24120
-	-	-	-	-	-
-	-	-	-	-	-
880,737	824,038	7,539	13,502	9,959	1,633
-	-	-	-	-	-
-	-	-	-	-	-
5,082	1,355	-	-	-	-
-	-	-	-	-	-
<u>885,819</u>	<u>825,393</u>	<u>7,539</u>	<u>13,502</u>	<u>9,959</u>	<u>1,633</u>
6,128	1,199	1,790	-	-	-
842	561	-	-	-	-
<u>889,108</u>	<u>825,176</u>	<u>7,539</u>	<u>13,502</u>	<u>9,959</u>	<u>1,631</u>
<u>896,078</u>	<u>826,936</u>	<u>9,329</u>	<u>13,502</u>	<u>9,959</u>	<u>1,631</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>896,078</u>	<u>826,936</u>	<u>9,329</u>	<u>13,502</u>	<u>9,959</u>	<u>1,631</u>
5,082	1,355	-	-	-	-
-	-	-	-	-	2
-	-	-	-	-	-
-	-	-	-	-	-
<u>(15,341)</u>	<u>(2,898)</u>	<u>(1,790)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(10,259)</u>	<u>(1,543)</u>	<u>(1,790)</u>	<u>-</u>	<u>-</u>	<u>2</u>
<u>885,819</u>	<u>825,393</u>	<u>7,539</u>	<u>13,502</u>	<u>9,959</u>	<u>1,633</u>

**STATE OF NEW MEXICO**  
**LOS LUNAS SCHOOLS**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2016**

	English Language Acquisition 24153	Teacher/Principal Training & Recruiting 24154	Safe & Drug Free Schools & Community 24157
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and cash equivalents	\$ -	-	206
Accounts receivable			
Taxes	-	-	-
Due from other governments	68,044	124,354	-
Interfund receivables	-	-	-
Other	-	-	-
Prepaid expenditures	-	-	-
Inventory	-	-	-
<i>Total assets</i>	<u>\$ 68,044</u>	<u>124,354</u>	<u>206</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Current Liabilities</i>			
Accounts payable	\$ -	24,189	-
Accrued payroll liabilities	305	-	-
Interfund payables	121,922	124,794	-
<i>Total liabilities</i>	<u>122,227</u>	<u>148,983</u>	<u>-</u>
<b>DEFERRED INFLOWS - PROPERTY TAXES</b>			
Unearned revenue - property taxes	-	-	-
Unearned revenue - other	-	-	-
<i>Total Deferred Inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Liabilities and Deferred Outflows</i>	<u>122,227</u>	<u>148,983</u>	<u>-</u>
<i>Fund balances</i>			
Fund Balance			
Nonspendable	-	-	-
Restricted	-	-	206
Committed	-	-	-
Assigned	-	-	-
Unassigned	(54,183)	(24,629)	-
<i>Total fund balance (deficit)</i>	<u>(54,183)</u>	<u>(24,629)</u>	<u>206</u>
<i>Total liabilities and fund balance</i>	<u>\$ 68,044</u>	<u>124,354</u>	<u>206</u>

See Notes to Financial Statements.

Title I School Improvement 24162	Immigrant Funding Title III 24163	Carl D Perkins Secondary Current 24174	Carl D Perkins Secondary PY Unliquidated 24175	Carl D Perkins Redistribution 24176	Teen Dating Violence 24184
-	-	-	-	-	-
-	-	-	-	-	-
6,595	-	36,847	979	15,567	8,525
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,595	-	36,847	979	15,567	8,525
398	-	-	-	-	-
-	-	-	-	-	-
6,595	26,026	36,847	-	15,567	8,525
6,993	26,026	36,847	-	15,567	8,525
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,993	26,026	36,847	-	15,567	8,525
-	-	-	-	-	-
-	-	-	979	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(398)	(26,026)	-	-	-	-
(398)	(26,026)	-	979	-	-
6,595	-	36,847	979	15,567	8,525

**STATE OF NEW MEXICO**  
**LOS LUNAS SCHOOLS**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2016**

	IDEA-B Federal Preschool Stimulus 24209	Impact Aid Special Education 25145	Impact Aid Indian Education 25147
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and cash equivalents	\$ -	52,540	61,793
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	-
Interfund receivables	-	-	-
Other	-	-	-
Prepaid expenditures	-	-	-
Inventory	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>52,540</u>	<u>61,793</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Current Liabilities</i>			
Accounts payable	\$ -	-	-
Accrued payroll liabilities	-	-	-
Interfund payables	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS - PROPERTY TAXES</b>			
Unearned revenue - property taxes	-	-	-
Unearned revenue - other	-	-	-
<i>Total Deferred Inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Liabilities and Deferred Outflows</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>			
Fund Balance			
Nonspendable	-	-	-
Restricted	-	52,540	61,793
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<i>Total fund balance (deficit)</i>	<u>-</u>	<u>52,540</u>	<u>61,793</u>
<i>Total liabilities and fund balance</i>	<u>\$ -</u>	<u>52,540</u>	<u>61,793</u>

See Notes to Financial Statements.

Title XIX Medicaid 3/21 Years 25153	Child Care Block Grant CYFD 25157	Indian Ed Formula Grant 25184	GEAR UP NM Sate Initiatives 25205	GEAR UP USDE 25211	Smaller Learning Communities 25217
1,343,494	6,786	-	-	6,398	183
-	-	-	-	-	-
-	-	-	212,698	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	25,725	-	-
-	-	-	-	-	-
<u>1,343,494</u>	<u>6,786</u>	<u>-</u>	<u>238,423</u>	<u>6,398</u>	<u>183</u>
-	-	-	21,504	-	-
-	-	-	-	-	-
-	-	12,345	212,781	-	-
-	-	<u>12,345</u>	<u>234,285</u>	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	12,345	234,285	-	-
-	-	-	25,725	-	-
1,343,494	6,786	-	-	6,398	183
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(12,345)	(21,587)	-	-
<u>1,343,494</u>	<u>6,786</u>	<u>(12,345)</u>	<u>4,138</u>	<u>6,398</u>	<u>183</u>
<u>1,343,494</u>	<u>6,786</u>	<u>-</u>	<u>238,423</u>	<u>6,398</u>	<u>183</u>

**STATE OF NEW MEXICO**  
**LOS LUNAS SCHOOLS**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2016**

	Federal Equalization Stabilization Federal Stimulus 25250	Dual Credit Instructional Materials 27103	2012 G.O. Bond Student Library Fund (SB1) 27107
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 2	-	-
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	2,352	46,225
Interfund receivables	-	-	-
Other	-	-	-
Prepaid expenditures	-	-	-
Inventory	-	-	-
<i>Total assets</i>	<u>\$ 2</u>	<u>2,352</u>	<u>46,225</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Current Liabilities</i>			
Accounts payable	\$ -	-	-
Accrued payroll liabilities	-	-	-
Interfund payables	-	2,352	46,225
<i>Total liabilities</i>	<u>-</u>	<u>2,352</u>	<u>46,225</u>
<b>DEFERRED INFLOWS - PROPERTY TAXES</b>			
Unearned revenue - property taxes	-	-	-
Unearned revenue - other	-	-	-
<i>Total Deferred Inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Liabilities and Deferred Outflows</i>	<u>-</u>	<u>2,352</u>	<u>46,225</u>
<i>Fund balances</i>			
Fund Balance			
Nonspendable	-	-	-
Restricted	2	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<i>Total fund balance</i>	<u>2</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balance</i>	<u>\$ 2</u>	<u>2,352</u>	<u>46,225</u>

See Notes to Financial Statements.



PreK Initiative 27149	Indian Education Act 27150	Breakfast for Elementary Students 27155	Legislative Appropriations of 2007 27165	Kindergarten Three Plus 27166
-	-	1	32	-
-	-	-	-	-
276,172	16,824	-	-	274,848
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
276,172	16,824	1	32	274,848
-	-	-	-	-
-	-	-	-	-
276,172	16,774	1	-	274,846
276,172	16,774	1	-	274,846
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
276,172	16,774	1	-	274,846
-	-	-	-	-
-	50	-	32	2
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	50	-	32	2
276,172	16,824	1	32	274,848

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2016

	School Bus 27178	NM Grown Fruits & Vegetables 27183	2008 Library Book Fund 27549
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and cash equivalents	\$ -	-	2
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	-
Interfund receivables	-	-	-
Other	-	-	-
Prepaid expenditures	-	-	-
Inventory	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>-</u>	<u>2</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Current Liabilities</i>			
Accounts payable	\$ -	-	-
Accrued payroll liabilities	-	-	-
Interfund payables	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS - PROPERTY TAXES</b>			
Unearned revenue - property taxes	-	-	-
Unearned revenue - other	-	-	-
<i>Total Deferred Inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Liabilities and Deferred Outflows</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>			
Fund Balance			
Nonspendable	-	-	-
Restricted	-	-	2
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<i>Total fund balance (deficit)</i>	<u>-</u>	<u>-</u>	<u>2</u>
<i>Total liabilities and fund balance</i>	<u>\$ -</u>	<u>-</u>	<u>2</u>

See Notes to Financial Statements.

Statement B-1  
(Page 5 of 5)

Office of Cultural Affairs 28177	GRADS Child Care 28189	GRADS - Instructional 28190	GRADS - Instructional 28203	Total
276	13	-	1,090	2,662,954
-	-	-	-	-
-	-	-	-	2,827,438
-	-	-	-	-
-	-	-	-	-
-	-	-	-	32,162
-	-	-	-	234,920
276	13	-	1,090	5,757,474
-	-	-	-	65,899
-	-	-	-	18,262
-	-	576	-	2,981,431
-	-	576	-	3,065,592
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	576	-	3,065,592
-	-	-	-	267,082
276	13	-	1,090	2,637,755
-	-	-	-	-
-	-	-	-	-
-	-	(576)	-	(212,955)
276	13	(576)	1,090	2,691,882
276	13	-	1,090	5,757,474

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2016**

Statement B-2  
(Page 1 of 10)

	Food Service 21000	Athletics 22000	Non-Instructional Support 23000
<i>Revenues</i>			
Property taxes	\$ -	-	-
State grants	-	-	-
Federal grants	3,662,092	-	-
Charges for service	367,344	82,112	318,718
Miscellaneous	-	-	-
Interest	-	-	-
<i>Total revenues</i>	<u>4,029,436</u>	<u>82,112</u>	<u>318,718</u>
<i>Expenditures</i>			
Current			
Instruction	-	90,006	435,111
Support Services			
Students	-	-	-
Instruction	-	-	-
General Administration	-	-	-
School Administration	-	-	-
Central Services	-	-	-
Operation & Maintenance of Plant	-	-	-
Student Transportation	-	-	-
Other Support Services	-	-	-
Food Services Operations	3,957,438	-	-
Community Service	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
	<u>3,957,438</u>	<u>90,006</u>	<u>435,111</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>71,998</u>	<u>(7,894)</u>	<u>(116,393)</u>
<i>Other financing sources (uses)</i>			
Operating transfers	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>71,998</u>	<u>(7,894)</u>	<u>(116,393)</u>
<i>Fund balances, beginning of year</i>	<u>1,312,390</u>	<u>22,333</u>	<u>63,211</u>
<i>Fund balances, end of year</i>	<u>\$ 1,384,388</u>	<u>14,439</u>	<u>(53,182)</u>

See Notes to Financial Statements.

Title I IASA 24101	IDEA-B Entitlement 24106	IDEA-B Competitive 24108	IDEA-B Preschool 24109	Education of Homeless 24113	IDEA-B "Risk Pool" 24120
-	-	-	-	-	-
-	-	-	-	-	-
2,459,212	1,806,076	7,539	15,160	25,526	1,635
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,459,212	1,806,076	7,539	15,160	25,526	1,635
2,034,415	1,102,139	9,329	12,294	24,083	1,573
19,908	253,112	-	2,308	1,443	-
41	-	-	-	-	-
183,457	70,204	-	558	-	60
209,783	331,494	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	22,078	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,447,604	1,779,027	9,329	15,160	25,526	1,633
11,608	27,049	(1,790)	-	-	2
-	-	-	-	-	-
-	-	-	-	-	-
11,608	27,049	(1,790)	-	-	2
(21,867)	(28,592)	-	-	-	-
(10,259)	(1,543)	(1,790)	-	-	2

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2016**

Statement B-2  
(Page 3 of 10)

	English Language Acquisition 24153	Teacher/Principal Training & Recruiting 24154	Safe & Drug Free Schools & Community 24157
<i>Revenues</i>			
Property taxes	\$ -	-	-
State grants	-	-	-
Federal grants	127,547	413,213	-
Charges for service	-	-	-
Miscellaneous	-	-	-
Interest	-	-	-
<i>Total revenues</i>	<u>127,547</u>	<u>413,213</u>	<u>-</u>
<i>Expenditures</i>			
Current			
Instruction	169,728	263,852	-
Support Services			
Students	-	109	-
Instruction	-	-	-
General Administration	2,501	17,121	-
School Administration	1,070	156,760	-
Central Services	-	-	-
Operation & Maintenance of Plant	-	-	-
Student Transportation	-	-	-
Other Support Services	-	-	-
Food Services Operations	-	-	-
Community Service	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
	<u>173,299</u>	<u>437,842</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(45,752)</u>	<u>(24,629)</u>	<u>-</u>
<i>Other financing sources (uses)</i>			
Operating transfers	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>(45,752)</u>	<u>(24,629)</u>	<u>-</u>
<i>Fund balances, beginning of year</i>	<u>(8,431)</u>	<u>-</u>	<u>206</u>
<i>Fund balances (deficit), end of year</i>	<u>\$ (54,183)</u>	<u>(24,629)</u>	<u>206</u>

See Notes to Financial Statements.

Title I School Improvement 24163	Immigrant Funding Title III 24163	Carl D Perkins Secondary Current 24174	Carl D Perkins Secondary PY Unliquidated 24175	Carl D Perkins Redistribution 24176	Teen Dating Violence 24184
-	-	-	-	-	-
-	-	-	-	-	-
13,625	-	73,958	979	15,567	9,263
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
13,625	-	73,958	979	15,567	9,263
14,023	-	71,237	-	14,994	9,263
-	-	-	-	-	-
-	-	-	-	-	-
-	-	2,721	-	573	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,023	-	73,958	-	15,567	9,263
(398)	-	-	979	-	-
-	(26,026)	-	-	-	-
-	(26,026)	-	-	-	-
(398)	(26,026)	-	979	-	-
-	-	-	-	-	-
(398)	(26,026)	-	979	-	-

**STATE OF NEW MEXICO**  
**LOS LUNAS SCHOOLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2016**

Statement B-2  
(Page 5 of 10)

	IDEA-B Federal Preschool Stimulus 24209	Impact Aid Special Education 25145	Impact Aid Indian Education 25147
<i>Revenues</i>			
Property taxes	\$ -	-	-
State grants	-	-	-
Federal grants	-	37,364	37,215
Charges for service	-	-	-
Miscellaneous	-	-	-
Interest	-	-	-
<i>Total revenues</i>	-	37,364	37,215
<i>Expenditures</i>			
Current			
Instruction	-	35,576	14,979
Support Services			
Students	-	79	320
Instruction	-	1,858	(278)
General Administration	-	1,663	553
School Administration	-	6,226	-
Central Services	-	-	-
Operation & Maintenance of Plant	-	-	-
Student Transportation	-	-	-
Other Support Services	-	-	-
Food Services Operations	-	-	-
Community Service	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
	-	45,402	15,574
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	(8,038)	21,641
<i>Other financing sources (uses)</i>			
Operating transfers	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-
<i>Net change in fund balances</i>	-	(8,038)	21,641
<i>Fund balances, beginning of year</i>	-	60,578	40,152
<i>Fund balances (deficit), end of year</i>	\$ -	52,540	61,793

See Notes to Financial Statements.



Title XIX Medicaid 3/21 Years 25153	Child Care Block Grant CYFD 25157	Indian Ed Formula Grant 25184	GEAR UP NM Sate Initiatives 25205	GEAR UP USDE 25211	Smaller Learning Communities 25217
-	-	-	-	-	-
-	-	-	-	-	-
800,816	48,382	63,806	354,364	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
800,816	48,382	63,806	354,364	-	-
83,354	47,964	15,603	259,598	-	-
477,397	-	29,922	4,380	-	-
26,697	-	26,536	73,173	-	-
28,187	-	2,802	13,075	-	-
138,458	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
754,093	47,964	74,863	350,226	-	-
46,723	418	(11,057)	4,138	-	-
-	-	-	-	-	-
-	-	-	-	-	-
46,723	418	(11,057)	4,138	-	-
1,296,771	6,368	(1,288)	-	6,398	183
1,343,494	6,786	(12,345)	4,138	6,398	183

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2016**

Statement B-2  
(Page 7 of 10)

	Federal Equalization Stabilization Federal Stimulus 25250	Dual Credit Instructional Materials 27103	2012 G.O. Bond Student Library Fund (SB1) 27107
<i>Revenues</i>			
Property taxes	\$ -	-	-
State grants	2	19,464	46,225
Federal grants	-	-	-
Charges for service	-	-	-
Miscellaneous	-	-	-
Interest	-	-	-
<i>Total revenues</i>	<u>2</u>	<u>19,464</u>	<u>46,225</u>
<i>Expenditures</i>			
Current			
Instruction	-	19,464	-
Support Services			
Students	-	-	-
Instruction	-	-	46,225
General Administration	-	-	-
School Administration	-	-	-
Central Services	-	-	-
Operation & Maintenance of Plant	-	-	-
Student Transportation	-	-	-
Other Support Services	-	-	-
Food Services Operations	-	-	-
Community Service	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
	<u>-</u>	<u>19,464</u>	<u>46,225</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>2</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>			
Operating transfers	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>2</u>	<u>-</u>	<u>-</u>
<i>Fund balances, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances, end of year</i>	<u>\$ 2</u>	<u>-</u>	<u>-</u>

See Notes to Financial Statements.

PreK Initiative 27149	Indian Education Act 27150	Breakfast for Elementary Students 27155	Legislative Appropriations of 2007 27165	Kindergarten Three Plus 27166
-	-	-	-	-
982,095	16,824	-	-	549,762
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
982,095	16,824	-	-	549,762
727,565	16,774	-	-	489,667
-	-	-	-	-
-	-	-	-	-
9,724	-	-	-	-
-	-	-	-	-
-	-	-	-	-
244,806	-	-	-	55,264
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
982,095	16,774	-	-	544,931
-	50	-	-	4,831
-	-	-	-	-
-	-	-	-	-
-	50	-	-	4,831
-	-	-	32	(4,829)
-	50	-	32	2

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2016**

Statement B-2  
(Page 9 of 10)

	School Bus 27178	NM Grown Fruits & Vegetables 27183	2008 Library Book Fund 27549
<i>Revenues</i>			
Property taxes	\$ -	-	-
State grants	260,624	9,121	-
Federal grants	-	-	-
Charges for service	-	-	-
Miscellaneous	-	-	-
Interest	-	-	-
<i>Total revenues</i>	<u>260,624</u>	<u>9,121</u>	<u>-</u>
<i>Expenditures</i>			
Current			
Instruction	-	-	-
Support Services			
Students	-	-	-
Instruction	-	-	-
General Administration	-	-	-
School Administration	-	-	-
Central Services	-	-	-
Operation & Maintenance of Plant	-	-	-
Student Transportation	260,624	-	-
Other Support Services	-	-	-
Food Services Operations	-	9,121	-
Community Service	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
	<u>260,624</u>	<u>9,121</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>			
Operating transfers	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances, beginning of year</i>	<u>-</u>	<u>-</u>	<u>2</u>
<i>Fund balances (deficit), end of year</i>	<u>\$ -</u>	<u>-</u>	<u>2</u>

See Notes to Financial Statements.

Office of Cultural Affairs 28177	GRADS Child Care 28189	GRADS - Instructional 28190	GRADS - Instructional 28203	Total
-	-	-	-	-
1	6,000	9,713	16,193	1,916,024
-	-	-	-	9,964,076
-	-	-	-	768,174
-	-	-	-	-
-	-	-	-	-
1	6,000	9,713	16,193	12,648,274
-	6,000	10,500	15,251	5,985,079
-	-	-	-	788,978
-	-	-	-	174,252
-	-	-	-	333,199
-	-	-	-	843,791
-	-	-	-	-
-	-	-	-	-
-	-	-	-	582,772
-	-	-	-	-
-	-	-	-	3,966,559
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	6,000	10,500	15,251	12,674,630
1	-	(787)	942	(26,356)
-	-	-	-	(26,026)
-	-	-	-	(26,026)
1	-	(787)	942	(52,382)
275	13	211	148	2,744,264
276	13	(576)	1,090	2,691,882

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
FOOD SERVICE SPECIAL REVENUE FUND - 21000  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-1

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	80,000	80,000	-	(80,000)
Federal grants	3,750,000	3,805,134	3,700,505	(104,629)
Charges for service	165,000	165,000	367,344	202,344
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	<u>3,995,000</u>	<u>4,050,134</u>	<u>4,067,849</u>	<u>17,715</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	4,432,060	4,772,769	3,958,737	814,032
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>4,432,060</u>	<u>4,772,769</u>	<u>3,958,737</u>	<u>814,032</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(437,060)</u>	<u>(722,635)</u>	<u>109,112</u>	<u>831,747</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>(437,060)</u>	<u>(722,635)</u>	<u>109,112</u>	<u>831,747</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ (437,060)</u>	<u>(722,635)</u>	<u>109,112</u>	<u>831,747</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ (38,413)	
Adjustments to expenditures			<u>1,299</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 71,998</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
ATHLETICS SPECIAL REVENUE FUND - 22000  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-2

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for service	80,500	80,500	82,112	1,612
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	<u>80,500</u>	<u>80,500</u>	<u>82,112</u>	<u>1,612</u>
<i>Expenditures</i>				
Current				
Instruction	80,500	102,833	90,006	12,827
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>80,500</u>	<u>102,833</u>	<u>90,006</u>	<u>12,827</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(22,333)</u>	<u>(7,894)</u>	<u>14,439</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>(22,333)</u>	<u>(7,894)</u>	<u>14,439</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>(22,333)</u>	<u>(7,894)</u>	<u>14,439</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ (7,894)</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
NON-INSTRUCTIONAL SUPPORT SPECIAL REVENUE FUND - 23000  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-3

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for service	650,000	650,000	318,718	(331,282)
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	<u>650,000</u>	<u>650,000</u>	<u>318,718</u>	<u>(331,282)</u>
<i>Expenditures</i>				
Current				
Instruction	1,248,619	1,468,443	434,323	1,034,120
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>1,248,619</u>	<u>1,468,443</u>	<u>434,323</u>	<u>1,034,120</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(598,619)</u>	<u>(818,443)</u>	<u>(115,605)</u>	<u>702,838</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>(598,619)</u>	<u>(818,443)</u>	<u>(115,605)</u>	<u>702,838</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	\$ <u><u>(598,619)</u></u>	<u><u>(818,443)</u></u>	<u><u>(115,605)</u></u>	<u><u>702,838</u></u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			(788)	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ <u><u>(116,393)</u></u>	

See Notes to Financial Statements.



## STATE OF NEW MEXICO

Statement B-4

## LOS LUNAS SCHOOLS

## TITLE I IASA SPECIAL REVENUE FUND - 24101

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	2,409,790	2,590,571	2,459,212	(131,359)
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>2,409,790</u>	<u>2,590,571</u>	<u>2,459,212</u>	<u>(131,359)</u>
<i>Expenditures</i>				
Current				
Instruction	1,853,157	2,148,060	2,034,415	113,645
Support Services				
Students	24,098	27,108	19,908	7,200
Instruction	-	46	41	5
General Administration	178,949	189,351	183,457	5,894
School Administration	353,586	226,006	209,783	16,223
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total Expenditures</i>	<u>2,409,790</u>	<u>2,590,571</u>	<u>2,447,604</u>	<u>142,967</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>11,608</u>	<u>11,608</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>11,608</u>	<u>11,608</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>11,608</u>	<u>11,608</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 11,608</u>	

See Notes to Financial Statements.

## STATE OF NEW MEXICO

Exhibit B-5

## LOS LUNAS SCHOOLS

## IDEA-B ENTITLEMENT SPECIAL REVENUE FUND - 24106

STATEMENT OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	1,732,338	2,273,774	1,806,076	(467,698)
Charges for service	-	-	(494,803)	(494,803)
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	<u>1,732,338</u>	<u>2,273,774</u>	<u>1,311,273</u>	<u>(962,501)</u>
<i>Expenditures</i>				
Current:				
Instruction	1,056,797	1,292,225	1,128,971	163,254
Support Services				
Students	154,122	372,058	253,112	118,946
Instruction	-	-	-	-
General Administration	66,175	91,097	70,204	20,893
School Administration	419,184	468,684	331,494	137,190
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	36,060	49,710	22,078	27,632
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>1,732,338</u>	<u>2,273,774</u>	<u>1,805,859</u>	<u>467,915</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(494,586)</u>	<u>(494,586)</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(494,586)</u>	<u>(494,586)</u>
<i>Cash or fund balance, beginning of year</i>		<u>-</u>	<u>(790,837)</u>	<u>(790,837)</u>
<i>Cash or fund balance, end of year</i>		<u>\$ -</u>	<u>(1,285,423)</u>	<u>(1,285,423)</u>
<i>Reconciliation to GAAP Basis</i>				
Adjustments to revenues			\$ 494,803	
Adjustments to expenditures			<u>26,832</u>	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 27,049</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
IDEA-B COMPETITIVE SPECIAL REVENUE FUND - 24108  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-6

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	9,420	-	(9,420)
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	-	9,420	-	(9,420)
<i>Expenditures</i>				
Current				
Instruction	-	9,420	9,329	91
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	-	9,420	9,329	91
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	(9,329)	(9,329)
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(9,329)	(9,329)
<i>Cash or fund balance, beginning of year</i>	-	-	-	-
<i>Cash or fund balance, end of year</i>	\$ -	-	(9,329)	(9,329)
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 7,539	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			(1,790.00)	
			\$ (1,790)	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
PRESCHOOL IDEA-B SPECIAL REVENUE FUND - 24109  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-7

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	49,891	100,901	1,709	(99,192)
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	<u>49,891</u>	<u>100,901</u>	<u>1,709</u>	<u>(99,192)</u>
<i>Expenditures</i>				
Current				
Instruction	19,925	59,167	12,294	46,873
Support Services				
Students	2,500	12,391	2,308	10,083
Instruction	-	-	-	-
General Administration	1,906	3,783	558	3,225
School Administration	25,560	25,560	-	25,560
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>49,891</u>	<u>100,901</u>	<u>15,160</u>	<u>85,741</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(13,451)</u>	<u>(13,451)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(13,451)</u>	<u>(13,451)</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>(8,741)</u>	<u>(8,741)</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>(22,192)</u>	<u>(22,192)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 13,451	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
EDUCATION OF HOMELESS SPECIAL REVENUE FUND - 24113  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-8

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	25,954	28,924	20,622	(8,302)
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	<u>25,954</u>	<u>28,924</u>	<u>20,622</u>	<u>(8,302)</u>
<i>Expenditures</i>				
Current				
Instruction	25,000	28,924	25,526	3,398
Support Services				
Students	954	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>25,954</u>	<u>28,924</u>	<u>25,526</u>	<u>3,398</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(4,904)</u>	<u>(4,904)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(4,904)</u>	<u>(4,904)</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>(4,904)</u>	<u>(4,904)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 4,904	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ -</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
IDEA-B "RISK POOL" SPECIAL REVENUE FUND - 24120  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-9

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	1,643	1,842	199
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	-	1,643	1,842	199
<i>Expenditures</i>				
Current				
Instruction	-	1,583	1,573	10
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	60	60	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	-	1,643	1,633	10
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	209	209
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	209	209
<i>Cash or fund balance, beginning of year</i>	-	-	-	-
<i>Cash or fund balance, end of year</i>	\$ -	-	209	209
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ (207)	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ 2	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
ENGLISH LANGUAGE ACQUISITION SPECIAL REVENUE FUND - 24153  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-10

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	69,378	133,748	89,234	(44,514)
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	<u>69,378</u>	<u>133,748</u>	<u>89,234</u>	<u>(44,514)</u>
<i>Expenditures</i>				
Current				
Instruction	68,018	130,056	123,975	6,081
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	1,360	2,622	2,501	121
School Administration	-	1,070	1,070	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>69,378</u>	<u>133,748</u>	<u>127,546</u>	<u>6,202</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(38,312)</u>	<u>(38,312)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(38,312)</u>	<u>38,312</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>(38,312)</u>	<u>38,312</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 38,313	
Adjustments to expenditures			<u>(45,753)</u>	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ (45,752)</u>	

See Notes to Financial Statements.

## STATE OF NEW MEXICO

Statement B-11

## LOS LUNAS SCHOOLS

## TEACHER / PRINCIPAL TRAINING / RECRUITING SPECIAL REVENUE FUND - 24154

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN

## FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	376,755	594,827	425,835	(168,992)
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	<u>376,755</u>	<u>594,827</u>	<u>425,835</u>	<u>(168,992)</u>
<i>Expenditures</i>				
Current				
Instruction	205,418	357,811	239,663	118,148
Support Services				
Students	-	-	109	(109)
Instruction	-	-	-	-
General Administration	17,612	29,386	17,121	12,265
School Administration	153,725	207,630	156,760	50,870
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>376,755</u>	<u>594,827</u>	<u>413,653</u>	<u>181,174</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>12,182</u>	<u>12,182</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>12,182</u>	<u>12,182</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>12,182</u>	<u>12,182</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ (12,622)	
Adjustments to expenditures			(24,189)	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ (24,629)</u>	

See Notes to Financial Statements.



STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
SAFE & DRUG FREE SCHOOLS & COMMUNITY SPECIAL REVENUE FUND - 24157  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-12

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support Services			-	
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Cash or fund balance, beginning of year</i>	-	-	-	-
<i>Cash or fund balance, end of year</i>	\$ -	-	-	-
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ -	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
TITLE I SCHOOL IMPROVEMENT SPECIAL REVENUE FUND - 24162  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-13

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	39,678	7,030	(32,648)
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	-	39,678	7,030	(32,648)
<i>Expenditures</i>				
Current				
Instruction	-	39,678	13,625	26,053
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	-	39,678	13,625	26,053
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	(6,595)	(6,595)
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(6,595)	(6,595)
<i>Cash or fund balance, beginning of year</i>	-	-	-	-
<i>Cash or fund balance, end of year</i>	\$ -	-	(6,595)	(6,595)
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 6,595	
Adjustments to expenditures			(398)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ (398)	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
CARL D PERKINS SECONDARY - CURRENT SPECIAL REVENUE FUND - 24174  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-14

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	84,295	93,205	44,956	(48,249)
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	<u>84,295</u>	<u>93,205</u>	<u>44,956</u>	<u>(48,249)</u>
<i>Expenditures</i>				
Current				
Instruction	81,193	89,775	71,237	18,538
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	3,102	3,430	2,721	709
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>84,295</u>	<u>93,205</u>	<u>73,958</u>	<u>19,247</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(29,002)</u>	<u>(29,002)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(29,002)</u>	<u>(29,002)</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>(29,002)</u>	<u>(29,002)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 29,002	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

See Notes to Financial Statements.

## STATE OF NEW MEXICO

Statement B-15

## LOS LUNAS SCHOOLS

## CARL D PERKINS SECONDARY - PY UNLIQUIDATED - 24175

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

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Cash or fund balance, beginning of year</i>	-	-	-	-
<i>Cash or fund balance, end of year</i>	\$ -	-	-	-
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 979	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 979	

See Notes to Financial Statements.

## STATE OF NEW MEXICO

Statement B-16

## LOS LUNAS SCHOOLS

## CARL D PERKINS Redistribution - 24176

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	16,463	31,134	14,671
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	-	16,463	31,134	14,671
<i>Expenditures</i>				
Current				
Instruction	-	15,857	14,994	863
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	606	573	33
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	-	16,463	15,567	896
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	15,567	15,567
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	15,567	15,567
<i>Cash or fund balance, beginning of year</i>	-	-	-	-
<i>Cash or fund balance, end of year</i>	\$ -	-	15,567	15,567
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ (15,567)	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ -	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
TEEN DATING VIOLENCE - 24184  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-17

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	16,350	9,263	(7,087)
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	-	16,350	9,263	(7,087)
<i>Expenditures</i>				
Current				
Instruction	-	16,350	738	15,612
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	-	16,350	738	15,612
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	8,525	8,525
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	8,525	8,525
<i>Cash or fund balance, beginning of year</i>	-	-	-	-
<i>Cash or fund balance, end of year</i>	\$ -	-	8,525	8,525
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ (8,525)	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ -	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
PRESCHOOL IDEA-B FEDERAL STIMULUS SPECIAL REVENUE FUND - 24209  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-18

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service			-	
Principal	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Cash or fund balance, beginning of year</i>	-	-	-	-
<i>Cash or fund balance, end of year</i>	\$ -	-	-	-
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ -	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
IMPACT AID SPECIAL EDUCATION SPECIAL REVENUE FUND - 25145  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-19

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	37,165	37,165
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	<u>-</u>	<u>-</u>	<u>37,165</u>	<u>37,165</u>
<i>Expenditures</i>				
Current				
Instruction	45,208	40,144	35,576	4,568
Support Services				
Students	12,500	11,331	79	11,252
Instruction	-	-	1,858	(1,858)
General Administration	2,292	2,292	1,663	629
School Administration	-	6,233	6,226	7
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>60,000</u>	<u>60,000</u>	<u>45,402</u>	<u>14,598</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(60,000)</u>	<u>(60,000)</u>	<u>(8,237)</u>	<u>51,763</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>(60,000)</u>	<u>(60,000)</u>	<u>(8,237)</u>	<u>51,763</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ (60,000)</u>	<u>(60,000)</u>	<u>(8,237)</u>	<u>51,763</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 199	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (8,038)</u>	

See Notes to Financial Statements.



STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
IMPACT AID INDIAN EDUCATION SPECIAL REVENUE FUND - 25147  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-20

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	36,663	36,663
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	<u>-</u>	<u>-</u>	<u>36,663</u>	<u>36,663</u>
<i>Expenditures</i>				
Current				
Instruction	22,587	22,587	14,979	7,608
Support Services				
Students	13,000	12,932	320	12,612
Instruction	-	68	(278)	346
General Administration	1,413	1,413	553	860
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>37,000</u>	<u>37,000</u>	<u>15,574</u>	<u>21,426</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(37,000)</u>	<u>(37,000)</u>	<u>21,089</u>	<u>58,089</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>(37,000)</u>	<u>(37,000)</u>	<u>21,089</u>	<u>58,089</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ (37,000)</u>	<u>(37,000)</u>	<u>21,089</u>	<u>58,089</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 552	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 21,641</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS

Statement B-21

TITLE XIX MEDICAID 3 / 21 YEARS SPECIAL REVENUE FUND - 25153  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	811,619	811,619	800,816	(10,803)
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	<u>811,619</u>	<u>811,619</u>	<u>800,816</u>	<u>(10,803)</u>
<i>Expenditures</i>				
Current				
Instruction	92,921	92,921	83,354	9,567
Support Services				
Students	679,999	666,883	489,382	177,501
Instruction	36,941	36,941	26,697	10,244
General Administration	37,245	37,245	28,187	9,058
School Administration	127,894	141,010	138,458	2,552
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>975,000</u>	<u>975,000</u>	<u>766,078</u>	<u>208,922</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(163,381)</u>	<u>(163,381)</u>	<u>34,738</u>	<u>198,119</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>(163,381)</u>	<u>(163,381)</u>	<u>34,738</u>	<u>198,119</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ (163,381)</u>	<u>(163,381)</u>	<u>34,738</u>	<u>198,119</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			<u>11,985</u>	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 46,723</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
CHILD CARE BLOCK GRANT CYFD SPECIAL REVENUE FUND - 25157  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-22

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	47,964	48,382	418
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	-	47,964	48,382	418
<i>Expenditures</i>				
Current				
Instruction	-	47,964	47,964	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	-	47,964	47,964	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	418	418
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	418	418
<i>Cash or fund balance, beginning of year</i>	-	-	-	-
<i>Cash or fund balance, end of year</i>	\$ -	-	418	418
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ 418	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
INDIAN ED FORMULA GRANTS SPECIAL REVENUE FUND - 25184  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-23

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	81,260	84,781	71,423	(13,358)
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	<u>81,260</u>	<u>84,781</u>	<u>71,423</u>	<u>(13,358)</u>
<i>Expenditures</i>				
Current				
Instruction	21,530	23,122	15,603	7,519
Support Services			-	
Students	30,775	30,775	29,922	853
Instruction	26,428	27,873	27,824	49
General Administration	2,527	3,011	2,802	209
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>81,260</u>	<u>84,781</u>	<u>76,151</u>	<u>8,630</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(4,728)</u>	<u>(4,728)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(4,728)</u>	<u>(4,728)</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>(4,728)</u>	<u>(4,728)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ (7,617)	
Adjustments to expenditures			<u>1,288</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (11,057)</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
GEAR UP NM STATE INITIATIVES SPECIAL REVENUE FUND - 25205  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-24

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	220,000	364,553	205,495	(159,058)
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	<u>220,000</u>	<u>364,553</u>	<u>205,495</u>	<u>(159,058)</u>
<i>Expenditures</i>				
Current				
Instruction	158,912	272,518	238,094	34,424
Support Services				
Students	7,782	5,048	4,380	668
Instruction	53,306	73,573	73,173	400
General Administration	-	13,414	13,075	339
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>220,000</u>	<u>364,553</u>	<u>328,722</u>	<u>35,831</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(123,227)</u>	<u>(123,227)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(123,227)</u>	<u>(123,227)</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>(123,227)</u>	<u>(123,227)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 148,869	
Adjustments to expenditures			(21,504)	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 4,138</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
GEAR UP USDE SPECIAL REVENUE FUND - 25211  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-25

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Cash or fund balance, beginning of year</i>	-	-	-	-
<i>Cash or fund balance, end of year</i>	\$ -	-	-	-
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ -	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
SMALLER LEARNING COMMUNITIES SPECIAL REVENUE FUND - 25217  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-26

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Cash or fund balance, beginning of year</i>	-	-	-	-
<i>Cash or fund balance, end of year</i>	\$ -	-	-	-
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ -	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
FEDERAL EQUALIZATION STABILIZATION FEDERAL STIMULUS - 25250  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-27

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	2	2
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	-	-	2	2
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	2	2
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	2	2
<i>Cash or fund balance, beginning of year</i>	-	-	-	-
<i>Cash or fund balance, end of year</i>	\$ -	-	2	2
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ 2	

See Notes to Financial Statements.



STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
DUAL CREDIT INSTRUCTIONAL MATERIALS - 27103  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-28

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	19,514	18,849	(665)
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	<u>-</u>	<u>19,514</u>	<u>18,849</u>	<u>(665)</u>
<i>Expenditures</i>				
Current				
Instruction	-	19,514	19,464	50
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>-</u>	<u>19,514</u>	<u>19,464</u>	<u>50</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(615)</u>	<u>(615)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(615)</u>	<u>(615)</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>(615)</u>	<u>(615)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 615	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

See Notes to Financial Statements.

## STATE OF NEW MEXICO

Statement B-29

## LOS LUNAS SCHOOLS

## 2012 G.O. BOND STUDENT LIBRARY (SB1) SPECIAL REVENUE FUND - 27107

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN

## FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	72,201	72,201	1,596	(70,605)
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	<u>72,201</u>	<u>72,201</u>	<u>1,596</u>	<u>(70,605)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	72,201	72,201	46,225	25,976
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>72,201</u>	<u>72,201</u>	<u>46,225</u>	<u>25,976</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(44,629)</u>	<u>(44,629)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(44,629)</u>	<u>(44,629)</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>(44,629)</u>	<u>(44,629)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 44,629	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
PRE K INITIATIVE SPECIAL REVENUE FUND - 27149  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-30

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	1,077,736	1,077,736	936,765	(140,971)
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	<u>1,077,736</u>	<u>1,077,736</u>	<u>936,765</u>	<u>(140,971)</u>
<i>Expenditures</i>				
Current				
Instruction	822,153	822,153	727,565	94,588
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	10,777	10,777	9,724	1,053
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	244,806	244,806	244,806	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>1,077,736</u>	<u>1,077,736</u>	<u>982,095</u>	<u>95,641</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(45,330)</u>	<u>(45,330)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(45,330)</u>	<u>(45,330)</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>(45,330)</u>	<u>(45,330)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 45,330	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ -</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
INDIAN EDUCATION ACT SPECIAL REVENUE FUND - 27150  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-31

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	25,000	18,715	(6,285)
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	-	25,000	18,715	(6,285)
<i>Expenditures</i>				
Current				
Instruction	-	24,800	16,774	8,026
Support Services				
Students	-	200	-	200
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	-	25,000	16,774	8,226
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	1,941	1,941
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	1,941	1,941
<i>Cash or fund balance, beginning of year</i>	-	-	-	-
<i>Cash or fund balance, end of year</i>	\$ -	-	1,941	1,941
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ (1,891)	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ 50	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
BREAKFAST FOR ELEMENTARY STUDENTS SPECIAL REVENUE FUND - 27155  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-32

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service			-	
Principal	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Cash or fund balance, beginning of year</i>	-	-	-	-
<i>Cash or fund balance, end of year</i>	\$ -	-	-	-
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ -	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
LEGISLATIVE APPROPRIATIONS OF 2007 SPECIAL REVENUE FUND - 27165  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-33

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service			-	
Principal	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Cash or fund balance, beginning of year</i>	-	-	-	-
<i>Cash or fund balance, end of year</i>	\$ -	-	-	-
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ -	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
KINDERGARTEN THREE PLUS SPECIAL REVENUE FUND - 27166  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-34

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	309,667	644,057	602,850	(41,207)
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	<u>309,667</u>	<u>644,057</u>	<u>602,850</u>	<u>(41,207)</u>
<i>Expenditures</i>				
Current				
Instruction	294,977	579,457	494,496	84,961
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	14,690	64,600	55,264	9,336
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>309,667</u>	<u>644,057</u>	<u>549,760</u>	<u>94,297</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>53,090</u>	<u>53,090</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>53,090</u>	<u>53,090</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>53,090</u>	<u>53,090</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ (53,088)	
Adjustments to expenditures			4,829	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 4,831</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
SCHOOL BUSES SPECIAL REVENUE FUND - 27178  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-35

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	260,624	260,624	-
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	-	260,624	260,624	-
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	260,624	260,624	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	-	260,624	260,624	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Cash or fund balance, beginning of year</i>	-	-	-	-
<i>Cash or fund balance, end of year</i>	\$ -	-	-	-
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ -	

See Notes to Financial Statements.



STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
NM GROWN FRUITS & VEGETABLES FUND - 27183  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-36

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	9,309	9,121	(188)
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	-	9,309	9,121	(188)
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	9,309	9,121	188
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	-	9,309	9,121	188
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-	(376)
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Cash or fund balance, beginning of year</i>	-	-	-	-
<i>Cash or fund balance, end of year</i>	\$ -	-	-	-
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ -	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
LIBRARY BOOK SPECIAL REVENUE FUND - 27549  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-37

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Cash or fund balance, beginning of year</i>	-	-	-	-
<i>Cash or fund balance, end of year</i>	\$ -	-	-	-
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ -	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
OFFICE OF CULTURAL AFFAIRS SPECIAL REVENUE FUND - 28177  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-38

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	1	1
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	-	-	1	1
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	-	-	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	1	1
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	1	1
<i>Cash or fund balance, beginning of year</i>	-	-	-	-
<i>Cash or fund balance, end of year</i>	\$ -	-	1	1
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ 1	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
GRADS CHILDCARE SPECIAL REVENUE FUND - 28189  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-39

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	6,000	6,000	6,000	-
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	6,000	6,000	6,000	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ -</u>	

See Notes to Financial Statements.

## STATE OF NEW MEXICO

Statement B-40

## LOS LUNAS SCHOOLS

## GRADS - INSTRUCTION SPECIAL REVENUE FUND - 28190

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

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	10,500	10,500	9,713	(787)
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	<u>10,500</u>	<u>10,500</u>	<u>9,713</u>	<u>(787)</u>
<i>Expenditures</i>				
Current				
Instruction	10,500	10,500	10,500	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>10,500</u>	<u>10,500</u>	<u>10,500</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(787)</u>	<u>(787)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(787)</u>	<u>(787)</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>(787)</u>	<u>(787)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ (787)</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
GRADS - PLUS SPECIAL REVENUE FUND - 28203  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement B-41

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	16,000	16,712	16,193	(519)
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	<u>16,000</u>	<u>16,712</u>	<u>16,193</u>	<u>(519)</u>
<i>Expenditures</i>				
Current				
Instruction	16,000	16,712	15,251	1,461
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>16,000</u>	<u>16,712</u>	<u>15,251</u>	<u>1,461</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>942</u>	<u>942</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>942</u>	<u>942</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>942</u>	<u>942</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 942</u>	

See Notes to Financial Statements.

## **CAPITAL PROJECTS FUNDS**

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOL DISTRICT  
CAPITAL PROJECTS FUNDS DESCRIPTIONS  
June 30, 2015**

**CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The District has the following separate funds classified as Capital Projects Funds:

**Special Capital Outlay State (31400)** – To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of upgrading the school facilities.

**Capital Improvements HB-33 Capital Projects Fund (31600)** is used to account for monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of purchasing technology assets and supplies.

**Capital Improvements SB-9 Capital Projects Fund (31700)** is used to account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico's State Equalization Matching and a special tax levy as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).



**STATE OF NEW MEXICO**  
**LOS LUNAS SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**June 30, 2016**

Statement C-1

	Special Capital Outlay - State 31400	Capital Improvements HB-33 31600	Capital Improvements SB-9 31700	Total
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	3,651,487	351,323	4,002,810
Accounts receivable				
Taxes	-	488,302	326,317	814,619
Due from other governments	248,500	-	807,219	1,055,719
Interfund receivables	-	-	-	-
Other	-	-	-	-
Prepaid expenditures	-	17,291	-	17,291
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 248,500</u>	<u>4,157,080</u>	<u>1,484,859</u>	<u>5,890,439</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Current Liabilities</i>				
Accounts payable	\$ -	379,152	29,650	408,802
Accrued payroll liabilities	-	-	-	-
Interfund payables	304,872	-	-	304,872
<i>Total Liabilities</i>	<u>304,872</u>	<u>379,152</u>	<u>29,650</u>	<u>713,674</u>
<b>DEFERRED INFLOWS - PROPERTY TAXES</b>				
Unearned revenue - property taxes	-	413,960	244,774	658,734
Unearned revenue - other	-	-	-	-
<i>Total Deferred Inflows</i>	<u>-</u>	<u>413,960</u>	<u>244,774</u>	<u>658,734</u>
<i>Total Liabilities and Deferred Outflows</i>	<u>304,872</u>	<u>793,112</u>	<u>274,424</u>	<u>1,372,408</u>
<i>Fund balances</i>				
Fund Balance				
Nonspendable	-	17,291	-	17,291
Restricted	-	3,346,677	1,210,435	4,557,112
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(56,372)	-	-	(56,372)
<i>Total fund balance</i>	<u>(56,372)</u>	<u>3,363,968</u>	<u>1,210,435</u>	<u>4,518,031</u>
<i>Total liabilities and fund balance</i>	<u>\$ 248,500</u>	<u>4,157,080</u>	<u>1,484,859</u>	<u>5,890,439</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**LOS LUNAS SCHOOLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**For the Year Ended June 30, 2016**

Statement C-2

	Special Capital Outlay - State 31400	Capital Improvements HB-33 31600	Capital Improvements SB-9 31700	Total
<i>Revenues</i>				
Property taxes	\$ -	2,264,932	1,542,202	3,807,134
State grants	303,500	-	807,219	1,110,719
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	7,768	17,500	25,268
Interest	-	-	-	-
<i>Total revenues</i>	<u>303,500</u>	<u>2,272,700</u>	<u>2,366,921</u>	<u>4,943,121</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	22,520	15,017	37,537
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	303,500	1,671,424	2,979,194	4,954,118
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>303,500</u>	<u>1,693,944</u>	<u>2,994,211</u>	<u>4,991,655</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>578,756</u>	<u>(627,290)</u>	<u>(48,534)</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	578,756	(627,290)	(48,534)
<i>Fund balances, beginning of year</i>	(56,372)	2,785,212	1,837,725	4,566,565
<i>Fund balances, end of year</i>	<u>\$ (56,372)</u>	<u>3,363,968</u>	<u>1,210,435</u>	<u>4,518,031</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
SPECIAL CAPITAL OUTLAY - STATE CAPITAL PROJECT FUND - 31400  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement C-1

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	519,268	519,268	55,000	(464,268)
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	<u>519,268</u>	<u>519,268</u>	<u>55,000</u>	<u>(464,268)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	519,268	519,268	303,500	215,768
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>519,268</u>	<u>519,268</u>	<u>303,500</u>	<u>215,768</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(248,500)</u>	<u>(248,500)</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(248,500)</u>	<u>(248,500)</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>(248,500)</u>	<u>(248,500)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 248,500	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
CAPITAL IMPROVEMENTS HB-33 STATE CAPITAL PROJECT FUND - 31600  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement C-2

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ 2,342,462	2,342,462	2,263,006	(79,456)
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	7,768	7,768
Interest	-	-	-	-
	<u>2,342,462</u>	<u>2,342,462</u>	<u>2,270,774</u>	<u>(71,688)</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	26,000	26,000	22,520	3,480
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	5,097,305	5,042,124	1,317,209	3,724,915
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>5,123,305</u>	<u>5,068,124</u>	<u>1,339,729</u>	<u>3,728,395</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(2,780,843)</u>	<u>(2,725,662)</u>	<u>931,045</u>	<u>3,656,707</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>(2,780,843)</u>	<u>(2,725,662)</u>	<u>931,045</u>	<u>3,656,707</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ (2,780,843)</u>	<u>(2,725,662)</u>	<u>931,045</u>	<u>3,656,707</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 1,926	
Adjustments to expenditures			(354,215)	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 578,756</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
CAPITAL IMPROVEMENTS SB-9 CAPITAL PROJECT FUND - 31700  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

Statement C-3

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ 1,561,378	1,561,378	1,542,202	(19,176)
State grants	-	807,219	867,417	60,198
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	17,500	17,500
Interest	-	-	-	-
	<u>1,561,378</u>	<u>2,368,597</u>	<u>2,427,119</u>	<u>58,522</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	21,000	21,000	15,017	5,983
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	2,485,452	3,344,139	3,021,635	322,504
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>2,506,452</u>	<u>3,365,139</u>	<u>3,036,652</u>	<u>328,487</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(945,074)</u>	<u>(996,542)</u>	<u>(609,533)</u>	<u>387,009</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>(945,074)</u>	<u>(996,542)</u>	<u>(609,533)</u>	<u>387,009</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ (945,074)</u>	<u>(996,542)</u>	<u>(609,533)</u>	<u>387,009</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ (60,198)	
Adjustments to expenditures			42,441	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (627,290)</u>	

See Notes to Financial Statements.

**DEBT SERVICE FUND**

**STATE OF NEW MEXICO**  
**LOS LUNAS SCHOOLS**  
**DEBT SERVICE FUND - 41000**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2016**

Exhibit C-5

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	5,931,496	591,496	6,656,842	6,065,346
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	4	4
Interest	5	5	-	(5)
	<u>5,931,501</u>	<u>591,501</u>	<u>6,656,846</u>	<u>6,065,345</u>
<i>Expenditures</i>				
Current				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	80,000	80,000	65,037	14,963
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal	10,571,375	10,789,474	5,095,000	5,694,474
Interest	1,236,496	1,236,496	1,217,847	18,649
	<u>11,887,871</u>	<u>12,105,970</u>	<u>6,377,884</u>	<u>5,728,086</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(5,956,370)</u>	<u>(11,514,469)</u>	<u>278,962</u>	<u>11,793,431</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>(5,956,370)</u>	<u>(11,514,469)</u>	<u>278,962</u>	<u>11,793,431</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ (5,956,370)</u>	<u>(11,514,469)</u>	<u>278,962</u>	<u>11,793,431</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 22,035	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 300,997</u>	

See Notes to Financial Statements.

## **SUPPORTING SCHEDULES**



**STATE OF NEW MEXICO**  
**LOS LUNAS SCHOOLS**  
**AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**For the Year Ended June 30, 2016**

Schedule I

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Los Lunas High School	\$ 206,349	209,620	(194,455)	221,514
Los Lunas Middle School	14,413	66,757	(56,476)	24,694
Los Lunas Elementary	32,821	26,401	(19,570)	39,652
Ann Parish Elementary	6,544	29,266	(25,732)	10,078
Peralta Elementary	7,867	10,003	(12,742)	5,128
Bosque Farms Elementary	30,628	51,612	(46,159)	36,081
Daniel Fernandez Intermediate	11,150	-	(11,150)	-
Katherine Gallegos Elementary	14,402	27,410	(32,578)	9,234
Tome Elementary	20,418	20,029	(18,436)	22,011
Raymond Galbadon Elementary	17,588	29,865	(32,964)	14,489
Valencia Middle School	72,132	73,824	(90,133)	55,823
Valencia Elementary	18,137	7,464	(9,015)	16,586
District-wide	184,106	101,511	(158,162)	127,455
Special Services	14,295	9,879	(13,075)	11,099
Desert View Intermediate	4,879	17,306	(14,653)	7,532
Century High School	2,434	7,038	(1,258)	8,214
Project Keys	21,325	114,052	(105,631)	29,746
Desert View Elementary After School Program	(50)	50	-	-
Los Lunas High School Swimming Pool	2,527	92,887	(89,673)	5,741
Sundance Elementary	16,315	36,549	(26,201)	26,663
Valencia High School	89,916	138,691	(96,167)	132,440
Total All Schools	\$ <u>788,196</u>	<u>1,070,214</u>	<u>(1,054,230)</u>	<u>804,180</u>

*See Notes to Financial Statements.*

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY  
FOR PUBLIC FUNDS  
June 30, 2016

Schedule II

	<u>US Bank</u>	<u>Wells Fargo</u>	<u>Total</u>
Funds on Deposit			
Interest bearing savings	\$ 32,390,933	-	32,390,933
Non-interest bearing deposits	6,146,616	-	6,146,616
Certificates of deposit	-	1,019,905	1,019,905
<i>Total on deposit:</i>	<u>38,537,549</u>	<u>1,019,905</u>	<u>39,557,454</u>
Less: FDIC insurance	<u>(500,000)</u>	<u>(250,000)</u>	<u>(750,000)</u>
<b><i>Total uninsured public funds:</i></b>	<b><u>\$ 38,037,549</u></b>	<b><u>769,905</u></b>	<b><u>38,807,454</u></b>
Pledged Collateral Required:			
50% on deposits	\$ 19,018,775	384,953	19,403,727
<i>Pledged Collateral Required:</i>	<u>19,018,775</u>	<u>384,953</u>	<u>19,403,727</u>
Pledged Collateral at June 30, 2016	<u>41,750,000</u>	<u>862,876</u>	<u>42,612,876</u>
<b><i>Total over (under) collateralized:</i></b>	<b><u>\$ 22,731,226</u></b>	<b><u>477,924</u></b>	<b><u>23,209,149</u></b>

<u>Safekeeper</u>	<u>Security type, Maturity Date, Identifier</u>			
Federal Home Loan Bank of Cincinnati	Letter of Credit No. 520043, expires 7/01/2016	\$ 3,750,000	-	3,750,000
Federal Home Loan Bank of Cincinnati	Letter of Credit No. 519371, expires 02/01/2017	38,000,000	-	38,000,000
Bank of New York Mellon	FNMA FNMS 02/04/2043 CUSIP # 3138NYMC6	-	862,876	862,876
		<u>\$ 41,750,000</u>	<u>862,876</u>	<u>42,612,876</u>

**STATE OF NEW MEXICO**  
**LOS LUNAS SCHOOLS**  
**SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS**  
**June 30, 2016**

Schedule III

Bank Account Type	US Bank	Wells Fargo Bank	Totals
Checking - General Account	\$ 32,174,994	-	32,174,994
Checking - Payroll Account	215,939	-	215,939
Money Market Account	6,146,616	-	6,146,616
Certificates of Deposit	<u>-</u>	<u>1,019,905</u>	<u>1,019,905</u>
Total On Deposit	38,537,549	1,019,905	39,557,454
Reconciling Items	<u>(1,034,483)</u>	<u>-</u>	<u>(1,034,483)</u>
Reconciled Balance June 30, 2015	\$ <u><u>37,503,066</u></u>	<u><u>1,019,905</u></u>	<u><u>38,522,971</u></u>
Plus: Petty Cash			\$ 1,205
Less: Fiduciary Funds Cash			<u>(804,180)</u>
Cash per Government-wide Financial Statements			\$ <u><u>37,719,996</u></u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
CASH RECONCILIATION  
June 30, 2016**

	Operational Account 11000	Transportation Account 13000	Instructional Materials 14000
Cash, June 30, 2015	\$ 11,075,007	-	515,212
Add:			
2015-16 revenues	59,712,114	2,124,918	594,025
Repayment of loans	-	-	-
Loans from other funds	-	-	-
Total cash available	70,787,121	2,124,918	1,109,237
Less:			
2015-16 expenditures	(56,246,304)	(2,124,918)	(455,010)
Repayment of loans	-	-	-
Transfers to/from other funds	-	-	-
Loans to other funds	-	-	-
Change due to held checks and liabilities	2,022,997	-	-
Cash, June 30, 2016	\$ <u>16,563,814</u>	<u>-</u>	<u>654,227</u>
Fund Balance Reconciliations to GAAP Basis:			
Audit reclassifications to cash	<u>(3,286,303)</u>	-	-
Cash per Books	<u>13,277,511</u>	-	<u>654,227</u>
 Fund Balance Reconciliation to GAAP Basis:			
Modified Accrual Adjustments	<u>(946,942)</u>	<u>38,364</u>	-
Fund Balance , Modified Accrual Basis	<u>12,330,569</u>	<u>38,364</u>	<u>654,227</u>

*See Notes to Financial Statements.*

Food Services Account 21000	Athletics Account 22000	Non-Instruction Account 23000	Impact Aid Federal Flow-through 24000	Impact Aid Federal Direct 25000
1,140,805	22,332	819,168	(1,464,080)	1,324,509
4,029,430	82,112	1,329,064	4,353,203	1,226,421
-	-	-	-	-
-	-	-	-	-
5,170,235	104,444	2,148,232	2,889,123	2,550,930
(3,994,501)	(90,005)	(2,199,944)	(4,889,143)	(1,304,784)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(35)	-	(456)	-	(78)
1,175,699	14,439	(52,168)	(2,000,020)	1,246,068
-	-	52,168	2,000,226	225,126
1,175,699	14,439	-	206	1,471,194
208,689	-	(53,182)	(92,800)	(8,207)
1,384,388	14,439	(53,182)	(92,594)	1,462,987

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
CASH RECONCILIATION  
June 30, 2016**

	State Flowthrough 27000	State Direct 28000	Bond Building 31100
Cash, June 30, 2015	\$ (580,742)	648	8,566,412
Add:			
2015-16 revenues	1,848,520	31,906	6,240,996
Repayment of loans	-	-	-
Loans from other funds	-	-	-
Total cash available	1,267,778	32,554	14,807,408
Less:			
2015-16 expenditures	(1,884,114)	(31,175)	(3,985,165)
Repayment of loans	-	-	-
Transfers to/from other funds	-	-	-
Loans to other funds	-	-	-
Change due to held checks and liabilities	-	-	-
Cash, June 30, 2016	\$ <u>(616,336)</u>	<u>1,379</u>	<u>10,822,243</u>
Fund Balance Reconciliations to GAAP Basis:			
Audit reclassifications to cash	<u>616,371</u>	<u>-</u>	<u>-</u>
Cash per Books	<u>35</u>	<u>1,379</u>	<u>10,822,243</u>
 Fund Balance Reconciliation to GAAP Basis:			
Modified Accrual Adjustments	<u>51</u>	<u>(576)</u>	<u>(86,455)</u>
Fund Balance , Modified Accrual Basis	<u>86</u>	<u>803</u>	<u>10,735,788</u>

*See Notes to Financial Statements.*

Spec. Capital Outlay-State 31400	Cap. Improv. HB33 31600	Cap. Improv. SB9 31700	Debt Service Fund 41000	Total
(56,372)	2,725,662	996,542	6,174,469	31,259,572
55,000	2,259,720	2,391,433	6,503,665	92,782,527
	-	-	-	-
	-	-	-	-
(1,372)	4,985,382	3,387,975	12,678,134	124,042,099
(303,500)	(1,333,895)	(3,036,652)	(6,377,883)	(88,256,993)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	2,022,428
(304,872)	3,651,487	351,323	6,300,251	37,807,534
304,872	-	-	-	(87,540)
-	3,651,487	351,323	6,300,251	37,719,994
(56,372)	(287,519)	859,112	351,211	(74,626)
(56,372)	3,363,968	1,210,435	6,651,462	37,645,368

STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)  
June 30, 2016

Schedule V

<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 ALL 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>
2016-001	RFP for SLP Services	Marianne Candelaria dba Speech Angel Easi Therapy & Diagnostic Services Jennifer Van Otten	\$82,976 \$51,159 \$87,173	3	Ardor Health Solutions Marianne Candelaria dba Speech Angel Easi Therapy High Desert Rehab LSV & Associates	N Y Y N Y N	N N N N N N	SLP Services SLP Services SLP Services SLP Services SLP Services
2016-002	RFP for Legal Services	Cuddy & McCarthy, LLP Attorneys at Law Modrall, Sperling, Roehl, Harris & Sisk, PA Walsh,	\$57,500 \$23,349 \$16,070	N/A	Cuddy & McCarthy, LLP Attorneys at Law Modrall, Sperling, Roehl, Harris & Sisk, PA Walsh, Gallegos, Trevino,	Y Y Y	N N N	Legal Services Legal Services Legal Services
2016-003	Cancelled - Pizza Sponsorship	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016-004	RFP for 2016 E-Rate Cellular Services	Sprint Solutions Inc.	\$72,768	N/A	AT&T Mobility Sprint Solutions T-Mobile Verizon Wireless	N N N N	N N N N	Cellular Service Cellular Service Cellular Service Cellular Service
2016-005	RFP for Facility Master Plan Services (FMP)	Greer Stafford SJCF	\$72,768	N/A	Greer Stafford Architectural Research Consultants (ARC)	Y Y	N N	FMP Plan Services
2016-006	RFP for VHS PAC Consultation Services	HB Construction	\$80,410	N/A	Bradbury Stamm HB Construction Jaynes	Y Y Y	N N N	Construction for VHS PAC
2016-007	RFP for Ancillary and Related Services	Amable Therapies Easi Therapy & Diag Services	\$162,280 \$69,530 \$0	N/A	Amable Therapies Easi Therapy & Diag Services (BMSI)	N Y N	N N N	SLP Services SLP Services SLP Services SLP
2016-008	ITB for Heavy Equipment	Southwest Specialty	\$102,000		Southwest Specialty	N	N	Heavy Equipment Svc

\*Prepared by Vicki Parker, Director of Purchasing, 10/29/2016



## **COMPLIANCE SECTION**

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

To Timothy Keller  
New Mexico State Auditor  
The Office of Management and Budget  
New Mexico Public Education Department  
The District Board Los Lunas School District  
Los Lunas, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund of the Los Lunas School District (the "District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplemental information, and have issued our report thereon dated November 11, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

### **The District's Responses to Findings**

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

### **Purpose of this Report**

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

A handwritten signature in blue ink that reads "Axiom".

Albuquerque, New Mexico  
November 11, 2016

## **FEDERAL FINANCIAL ASSISTANCE**

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

To Timothy Keller  
New Mexico State Auditor  
The Office of Management and Budget  
New Mexico Public Education Department  
The District Board Los Lunas School District  
Los Lunas, New Mexico

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

We have audited the Los Lunas School District's (the "District") compliance with the types of compliance requirements described in the *OMB Circular Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

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

## Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

## Report on Internal Control over Compliance

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

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

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

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



Albuquerque, New Mexico  
November 11, 2016

**STATE OF NEW MEXICO**  
**LOS LUNAS SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2016**

<u>Federal Grantor or Pass-Through Grantor/Program Title</u>	<u>Passthrough Number</u>	<u>Federal CFDA</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Education</b>			
<i>Passthrough State of New Mexico Department of Education</i>			
Title I (1)	24101	84.010	2,447,604
IDEA B - Entitlement (1)	24106	84.027	1,779,027
IDEA B - Discretionary	24107	84.027	-
Autism Project (1)	24108	84.027A	9,329
IDEA B - Pre School (1)	24109	84.173	15,160
Education of Homeless	24113	84.196A	25,526
IDEA B - Risk Pool (1)	24120	84.027	1,633
Title III English Language Acquisition	24153	84.365A	173,299
Title IIA Teacher/Principal Training (1)	24154	84.367A	437,842
Title I School Improvement	24162	84.377	14,023
Carl Perkins-Secondary Current	24174	84.048	73,958
Carl Perkins-Secondary Redistribution	24176	84.048	15,567
USHHS Pregnancy Prevention	24184	93.500	9,263
Medicaid Title XIX	25153	93.778	754,093
			<u>5,756,324</u>
<i>Direct U.S. Department of Education</i>			
Impact Aid - Special Education	25145	84.041	45,402
Impact Aid - Indian Education	25147	84.041	15,574
Indian Education Formula Grant	25184	84.060A	74,863
			<u>135,839</u>
<b>Total U.S. Department of Education</b>			<u><u>5,892,163</u></u>
<b>U.S. Department of Agriculture</b>			
<i>Direct U.S. Department of Agriculture</i>			
Forest Reserve	11000	10.672	7,190
USDA 2010 Equipment Assistance Program	24183	10.579	-
<i>Subtotal - Direct U.S. Department of Agriculture</i>			<u>7,190</u>
<i>Passthrough State of New Mexico Department of Education</i>			
National School Lunch Program	24118	10.582	-
Food Distribution (Commodities)	21000	10.555	3,957,438
<i>Subtotal - Passthrough State of New Mexico Department of Education</i>			<u>3,957,438</u>
<i>Passthrough State of NM Dept of Health and Human Services</i>			
Food Distribution (Commodities)	21001	10.555	305,134
<i>Subtotal - Passthrough State of NM Dept of Health and Human Services</i>			<u>305,134</u>
<b>Total U.S. Department of Agriculture</b>			<u><u>4,269,762</u></u>
<b>Total Federal Financial Assistance</b>			<u><u>\$ 10,161,925</u></u>

(1) Denotes Major Federal Financial Assistance Program

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2016**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**1. Basis of Presentation**

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

**2. Sub Recipients**

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

**3. Non-cash Federal Assistance**

The District receives USDA Commodities for use in sponsoring the National School Lunch program. The value of commodities received for the year ended June 30, 2016 was \$305,134 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDA number 10.555. Commodities are recorded as revenues and expenditures in the food service fund.



**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2016**

**A. SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified ☐ Yes ☒ None Reported

Non-compliance material to financial statements noted?

☐ Yes ☒ No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

☐ Yes ☒ No

Identification of Major Program

**CFDA Number**

**Name of Federal Program or Cluster**

10.555

School Lunch Program

Dollar threshold used to distinguish between type A and type B programs

\$ 750,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2016**

**B. FINANCIAL STATEMENT FINDINGS**

**2014-001 Controls over Cash Receipts (Other Matter) Revised and Repeated**

**CONDITION:** In 9 of 25 receipts tested, totaling \$1,714, funds received were not deposited in a timely manner. Management has demonstrated a lack of progress in implementing the prior year corrective action plan.

**CRITERIA:** NMAC section 6.20.2.6 states that deposits must be made within a 24 hour period from the receipt of the monies or by the end of the next business day.

**EFFECT:** Non-adherence to state statutes places the District in noncompliance and lack of timeliness of deposits could subject the District to a possible occurrence of fraud.

**CAUSE:** Proper procedures for receipting and depositing funds were not followed at the school sites.

**RECOMMENDATION:** It is recommended that the District emphasize the importance of following proper procedures to school site administration.

**MANAGEMENT RESPONSE:** The Business Office will monitor and reinforce with the new employees as well as the older employees that the proper handling and required deadlines for all Cash deposits will be followed. We intend to continue training both in-house and on site and provide additional training when necessary. As time permits we will conduct site visits and verify that procedures are being followed. As for repeat offenders of the rules (if any), appropriate steps to address concerns will be taken.

**C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**None**

**D. OTHER FINDINGS, AS REQUIRED BY NEW MEXICO STATE STATUTE, SECTION 12-6-5, NMSA 1978**

**None**

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
June 30, 2016**

**STATUS OF PRIOR YEAR AUDIT FINDINGS**

2014-001	Controls over Cash Receipts	Revised and Repeated
----------	-----------------------------	----------------------

**STATE OF NEW MEXICO  
LOS LUNAS SCHOOL DISTRICT  
EXIT CONFERENCE  
June 30, 2016**

The contents of this report were discussed in the exit conference held on November 3, 2016 with the following in attendance:

Los Lunas Schools:

Dana Sanders, Superintendent  
Claire Cieremans, Chief Financial Officer  
Sandy Traczyk, Director of Finance  
Edward Archuleta, Audit Committee Community Member  
Bryan Smith, Audit Committee Board Member  
Robert Archuleta, Audit Committee Board Member

Axiom Certified Public Accountants and Business Advisors, LLC:

Chris Garner, CPA, Partner

The financial statements were prepared with the assistance of Axiom Certified Public Accountants and Business Advisors, LLC from the books and records of Los Lunas School District. The District's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.

## APPENDIX C

### 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 and the Financial Advisor believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

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

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

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 and the Financial Advisor 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

### FORM OF 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  
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  
Marjorie A. Rogers  
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  
Tiffany L. Roach Martin  
Daniel M. Alsup  
Katherine M. Creagan  
Spencer L. Edelman  
Nathan T. Nieman  
Christina C. Sheehan  
Nadine E. Shea  
Anna E. Indahl  
Damon P. Martinez  
Andrew B. Indahl  
Jeremy K. Harrison  
Sarah M. Stevenson  
Elizabeth A. Martinez  
Jennifer L. Bradfute  
Sonya R. Burke  
Mia Kern Lardy  
Emily P. Chase-Sosnoff  
Tomas J. Garcia  
Zoë E. Lees  
Vanessa C. Kaczmarek  
Cristina A. Mulcahy  
Robin E. James  
Luke W. Holmen  
Ian W. Bearden  
Kimberly N. Knox



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October 17, 2017

Board of Education  
Los Lunas School District No. 1  
Los Lunas, New Mexico

Ladies and Gentlemen:

We have acted as bond counsel to Los Lunas School District No. 1 (the "District") in connection with the issuance of its \$7,500,000 General Obligation School Building Bonds, Series 2017 (the "Bonds"), dated October 17, 2017, with interest payable on January 15, 2018, and semi-annually thereafter on each July 15 and January 15 until maturity, and being bonds in registered form maturing on July 15 in the years 2018 through 2030.

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 Los Lunas School District, Valencia County, New Mexico (the "District"), in connection with the issuance of the Los Lunas School District, Valencia 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 September 12, 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 captions "DEBT AND OTHER FINANCIAL OBLIGATIONS," "TAX BASE," "THE DISTRICT – Enrollment," and "FINANCES OF THE EDUCATIONAL PROGRAM-State Equalization Guarantee," "Balance Sheet," Statement of Revenues, Expenditures and Changes in Fund Balances." Annual Financial Information will include Audited Financial Statements if available.

(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](http://emma.msrb.org).

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

(e) "MSRB" means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1300 I Street NW #1000, Washington, D.C. 20005, phone (202) 838-1500, fax (202) 898-1500.

(f) "Official Statement" means the Official Statement dated September 12, 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) If Audited Financial Statements are not provided as a part of the Annual Financial Information, the District, or its designated agent, will provide unaudited financial statements as part of the Annual Financial Information. 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.

(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 the Repository 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-exempt status of the Bonds, or other material events affecting the tax status of the security;
- (vii) modifications to rights of holders of the Bonds, if material within the meaning of the federal securities laws;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Bonds, if material within the meaning of the federal securities laws;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the District;

(xiii) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District; other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material within the meaning of the federal securities laws; and;

(xiv) appointment of a successor or additional trustee, or the change of name of a trustee, if material within the meaning of the federal securities laws.

(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 the Repository, 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.

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Date: October 17, 2017

BOARD OF EDUCATION OF LOS LUNAS SCHOOL  
DISTRICT NO. 1

By \_\_\_\_\_  
President

[SEAL]

ATTEST:

\_\_\_\_\_  
Secretary