

## NOTICE

RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3  
\$2,700,000 - General Obligation School Building Bonds, Series 2018

Preliminary Official Statement, subject to completion,  
Dated July 26, 2018

The Preliminary Official Statement, dated July 26, 2018 (the "Preliminary Official Statement") relating to the above-described bonds (the "Bonds") of the RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3 (the "Issuer"), has been posted on the internet as a matter of convenience. Paper copies of the Preliminary Official Statement are available from the Issuer by contacting the financial advisor, RBC Capital Markets, LLC, Erik B. Harrigan at (505) 872-5999. The posted version of the Preliminary Official Statement has been formatted in Adobe Portable Document Format (Adobe Acrobat XI). Although this format should replicate the Preliminary Official Statement available from the Issuer, its appearance may vary for a number of reasons, including electronic communication difficulties or particular user software or hardware. Using software other than Adobe Acrobat XI may cause the Preliminary Official Statement that you view or print to differ in format from the Preliminary Official Statement.

*The Preliminary Official Statement and the information contained therein are subject to completion or amendment or other change without notice. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.*

For purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Preliminary Official Statement alone, and no other document or information on the internet, constitutes the "Official Statement" that the Issuer has deemed "final" as of its date in respect of the Bonds, except for certain pertinent information permitted to be omitted there from.

No person has been authorized to give any information or to make any representations other than those contained in the Preliminary Official Statement in connection with the offer and sale of the Bonds, and, if given or made, such information or representations must not be relied upon as having been authorized. The information and expressions of opinion in the Preliminary Official Statement are subject to change without notice and neither the delivery of the Official Statement nor any sale made thereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date of the Preliminary Official Statement.

By choosing to proceed and view the electronic version of the Preliminary Official Statement, you acknowledge that you have read and understood this Notice.

**Preliminary Official Statement dated July 26, 2018**

## PRELIMINARY OFFICIAL STATEMENT DATED JULY 26, 2018

\$2,700,000<sup>(1)</sup>

### RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3 General Obligation School Building Bonds, Series 2018

**NEW ISSUE**  
**Book-Entry Only**

**Bank-Qualified**  
**Moody's rating: Applied For**

<b>PURPOSES</b>	Proceeds of the Bonds will be used for the purpose of (i) erecting, remodeling, making additions to and furnishing school buildings and purchasing or improving school grounds and purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act, or any combination of these purposes and (ii) paying costs of issuance.
<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 February 1 and August 1, commencing February 1, 2019. As long as DTC or its nominee is the registered owner of the Bonds, reference in this Official Statement to registered owner will mean Cede & Co., and payments of principal of and interest on the Bonds will be made directly to DTC by the Paying Agent. Disbursements of such payments to DTC Participants are the responsibility of DTC. See "The Bonds - Book-Entry Only System". BOKF, N.A., New Mexico (or successor in function) will serve as the Registrar and Paying Agent for the Bonds.
<b>OPTIONAL REDEMPTION</b>	The Series 2018 Bonds are subject to redemption prior to maturity as provided herein. See "THE BONDS."
<b>SECURITY</b>	The Bonds are general obligations of the Ruidoso Municipal School District No. 3, payable solely out of general (ad valorem) property taxes which are required to be levied against all taxable property in the District without limitation as to rate or amount.
<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. However, for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes) such interest is taken into account in determining adjusted current earnings. Bond Counsel is further of the opinion that interest on the Bonds is excluded from net income for purposes of certain New Mexico taxes imposed on individuals, estates, trusts and corporations. Bond Counsel expresses no opinion regarding other federal income tax consequences relating to the accrual or receipt of interest on the Bonds. (See "Tax Exemption" herein.)
<b>DELIVERY</b>	When, as and if issued, through DTC's facilities, on or about August 23, 2018
<b>DATED DATE</b>	Date of delivery
<b>DUE DATE</b>	August 1, as shown on below:

General Obligation School Bonds, Series 2018 <sup>(1)</sup>									
Year	Principal	Interest Rate	Yield	Cusip # 781338	Year	Principal	Interest Rate	Yield	Cusip # 781338
2019	\$15,000				2026	\$320,000			
2020	35,000				2027	320,000			
2021	35,000				2028	320,000			
2022	50,000				2029	320,000			
2023	25,000				2030	320,000			
2024	300,000				2031	320,000			
2025	320,000								

1) Preliminary, subject to change.

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**ISSUER**

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

**BOARD OF EDUCATION**

*President: Luther Light*  
*Vice-President: Marc Beatty*  
*Secretary: Gillian Baudo*  
*Member: Shane Holder*  
*Member: Gina Klinekole*

**FINANCIAL ADVISOR**

RBC Capital Markets, LLC  
6301 Uptown Blvd. NE, Suite 110  
Albuquerque, New Mexico 87110  
(505) 872-5999

**PAYING AGENT/REGISTRAR**

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

**DISTRICT ADMINISTRATION**

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

**BOND COUNSEL**

Modrall, Sperling, Roehl, Harris & Sisk, P.A.  
500 Fourth Street NW, Suite 1100  
Bank of America Centre  
Albuquerque, New Mexico 87102  
(505) 848-1800

**Electronic Bid Provider**

i-Deal Bidcomp/Parity  
1359 Broadway, 2<sup>nd</sup> Floor  
New York, New York 10018  
(212) 849 - 5021

## 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 Underwriters may over-allot or effect transactions which stabilize and maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. The Underwriters are not obligated to do this and are 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 District and other reliable sources have provided information for this Official Statement, with the goal of providing disclosure to investors which meets legal requirements.

Modrall, Sperling, Roehl, Harris & Sisk, P.A. is serving as a bond counsel to the District, has assisted in the preparation of the Official Statement, has reviewed its contents, and has participated in conferences with representatives of the District, Financial Advisor to issue disclosure counsel opinion. 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 and special disclosure counsel for services rendered in connection with the issuance of the Bonds is contingent 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 by reference to the complete documents. Any investor who wishes to review the full text of documents may request them at no cost from the District or the Financial Advisor as follows:

#### **District**

Ruidoso Municipal School District  
200 Horton Circle  
Ruidoso, New Mexico 88345  
(575) 257-4051  
Attn: Dr. George Bickert

#### **Financial Advisor**

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

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**\$2,700,000<sup>(1)</sup>**

**Ruidoso Municipal School District No. 3**

**General Obligation School Building Bonds, Series 2018**

**INTRODUCTION**

This Official Statement is furnished to prospective purchasers of Ruidoso Municipal School District No. 3, New Mexico, General Obligation School Building Bonds, Series 2018 (the "Bonds" or "Series 2018 Bonds"), issued in the aggregate principal amount of \$2,700,000 by Ruidoso Municipal School District No. 3 (the "District"). The offering of the Bonds is made only by way of this Preliminary Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. Additional information concerning the District, the Bonds, and other aspects of this offering may be obtained either from the District, or RBC Capital Markets, LLC (the "Financial Advisor") at the address set forth in the section entitled "ADDITIONAL MATTERS."

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

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

**The Financial Advisor**

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

**The Issuer**

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

**Security**

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

1) Preliminary, subject to change.

## Limited Role of Auditors

Except for the audited financial statements of the District for the year ended June 30, 2017, contained in Appendix B, this Official Statement presents unaudited financial and statistical information from District records and other sources.

## Purpose

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

## Selected Debt Ratios

2017 Assessed Valuation	\$681,342,231
2017 Estimated Actual Valuation	\$2,144,237,301 <sup>(1)</sup>
Bonded Debt	
Current Total Outstanding (Including the Bonds)	\$39,815,000 <sup>(3)</sup>
Less Debt Service Fund Balance	\$2,948,070 <sup>(2)</sup>
NET DEBT	\$36,866,930
Ratio of Estimated Net Debt to 2017 Assessed Valuation:	5.41%
Ratio of Estimated Net Debt to 2017 Estimated Actual Valuation:	1.72%
Per Capita Net Bonded Debt:	\$2,710.80
Est. Population:	13,600

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

*(2) The net cash balance as of 07/02/2018 was \$3,989,115. The amount properly attributable to principal reduction is 73%.*

*(3) Preliminary, subject to change.*

## THE BONDS

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

### General Terms

The Bonds will bear interest at the rates and mature in the amounts and on the dates shown on the front cover of this Official Statement. All Bonds are fully registered in denominations of \$5,000 or integral multiples thereof in conformance with the Constitution and laws of the State and pursuant to the Bond Resolution. Bond payments will go to The Depository Trust Company ("DTC"), and DTC will then remit the payments to its participants for disbursement to the beneficial owners of the Bonds. See "**Book-Entry Only System**" in Appendix C.

### Bond Registrar and Paying Agent

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

### Payment of Principal and Interest; Record Date

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

### Optional Prior Redemption

The Series 2018 Bonds maturing on and after August 1, 2027, are subject to prior redemption at the District's option in one or more units of \$5,000 on and after August 1, 2026 in whole or in part at any time in such order of maturities as the District may determine for the principal amount of each \$5,000 unit of principal so redeemed and accrued interest to the redemption date. If the District redeems only part of the Bonds of a given maturity, the Registrar will select those Bonds by lot.

### Transfers and Exchanges

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

### Limited Book-Entry Responsibilities

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

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

The District and the Financial Advisor cannot and do not give any assurances that DTC will distribute payments to DTC Participants or that DTC Participants or others will distribute payments with respect to the Bonds received by DTC or its nominees as the holder or any redemption notices or other notices to the beneficial holders, or that they



will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement. See Appendix C.

## **SECURITY AND REMEDIES**

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

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

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

### **Limitations of Remedies**

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

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

## **New Mexico School District Enhancement Program**

The New Mexico legislature amended NMSA 1978, Sections 22-18-1 et. seq. in the first session of 2003 by adding Section 22-18-13 which became effective July 1, 2003. Section 22-18-13 was further amended in 2007 and provides that, if a school district indicates that it will not make 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 school 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 reflected the State of New Mexico's recent rating downgrade and outlook. On June 18, 2018, Moody's further downgraded the enhancement rating from "Aa2" to "Aa3" and assigned a stable outlook.

By request, Moody's will assign a rating to school district bonds upon verification of a requirement in the authorizing Bond Resolution that an independent, third-party paying agent will be appointed and maintained. The District has qualified the Bonds under the New Mexico School District Enhancement Program and received a rating of "Aa3" on the Bonds.

## **DEBT AND OTHER FINANCIAL OBLIGATIONS**

Article IX, Section 11 of the New Mexico Constitution limits the powers of a District to incur general obligation debt extending beyond the fiscal year. The District can incur such debt for the purpose of erecting, remodeling, making additions to and furnishing school buildings or purchasing or improving school grounds or any combination of these purposes but only after the proposition to create any such debt has been submitted to a vote of the qualified electors of the District, and a majority of those voting on the question vote in favor of creating the debt. The total indebtedness of the District may not exceed 6% of the assessed valuation of the taxable property within the District as shown by the last preceding general assessment. The District also may create a debt by entering into a lease-purchase arrangement to acquire education technology equipment without submitting the proposition to a vote of the qualified electors of the District, but any such debt is subject to the 6% debt limitation. The issuance of refunding bonds does not have to be submitted to a vote of the qualified electors of the District.

The most recent assessed valuation of taxable property within the District is \$681,342,231 for the tax year 2017, as approved by the State of New Mexico Taxation and Revenue Department, Property Tax Division. The maximum general obligation indebtedness of the District may not exceed 6% of the assessed valuation or \$40,880,533.

After the Bonds are issued, the ratio of total outstanding general obligation (G/O) debt of the District to the 2017 assessed valuation will be no greater than 5.41% as summarized below:

2017 Assessed Valuation	\$681,342,231
2017 Estimated Actual Valuation <sup>(1)</sup>	\$2,144,237,301
District General Obligation Debt Outstanding (Including the Bonds)	\$39,815,000 <sup>(2)</sup>
District Net General Obligation Debt	\$36,866,930
District Net Debt as a Percentage of Assessed Valuation	5.41%
Estimated Actual Valuation	1.72%
Estimated Direct & Overlapping G/O Debt	\$58,929,415
Direct & Overlapping Debt as a Percentage of Assessed Valuation	8.65%
Estimated Actual Valuation	2.75%
Estimated Population	13,600
District Net Debt Per Capita	\$2,710.80
Direct & Overlapping Debt Per Capita	\$4,333.05

*(1) Actual valuation is computed by adding 2017 exemptions to the 2017 assessed valuation and multiplying the result by three.*

*(2) Preliminary, subject to change.*

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## Outstanding Debt

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

Series	Original Amount Issued	Final Maturity	Principal Outstanding
2011	9,000,000	01-Aug-25	7,800,000
2013	5,000,000	01-Aug-25	3,125,000
2014	9,980,000	01-Aug-22	6,605,000
2015	6,325,000	01-Aug-22	5,020,000
2016	9,500,000	01-Aug-31	8,965,000
2017A	5,600,000	01-Aug-32	5,600,000
2018	2,700,000 <sup>(1)</sup>	01-Aug-31	2,700,000 <sup>(1)</sup>
<b>\$48,105,000</b>			<b>\$39,815,000</b>

(1) Preliminary, subject to change.

## Debt Service Requirements to Maturity

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

Current Requirements				Series 2018 Bonds <sup>(1)</sup>			Total Requirements		
Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	\$2,900,000	1,024,070	\$3,924,070				\$2,900,000	\$1,024,070	\$3,924,070
2019	3,125,000	873,963	3,998,963	\$15,000	\$60,750	\$75,750	3,140,000	934,713	4,074,713
2020	3,215,000	812,963	4,027,963	35,000	120,825	155,825	3,250,000	933,788	4,183,788
2021	3,250,000	745,575	3,995,575	35,000	119,250	154,250	3,285,000	864,825	4,149,825
2022	3,200,000	672,450	3,872,450	50,000	117,675	167,675	3,250,000	790,125	4,040,125
2023	3,100,000	595,900	3,695,900	25,000	115,425	140,425	3,125,000	711,325	3,836,325
2024	3,100,000	514,650	3,614,650	300,000	114,300	414,300	3,400,000	628,950	4,028,950
2025	3,010,000	433,150	3,443,150	320,000	100,800	420,800	3,330,000	533,950	3,863,950
2026	1,910,000	360,125	2,270,125	320,000	86,400	406,400	2,230,000	446,525	2,676,525
2027	1,915,000	309,725	2,224,725	320,000	72,000	392,000	2,235,000	381,725	2,616,725
2028	1,915,000	255,875	2,170,875	320,000	57,600	377,600	2,235,000	313,475	2,548,475
2029	1,915,000	198,775	2,113,775	320,000	43,200	363,200	2,235,000	241,975	2,476,975
2030	1,915,000	141,675	2,056,675	320,000	28,800	348,800	2,235,000	170,475	2,405,475
2031	2,030,000	84,575	2,114,575	320,000	14,400	334,400	2,350,000	98,975	2,448,975
2032	615,000	24,600	639,600				615,000	24,600	639,600
<b>\$37,115,000</b>			<b>\$7,048,071</b>	<b>\$44,163,071</b>	<b>\$2,700,000</b>	<b>1,051,425</b>	<b>\$3,751,425</b>	<b>\$39,815,000</b>	<b>\$8,099,496</b>
									<b>\$47,914,496</b>

(1) Preliminary, subject to change.

## Statement of Estimated Direct and Overlapping Debt

The following is a calculation which is useful to investors in assessing the debt load and per capita debt of the District payable from property taxes. In addition to outstanding debt of the District, the calculation takes into account debt attributable to taxing entities which is the responsibility of taxpayers within the boundaries of the District. Revenue bonds are payable from sources other than property taxes.

	<b>2017 Assessed Value</b>	<b>G/O Debt Outstanding</b>	<b>Percent Applicable</b>	<b>Amount</b>
State of New Mexico	\$57,173,515,395	\$475,735,000	1.19%	\$5,669,379
Lincoln County	1,231,485,644	23,110,000	55.33%	12,786,035
Village of Ruidoso	516,333,781	2,425,000	100.00%	2,425,000
Village of Ruidoso Downs	48,175,074	934,000	100.00%	934,000
Ruidoso Municipal Schools	681,342,231	37,115,000	100.00%	37,115,000
<b>Total Direct &amp; Overlapping</b>				<b>\$58,929,415</b>
Ratio of Estimated Direct & Overlapping Debt to 2017 Assessed Valuation:			8.65%	
Ratio of Direct & Overlapping Debt to 2017 Estimated Actual Valuation:			2.75%	
Per Capita Direct & Overlapping Debt:			\$4,333.05	
Estimated Population:			13,600	

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

## TAX BASE

### Analysis of Assessed Valuation

Assessed valuation of property within the District is calculated as follows: Of the total estimated actual valuation of all taxable property in the District, 33 1/3% is legally subject to ad valorem taxes. The actual value of personal property within the District is determined by the county assessor. The actual value of certain corporate property within the District (see "Centrally Assessed" below) is determined by the Taxation and Revenue Department, Property Tax Division. The valuation of oil and natural gas for property tax purposes is calculated by the Oil and Gas Accounting Division. The assessed valuation of the District by property tax component is as follows:

	2013	2014	2015	2016	2017
<b>Assessments</b>					
Value of Land	\$150,260,830	\$152,531,248	\$154,766,428	\$156,198,996	\$156,829,730
Improvements	477,966,061	494,470,165	508,030,498	519,720,148	524,485,802
Personal Property	9,075,330	8,144,047	7,976,605	7,765,488	7,678,537
Mobile Homes	10,868,275	11,022,087	11,059,697	11,097,473	11,019,675
Livestock	177,426	197,696	234,667	375,788	299,672
<b>Assessor's Total Value</b>	<b>\$648,347,922</b>	<b>\$666,365,243</b>	<b>\$682,067,895</b>	<b>\$695,157,893</b>	<b>\$700,313,416</b>
Less Exemptions	\$25,961,344	\$26,448,201	\$30,885,092	\$31,299,788	\$33,403,536
Assessors Net Valuation	622,386,578	639,917,042	651,176,664	663,858,105	666,909,880
Centrally Assessed	14,608,914	14,129,390	14,135,529	13,055,464	14,432,351
<b>Total Assessed Valuation</b>	<b>\$636,995,492</b>	<b>\$654,046,432</b>	<b>\$665,312,193</b>	<b>\$676,913,569</b>	<b>\$681,342,231</b>
Residential	\$448,920,992	\$456,019,779	\$469,947,609	\$483,095,525	\$488,742,970
Non-Residential	188,074,500	198,026,653	195,364,584	193,818,044	192,599,261
	<b>\$636,995,492</b>	<b>\$654,046,432</b>	<b>\$665,312,193</b>	<b>\$676,913,569</b>	<b>\$681,342,231</b>

Source: Lincoln County Assessor.

### History of Assessed Valuation

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

	2013	2014	2015	2016	2017
Residential	\$448,920,992	\$456,019,779	\$469,947,609	\$483,095,525	\$488,742,970
Centrally Assessed	14,608,914	14,129,390	14,135,529	13,055,464	14,432,351
Non-Residential	173,465,586	183,897,263	181,229,055	180,762,580	178,166,910
<b>Total A.V</b>	<b>\$636,995,492</b>	<b>\$654,046,432</b>	<b>\$665,312,193</b>	<b>\$676,913,569</b>	<b>\$681,342,231</b>

## Major Taxpayers

Below is a three year history of the major taxpayers in the District. In 2017, the ten largest taxpayers in the District had a combined assessed valuation of \$17,129,929 which represents 2.53% of the 2017 assessed valuation.

<b>Taxpayer</b>	<b>Business</b>	<b>2017 Assessed Valuation</b>	<b>% of District A.V.</b>
PNM Electric	Electric Utility	\$4,647,398	0.69%
Zia Natural Gas Co.	Gas Utility	2,516,468	0.37%
Valor Telecom	Telephone Utility	2,511,394	0.37%
TDS Baja Broadband	Cable Provider	2,039,889	0.30%
Pinecliff Village	Real Estate	1,104,492	0.16%
Otero Electric	Electric Utility	980,425	0.14%
Jayshree	Real Estate	880,378	0.13%
Camelot Place	Real Estate	842,900	0.12%
Crownpoint Condos	Real Estate	822,271	0.12%
Shah, Ojas D; Choksi, Tejal Patel, Gordhan & Saroj G	Real Estate	784,314	0.12%
<b>Total</b>		<b>\$17,129,929</b>	<b>2.53%</b>

Source: Lincoln County Assessor's Office

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## Tax Rates

Article VIII, Section 2, of the New Mexico Constitution limits the total ad valorem taxes for operational purposes levied by all overlapping governmental units within a taxing district to \$20.00 per \$1,000 of assessed value. This limitation does not apply to levies for public debt and levies for additional taxes if authorized at an election by a majority of the qualified voters of the jurisdiction voting on the question.

<b>Within 20 Mill Limit for General Purposes</b>					
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>State of New Mexico</b>	0.000	0.000	0.000	0.000	0.000
<b>Lincoln County</b>	7.889	5.038	5.169	5.169	5.164
<b>Village of Ruidoso</b>	5.149	5.080	5.169	5.165	5.142
<b>Ruidoso Schools</b>	0.310	0.306	0.311	0.311	0.310
<b>Total</b>	<b>13.348</b>	<b>10.424</b>	<b>10.649</b>	<b>10.645</b>	<b>10.616</b>
<b>Over 20 Mill Limit - Interest, Principal, Judgement, etc.</b>					
State of New Mexico	1.360	1.360	1.360	1.360	1.360
Lincoln County	0.000	2.750	2.750	2.750	2.750
Village of Ruidoso	1.507	1.500	1.500	1.500	0.000
Other	4.432	4.380	4.409	4.408	4.403
Ruidoso Schools	7.906	7.911	7.945	7.952	7.756
<b>Total</b>	<b>15.205</b>	<b>17.901</b>	<b>17.964</b>	<b>17.970</b>	<b>16.269</b>
<b>Total Levy</b>					
State of New Mexico	1.360	1.360	1.360	1.360	1.360
Lincoln County	7.889	7.788	7.919	7.919	7.914
Village of Ruidoso	6.656	6.580	6.669	6.665	5.142
Other	4.432	4.380	4.409	4.408	4.403
Ruidoso Schools	8.216	8.217	8.256	8.263	8.066
<b>Total Residential - Ruidoso</b>	<b>28.553</b>	<b>28.325</b>	<b>28.613</b>	<b>28.615</b>	<b>26.885</b>
<b>Total Non-Residential - Ruidoso</b>	<b>31.819</b>	<b>31.202</b>	<b>30.914</b>	<b>30.246</b>	<b>28.977</b>
Total Residential in Unincorporated County	21.897	21.745	21.944	21.950	21.743
Total Non-Residential in Unincorporated County	25.741	25.170	24.932	24.405	24.526
Total Residential - Ruidoso Downs	29.003	28.924	29.244	29.099	28.731
Total Non-Residential - Ruidoso Downs	35.500	35.049	34.833	34.125	34.034

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



## School Tax Rates

The following table summarizes the historical school tax levies on property within the District since the 2013 tax year (2013-14 fiscal years). The Two Mill Levy is renewed every six years, most recently on February 2, 2013. The next Two Mill Levy election is scheduled in 2019.

Tax Year	Operational		Two Mill Levy		G/O Bonds	Ed Tech Notes	Total Debt Service	Total	
	Resid.	Non-Resid.	Resid.	Non-Resid.				Resid.	Non-Resid.
2013	0.310	0.430	2.000	2.000	5.756	-	5.756	8.066	8.186
2014	0.311	0.425	2.000	1.977	5.951	-	5.951	8.262	8.353
2015	0.311	0.442	2.000	2.000	5.945	-	5.945	8.256	8.387
2016	0.306	0.447	1.968	2.000	5.943	-	5.943	8.217	8.390
2017	0.310	0.452	1.993	2.000	5.913	-	5.913	8.216	8.365

Source: New Mexico Department of Finance & Administration.

## Yield Control Limitation

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

## Developments Limiting Residential Property Tax Increases

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

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

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

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

1. To property that is being valued for the first time;
2. To physical improvements made to the property in the preceding year;
3. When the property is transferred to a person other than a spouse, or a child who occupies the property as his principal residence and who qualifies for the head of household exemption on the property under the Property Tax Code;

4. When a change occurs in the zoning or use of the property; and
5. To property that is subject to the valuation limitations under Section 7-36-21.3 NMSA 1978.
6. On March 28, 2012, the New Mexico Court of Appeals upheld the constitutionality of a law capping residential valuation increases until a home changes ownership. The plaintiff appealed the case to the New Mexico Supreme Court. The Supreme Court affirmed the decision by the Court of Appeals. The New Mexico Legislature has brought up the issue of the disparity in valuations in the past several years, but has not enacted any of the bills into law. To the extent that court or legislative action is taken or a further constitutional amendment is passed amending the valuation provisions, it could have a material impact on the valuation of residential property in the District.

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

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

### Tax Collections History

General (ad valorem) taxes for all units of government are collected by the county treasurer and distributed monthly to the various political subdivisions to which they are due.

Property taxes are due in two installments. The first half installment is due on November 10 and becomes delinquent on December 10. The second half installment is due on April 10 and becomes delinquent on May 10.

Collection statistics for all political subdivisions for which each county treasurer collects taxes are presented below:

<b>Tax Year</b>	<b>Fiscal Year</b>	<b>Net Taxes Charged to Treasurer</b>	<b>Current Tax Collections <sup>(1)</sup></b>	<b>Current Collections as a % of Net Levied</b>	<b>Current/Delinquent Tax Collections <sup>(2)</sup></b>	<b>Current/Delinquent Collections as a % of Net Levied</b>
2017	17/18	\$30,372,836	\$28,989,486	95.45%	\$28,989,486	95.45%
2016	16/17	\$29,974,595	\$29,316,670	97.81%	\$29,919,716	99.82%
2015	15/16	29,312,971	27,927,862	95.27%	28,557,362	97.42%
2014	14/15	28,333,405	27,022,070	95.37%	27,976,946	98.74%
2013	13/14	26,886,767	25,605,066	95.23%	26,763,557	99.54%
2012	12/13	25,696,883	24,521,752	95.43%	25,677,903	99.93%

(1) Current collections through June 30 of each year

(2) As of June 30, 2018.

Source: Lincoln County Treasurer's Office

### Interest on Delinquent Taxes

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

### **Penalty for Delinquent Taxes**

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

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

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

Pursuant to Section 7-38-47, NMSA 1978, property taxes are the personal obligation of the person owning the property on the date on which the property was subject to valuation for property taxation purposes. A personal judgment may be rendered against the taxpayer for payment of taxes that are delinquent, together with any penalty and interest on the delinquent taxes.

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

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

## **THE DISTRICT**

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

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

### **School District Powers**

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

### **Management**

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

of offenders in case of theft, defacement or destruction of school property; and 14) give prior approval for any educational program in a public school that is to be conducted, sponsored, carried on or caused to be carried on by a private organization. Members serve without compensation for four-year terms of office in non-partisan elections held every two years on the first Tuesday in February. The current District Board Members are:

Luther Light, President  
Term expires November 31, 2021

Shane Holder, Member;  
Term expires November 31, 2019

Marc Beatty, Vice President;  
Term expires November 31, 2019

Gina Klinekole, Member;  
Term expires November 31, 2019

Gillian Baudo, Secretary,  
Term expires November 31, 2019

### Administration and Staff

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

Dr. George Bickert, Superintendent of Schools

Clint Taylor, Director of Finance

### Insurance

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

### Accreditation

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

### Student Enrollment

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

School Year	Enrollment
2013-14	2,053
2014-15	2,034
2015-16	1,962
2016-17	1,985
2017-18	1,987

*Source: New Mexico Public Education Department.*

## FINANCES OF THE EDUCATIONAL PROGRAM

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

### Sources of Revenue for General Fund

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

Local Revenues - Local revenues are a source of revenue to the District composed, in part, by a property tax annually levied on and against all of the taxable property within the District for operational purposes. The levy is limited by State law to a rate of 50 cents for each \$1,000 of net taxable value of taxable property. Other sources of local revenues include interest income earned on the District's investments, rentals and sale of property. In the fiscal year 2017, the District received \$550,243 from local sources.

Federal Revenues - Another source of annual revenue for the District's General Fund is derived from indirect costs of direct federal grant funds related to vocational, special education, and various other programs and P.L. 874 federal impact moneys paid to the District in lieu of taxes on federal land located in the District. In fiscal year 2017, the District has not received federal revenues for its General Fund.

State Revenues - The District's largest source of annual revenue is derived from the State equalization guarantee payments described below. During fiscal year 2017, the District received \$3,891,568 from state sources. Such payments represented approximately 87.61% actual fiscal year 2017 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 an objective manner) and (2) to retain local autonomy in actual use of funds by allowing funds to be used in local districts at the discretion of local policy making bodies. The formula is divided into three basic parts:

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

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

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

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

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

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

Year	Program	
	Unit Factor	Amount
2013-2014	3,817.55	13,921,436
2014-2015	4,005.75	14,641,102
2015-2016	4,027.75	14,061,810
2016-2017	3,979.63	14,532,152
2017-2018	4,084.00	14,309,120

*Source: New Mexico Public Education Department.*

The PED receives Federal mineral-leasing funds from which it makes annual allocations to the school district for purchasing text books. In 2017, the District received \$ 137,816 of cash and credit for textbook purchases.

The District is also reimbursed by the State for the costs of transporting pupils to and from school pursuant to the Act. These payments are based upon a formula consisting of the number of students per square mile that are transported. In 2017 the District received \$795,151 for transportation purposes.

### District Budget Process

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

- Before April 15 of each year, the District must submit an estimated budget for the next school year to PED. If the District fails to submit a budget, PED must prepare a District budget for the ensuing year.
- Before July 12 of each year, the District Board must hold a public hearing to fix the estimated budget for the next school year.

- On or before July 1 of each year, PED must approve and certify an approved operating budget for use by the District board.

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

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

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

## Balance Sheet – General Fund Only

The following is a history of the District's General Fund Balance Sheet. The General Fund includes Operational, Transportation and Instructional Materials. See financial statements for the fiscal year ending June 30, 2017 attached as Appendix B. The complete audit report for the fiscal year ending June 30, 2017 and the last four years can be downloaded from the State Auditor's website using the following link [http://www.saonm.org/audit\\_reports](http://www.saonm.org/audit_reports).

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

	<u>06/30/13</u>	<u>06/30/14</u>	<u>06/30/15</u>	<u>06/30/16</u>	<u>06/30/17</u>
<b>ASSETS:</b>					
Cash & Cash equivalents	\$ 1,516,887	\$ 1,947,531	\$ 3,160,406	\$ 4,970,115	\$ 4,354,209
Property Taxes	6,883			11,168	7,193
Due from other agencies					
Due from other funds	623,614	392,163	590,241	413,729	246,799
Other	-	6,568	7,247	-	-
<b>Total Assets</b>	<b>\$ 2,147,384</b>	<b>\$ 2,346,262</b>	<b>\$ 3,757,894</b>	<b>\$ 5,395,012</b>	<b>\$ 4,608,201</b>
<b>LIABILITIES AND EQUITY:</b>					
Accounts payable	29,381	29,385			47,322
Accrued payroll	755,270	264,556		708,817	
Due from other funds			1,200		
Deferred revenue	-	-	-	-	-
<b>Total Liabilities</b>	<b>\$ 784,651</b>	<b>\$ 293,941</b>	<b>\$ 1,200</b>	<b>\$ 708,817</b>	<b>\$ 47,322</b>
<b>Deferred inflows of resources</b>					
Deferred Revenue	\$ 6,883	\$ 6,568	\$ 7,247	\$ 7,557	\$ 4,044
<b>Fund balances:</b>					
Restricted		15,249	51,619	51,099	-
Unassigned	1,355,850	2,030,504	3,697,828	4,627,539	4,556,835
<b>Total Fund balances</b>	<b>\$ 1,355,850</b>	<b>\$ 2,045,753</b>	<b>\$ 3,749,447</b>	<b>\$ 4,678,638</b>	<b>\$ 4,556,835</b>
<b>Total Liabilities and fund balances</b>	<b>\$ 2,147,384</b>	<b>\$ 2,346,262</b>	<b>\$ 3,757,894</b>	<b>\$ 5,395,012</b>	<b>\$ 4,608,201</b>

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

Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete.

A portion of the independent audit report for fiscal 2017 is attached as Appendix B.



## Statement of Revenues, Expenditures & Changes in Fund Balances – General Fund Only

The following is a history of the District's General Fund Statement of Statement of Revenues, Expenditures & Changes in Fund Balances. The General Fund includes Operational, Transportation and Instructional Materials. See financial statements for the fiscal year ending June 30, 2017 attached as Appendix B. The complete audit report for the fiscal year ending June 30, 2017 and the last four years can be downloaded from the State Auditor's website using the following link [http://www.saonm.org/audit\\_reports](http://www.saonm.org/audit_reports).

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

<i>Year Ending June 30</i>	<u>06/30/13</u>	<u>06/30/14</u>	<u>06/30/15</u>	<u>06/30/16</u>	<u>06/30/17</u>
<b>Revenues:</b>					
Property Taxes	\$210,217	\$219,692	\$223,836	\$234,926	\$234,189
Fees and Charges	68,710	42,063	46,368	51,547	71,276
State Sources	14,955,963	14,861,845	15,763,471	15,185,899	14,102,793
Federal Sources	409,928	623,456	556,495	521,438	313,561
Investment Earnings	4,325	3,045	3,642	11,201	26,981
Miscellaneous	<u>315,603</u>	<u>126,489</u>	<u>86,958</u>	<u>229,012</u>	<u>82,710</u>
<i>Total Revenues</i>	15,964,746	15,876,590	16,680,770	16,234,023	14,831,510
<b>Expenditures:</b>					
Instruction	9,370,241	8,783,496	8,272,718	8,586,966	8,277,300
Support Services - Students	1,478,819	1,359,314	1,233,171	1,050,176	1,222,512
Support Services - Instruction	330,694	309,858	444,022	434,144	414,454
Support Services - General Administration	401,819	381,140	397,401	382,169	351,423
Support Services - School Administration	971,324	1,027,697	1,091,311	1,041,812	981,960
Central Services	498,112	526,152	548,615	577,153	604,599
Operation & Maintenance of Plant	1,987,776	2,020,478	2,169,624	2,311,102	2,214,225
Other Support Services	75,000	-	-	-	-
Community Services	228	-	-	-	-
Pupil Transportation	<u>875,869</u>	<u>778,552</u>	<u>820,214</u>	<u>921,764</u>	<u>886,840</u>
<i>Total Expenditures</i>	15,989,882	15,186,687	14,977,076	15,305,286	14,953,313
<i>Excess revenues over expenditures</i>	(25,136)	689,903	1,703,694	928,737	(121,803)
Fund Balance Beginning of Year	\$1,380,986	\$1,355,850	\$2,045,753	\$3,749,447	\$4,678,638
Transfers/Refunds/Adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>454</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<b>\$1,355,850</b>	<b>\$2,045,753</b>	<b>\$3,749,447</b>	<b>\$4,678,638</b>	<b>\$4,556,835</b>

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

Source: The figures above have been extracted from the District's audited financial statements. Such figures are excerpts only and do not purport to be complete. A portion of the independent audit report for the year ended June 30, 2017 is attached as Appendix B.

## Employees and Retirement Plan

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

### ERA Pension Plan

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

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

<b>Fiscal Year Ending June 30</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>	<b>Net Assets Held in Trust</b>
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	292,822,396	11,497,723,115
2016	396,988,557	293,847,970	11,532,837,951
2017	395,843,795	292,809,008	12,509,355,910

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

### Funding Policy

#### ***Contributions:***

The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2017 employers contributed 13.9% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$1,254,722 for the year ended June 30, 2017.

#### ***Net Pension Liability:***

The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2017. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2016. At June 30, 2017, the District reported a liability of \$24,606,765 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2016. The contribution amounts were defined by Section 22-11 21, NMSA 1978. At June 30, 2016, the District proportion was .034193 percent, which was a increase of .0014 percent from its proportion measured as of June 30, 2015.

### Post-Employment Benefits

The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple employer defined benefit post-employment healthcare plan administered by the New Mexico Retiree Health Care Authority ("RHCA"). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was

established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The RHCA Board is responsible for establishing and amending benefit provisions of the healthcare plan is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post-employment health care plan. That report and further information can be obtained by writing to RHCA, 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

#### Funding Policy

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

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

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

The District's contributions to the RHCA for the year ending June 30, 2017 was \$188,431, which equal the required contributions for each year.

## TAX EXEMPTION

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

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

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

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

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

### Qualified Tax-Exempt Obligations

The Bonds are designated in the Bond Award as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. The District covenants that the District, having no "subordinate entities" with authority to issue obligations within the meaning of that Section of the Code, in or during the calendar year in which the Bonds are issued (i) will not designate as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code, tax-exempt obligations, including the Bonds, in an aggregate principal amount in excess of \$10,000,000, and (ii) will not issue tax-exempt obligations within the meaning of Section 265(b)(4) of the Code, including the Bonds and qualified 501(c)(3) bonds as defined in Section 145 of the Code (but excluding obligations other than qualified 501(c)(3) bonds, that are private activity bonds as defined in Section 141 of the Code), in an aggregate principal amount exceeding \$10,000,000 unless the District receives an opinion of nationally recognized bond counsel that such designation or issuance, as applicable, will not cause the Bonds to cease to be "qualified tax-exempt obligations."

### Internal Revenue Service Audit Program

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

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

## **ORIGINAL ISSUE DISCOUNT**

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

## **ORIGINAL ISSUE PREMIUM**

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

## **LITIGATION**

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

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

## **RATINGS**

Moody's Investors Service has rated the Bonds "\_\_\_ Underlying/\_\_\_ Enhanced". An explanation of the significance of the rating given by Moody's Investors Service may be obtained from Moody's Investors Service, Inc. at 99 Church Street, New York, New York 10007. There is no assurance that the rating will be obtained or will continue for any given period of time after received or that the rating will be revised downward or withdrawn entirely by the rating agency, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have effect on the market price of the Bonds.

## LEGAL MATTERS

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

## CONTINUING DISCLOSURE UNDERTAKING

For the benefit of bondholders and to enable a broker, dealer or municipal securities dealer to comply with requirements of Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission, the District has undertaken to provide to the Municipal Securities Rulemaking Board's (the "MSRB") Electronic Municipal Market Access ("EMMA") system, its audited financial statements and certain financial and operating information. The District will provide financial information and operating data with respect to the District of the general type included in this Official Statement under the headings "DEBT AND OTHER FINANCIAL OBLIGATIONS," "TAX BASE," "THE DISTRICT- Student Enrollment," and "FINANCES OF THE EDUCATIONAL PROGRAM - State Equalization Program, Statement of Net Assets, Statement of Activities, Balance Sheet – General Fund, Statement of Revenues & Expenditures & Changes in Fund Balances – General Fund." The District will update and provide this information no later than March 31 of each year, commencing March 31, 2019. A draft of the Continuing Disclosure Undertaking (the "Undertaking") is attached hereto as Appendix E.

Any or all of such information may be incorporated by reference from other documents, as permitted by the Rule. The annual information will include audited financial statements, if the District commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the District will provide unaudited financial statements and audited financial statements when and if audited financial statements become available. Any such financial statements will be prepared in accordance with generally accepted accounting principles and state law requirements, as in effect from time to time. (See Note 1 of the District's audited financial statements included as Appendix B for a description of the accounting principles currently followed in the preparation of the District's audited annual financial statements.)

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

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

### Compliance with Prior Undertakings

For the past five years, the District has complied in all material respects with its existing continuing disclosure agreements in accordance with the Rule. The District has implemented procedures to assure compliance with its continuing disclosure undertakings

### Event Notices

The District shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds: 1) Principal and interest payment delinquencies; 2) Non-payment related defaults, if material within the meaning of the federal securities laws; 3) Unscheduled draws on debt service reserves reflecting financial difficulties; 4) Unscheduled draws on credit enhancements reflecting financial difficulties; 5) Substitution of credit or liquidity providers, or their failure to perform; 6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds or the Lease, or other events affecting the tax-exempt status of the Bonds; 7) Modifications to rights of holders of the Bonds, if material within the meaning of the federal securities laws; 8) Bond calls, if material within the meaning of the federal securities laws; 9) Defeasances; 10) Release, substitution, or sale of property securing repayment of the Bonds, if material within the meaning of the

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

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

### **Limitations and Amendments**

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

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

## **ADDITIONAL MATTERS**

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

## **A LAST WORD**

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

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

/s/  
\_\_\_\_\_, President, Board of Education

/s/  
\_\_\_\_\_, Secretary, Board of Education

## APPENDIX A

### ECONOMIC & DEMOGRAPHIC INFORMATION



## THE ECONOMY

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

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

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

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

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

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

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

## Population

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

<b>US Census Year</b>	<b>Village of Ruidoso</b>	<b>Lincoln County</b>	<b>State of New Mexico</b>
1970	2,216	7,560	1,017,055
1980	4,260	10,997	1,303,143
1990	4,600	12,219	1,515,069
2000	7,848	19,411	1,826,280
2010	8,029	20,497	2,065,826
2018 <sup>(1)</sup>	7,231	19,420	2,085,572
2023 <sup>(2)</sup>	6,890	19,338	2,088,585

(1) Estimates. Source: Spotlight, June 2018

(2) Projected. Source: Spotlight, June 2018

## Age Distribution

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

<b>Age Group</b>	<b>Lincoln County</b>	<b>New Mexico</b>	<b>United States</b>
0 - 17	18.2%	23.9%	22.8%
18 - 24	6.7%	9.8%	9.8%
25 - 34	9.0%	13.3%	13.40%
35 - 44	8.7%	11.9%	12.60%
45 - 54	11.2%	11.9%	13.10%
55 and Older	46.2%	29.2%	28.3%

Source: Spotlight, June 2018

## Effective Buying Income

The following table reflects the percentage of households by Effective Buying Income ("EBI") and a five-year comparison of the estimated median household income as reported by The Nielsen Company. EBI is personal income less personal tax and non-tax payments. Personal income includes wages and salaries, other labor income, proprietors' income, rental income, dividends, personal interest income and transfer payments. Deductions are made for federal, state and local taxes, non-tax payments such as fines and penalties, and personal contributions for social security insurance.

Effective Buying Income Group	Lincoln County	New Mexico	United States
Under \$25,000	30.0%	27.3%	20.4%
\$25,000 - \$34,999	12.0%	10.7%	9.2%
\$35,000 - \$49,999	14.2%	13.7%	12.9%
\$50,000 - \$74,999	18.2%	16.8%	17.1%
\$75,000 and over	25.6%	31.5%	40.5%
2014 Est. Median Household Income	\$46,314	\$44,292	\$51,579
2015 Est. Median Household Income	\$46,324	\$45,633	\$53,706
2016 Est. Median Household Income	\$41,609	\$45,445	\$55,551
2017 Est. Median Household Income	\$41,407	\$47,043	\$57,462
2018 Est. Median Household Income	\$42,981	\$48,044	\$60,133

Source: *Spotlight*, June 2018.

## Employment

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

Year <sup>(1)</sup>	Lincoln County		State of New Mexico		United States
	%		%		
	Labor Force	Unemployed	Labor Force	Unemployed	% Unemployed
2018 <sup>(2)</sup>	8,819	3.30%	934,178	5.80%	4.40%
2017	8,657	5.50%	929,567	6.20%	4.40%
2016	8,438	6.20%	927,355	6.70%	4.90%
2015	8,613	5.80%	919,889	6.60%	5.30%
2014	8,738	6.10%	918,206	6.50%	6.20%
2013	8,817	6.50%	922,960	6.90%	7.40%
2012	8,946	6.50%	928,050	7.10%	8.10%
2011	9,085	6.80%	929,862	7.60%	8.90%
2010	9,380	7.50%	936,088	8.10%	9.60%
2009	10,885	5.80%	940,352	7.50%	9.30%
2008	11,049	3.50%	944,548	4.50%	5.80%

(1) Numbers are annual averages.

(2) Data for the month of June 2018. Numbers are Preliminary.

Source: U.S. Bureau of Labor Statistics, June 2018.

## Major Employers

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

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

*Source: Independent sources.*

## Covered Wage and Salary Employment

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

	2013	2014	2015	2016	2017 <sup>(1)</sup>
Grand Total	6,408	6,464	6,427	6,460	6,304
Total Private	5,193	5,315	5,265	5,250	
Accommodation and Food Services	1,232	1,303	1,361	1,364	1,258
Administrative and Waste Services	164	162	149	153	198
Agriculture, Forestry, Fishing & Hunting	69	68	74	74	71
Arts, Entertainment, and Recreation	528	565	543	579	502
Construction	301	333	338	317	372
Educational Services	20	19	18	15	485
Finance and Insurance	163	153	146	144	167
Health Care and Social Assistance	610	609	632	655	701
Information	81	78	79	85	87
Management of Companies and Enterprises	*	*	*	*	*
Manufacturing	64	58	47	48	69
Mining	*	*	*	*	*
Other Services, Ex. Public Admin	183	196	198	196	194
Professional and Technical Services	231	226	148	146	136
Real Estate and Rental and Leasing	159	151	141	143	149
Retail Trade	1,197	1,199	1,208	1,157	1,217
Transportation and Warehousing	57	50	53	51	89
Utilities	71	78	76	77	125
Wholesale Trade	44	46	36	36	42
Total Government	1,222	1,179	1,162	1,210	1,189

(1) Data as of Fourth Quarter of 2017

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

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

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

APPENDIX B

AUDITED FINANCIAL STATEMENTS  
JUNE 30, 2017

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL**  
**DISTRICT NO. 3**

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FINANCIAL ANNUAL REPORT  
AND  
SUPPLEMENTAL INFORMATION  
YEAR ENDED JUNE 30, 2017  
WITH  
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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108	Grads Plus	28203

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		<u>Fund #</u>
109	Special Capital Outlay - Local	31300
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# OFFICIAL ROSTER

June 30, 2017

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## BOARD OF EDUCATION

Shane Holder	President
Gina Klinekole	Vice-President
Luther Light	Secretary
Gillian Baudo	Member
Marc Beatty	Member

## SCHOOL OFFICIALS

George Bickert	Superintendent
Clint Taylor	Director of Business and Finance
	Procurement Officer
Ann Spence	AP
Sandra Ashcraft	Payroll

## AUDIT COMMITTEE

Luther Light	Member
Marc Beatty	Member
Tom Rigsby	Member
Ben Byrd	Member
Dr. George Bickert	Member
Clint Taylor	Member

## FINANCE COMMITTEE

Dr. George Bickert	Member
Clint Taylor	Member
Luther Light	Member
Marc Beatty	Member

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## FINANCIAL SECTION

FISCAL YEAR 2017

JULY 1, 2016 THROUGH JUNE 30, 2017

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## INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor,  
The Board of Education and Audit Committee of  
Ruidoso Municipal School District No. 3

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

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Ruidoso Municipal School District No. 3, as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise Ruidoso Municipal School District No. 3's basic financial statements 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 Ruidoso Municipal School District No. 3'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 Ruidoso Municipal School District No. 3, as of June 30, 2017, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Tim Keller, State Auditor,  
The Board of Education and Audit Committee of  
Ruidoso Municipal School District No. 3

### ***Other Matters***

#### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Accounting principles generally accepted in the United States of America also require that the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions on page 50 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. Our opinion on the basic financial statements is not affected by this missing information.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ruidoso Municipal School District No. 3's basic financial statements. The supplemental information such as the combining and individual general fund financial statements, budgetary comparisons for the major capital project funds, major debt service fund, the combining and individual nonmajor fund financial statements, and the other information, such as the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other schedules required by 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 supplemental information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures and other supplemental information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with Government Auditing Standards, we have also issued our report dated October 16, 2017 on our consideration of the Ruidoso Municipal School District No. 3's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Ruidoso Municipal School District No. 3's internal control over financial reporting and compliance.

Farmington, New Mexico  
October 16, 2017

## BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

STATEMENT OF NET POSITION  
June 30, 2017

	Governmental <u>Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 26,092,340
Receivables:	
Delinquent property taxes receivable	158,901
Grant	293,539
Food inventory	6,827
Non-current:	
Non-depreciable assets	993,424
Depreciable capital assets, net	<u>53,538,917</u>
<b>Total Assets</b>	<u><b>81,083,948</b></u>
<b>Deferred Outflows of Resources:</b>	
Contributions to pension subsequent to the measurement date	1,277,623
Difference between expected and actual experience	106,753
Net difference between projected and actual investment earnings on plan investments	1,468,819
Net change in pension assumptions	500,895
Net change in proportionate share of pension liability	<u>65,872</u>
<b>Total Deferred Outflows of Resources</b>	<u><b>3,419,962</b></u>
<b>Liabilities</b>	
Accounts payable	128,991
Accrued interest	316,449
Compensated absences	88,262
Long-term liabilities other than pensions:	
Due within one year	3,085,000
Due in more than one year	38,357,959
Aggregate net pension liability	<u>24,606,765</u>
<b>Total Liabilities</b>	<u><b>66,583,426</b></u>
<b>Deferred Inflows of Resources</b>	
Advances of federal, state, and local grants	8,756
Difference between expected and actual experience	234,041
Net change in proportionate share of pension liability	<u>508,493</u>
<b>Total Deferred Inflows of Resources</b>	<u><b>751,290</b></u>
<b>Net Position</b>	
Net investment in capital assets	28,397,818
Restricted for:	
Inventories	6,827
Special revenue funds	686,898
Capital projects	1,718,076
Debt service	3,821,881
Unrestricted	<u>(17,462,306)</u>
<b>Total Net Position</b>	<u><b>\$ 17,169,194</b></u>

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

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

STATEMENT OF ACTIVITIES  
**Year Ended June 30, 2017**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary governmental activities:</b>					
<b>Governmental activities:</b>					
Instruction	\$ 10,716,607	\$ 71,276	\$ 1,215,321	\$ 102,148	\$ (9,327,862)
Support Services - Students	2,224,353	44,968	252,254	-	(1,927,131)
Support Services - Instruction	500,682	-	56,780	-	(443,902)
Support Services - General Administration	515,348	-	58,443	650	(456,255)
Support Services - School Administration	1,124,047	-	127,473	-	(996,574)
Central Services	667,432	-	75,690	-	(591,742)
Operations & Maintenance of Plant	4,310,021	-	488,780	81,910	(3,739,331)
Student Transportation	1,028,682	-	795,151	-	(233,531)
Food Services	1,225,734	100,330	1,132,759	-	7,355
Bond interest paid	642,643	-	-	-	(642,643)
<b>Total governmental activities</b>	<u>\$ 22,955,549</u>	<u>\$ 216,574</u>	<u>\$ 4,202,651</u>	<u>\$ 184,708</u>	<u>(18,351,616)</u>
			General revenues:		
			Taxes:		
			Property Taxes:		
			General purposes		230,676
			Capital projects		1,359,389
			Debt service		3,918,286
			State equalization		13,169,826
			Miscellaneous income		83,039
			Total general revenues		<u>18,761,216</u>
			<i>Change in net position</i>		<u>409,600</u>
			<b>Net position - beginning</b>		<u>17,509,556</u>
			Restatement		<u>(749,962)</u>
			Net position - beginning as restated		<u>16,759,594</u>
			<b>Net position - ending</b>		<u>\$ 17,169,194</u>

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

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2017

	General Fund	Title I Fund #24101	Entitlement IDEA-B Fund #24106	Bond Building Fund #31100
<b>Assets</b>				
Cash and cash equivalents	\$ 4,354,209	\$ -	\$ -	\$ 15,308,436
Receivables:				
Property taxes	7,193	-	-	-
Grant	-	61,014	85,079	-
Due from other funds	246,799	-	-	-
Food inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 4,608,201</u>	<u>\$ 61,014</u>	<u>\$ 85,079</u>	<u>\$ 15,308,436</u>
<b>Liabilities, deferred inflows, and fund balance</b>				
Liabilities:				
Accounts payable	\$ 47,322	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>61,014</u>	<u>85,079</u>	<u>-</u>
Total liabilities	<u>47,322</u>	<u>61,014</u>	<u>85,079</u>	<u>-</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
Delinquent property taxes	<u>4,044</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>4,044</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	15,308,436
Debt service	-	-	-	-
Unassigned	<u>4,556,835</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>4,556,835</u>	<u>-</u>	<u>-</u>	<u>15,308,436</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ 4,608,201</u>	<u>\$ 61,014</u>	<u>\$ 85,079</u>	<u>\$ 15,308,436</u>

( cont'd; 1 of 2 )



STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

GOVERNMENTAL FUNDS

**Balance Sheet**

**June 30, 2017**

	Capital Improvements SB-9 <u>Fund #31701</u>	Debt Service <u>Fund #41000</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 1,714,653	\$ 4,018,142	\$ 696,900	\$ 26,092,340
Receivables:				
Property taxes	38,352	112,698	658	158,901
Grant	-	-	147,446	293,539
Due from other funds	46,740	-	-	293,539
Food inventory	<u>-</u>	<u>-</u>	<u>6,827</u>	<u>6,827</u>
<b>Total assets</b>	<u>\$ 1,799,745</u>	<u>\$ 4,130,840</u>	<u>\$ 851,831</u>	<u>\$ 26,845,146</u>
<b>Liabilities, deferred inflows, and fund balance</b>				
Liabilities:				
Accounts payable	\$ 81,669	\$ -	\$ -	\$ 128,991
Due to other funds	<u>-</u>	<u>-</u>	<u>147,446</u>	<u>293,539</u>
Total liabilities	<u>81,669</u>	<u>-</u>	<u>147,446</u>	<u>422,530</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	8,756	8,756
Delinquent property taxes	<u>21,639</u>	<u>62,658</u>	<u>652</u>	<u>88,993</u>
Total deferred inflows of resources	<u>21,639</u>	<u>62,658</u>	<u>9,408</u>	<u>97,749</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	6,827	6,827
Restricted for:				
Special revenue funds	-	-	686,898	686,898
Capital projects funds	1,696,437	-	-	17,004,873
Debt service	-	4,068,182	6,838	4,075,020
Unassigned	<u>-</u>	<u>-</u>	<u>(5,586)</u>	<u>4,551,249</u>
Total fund balance	<u>1,696,437</u>	<u>4,068,182</u>	<u>694,977</u>	<u>26,324,867</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ 1,799,745</u>	<u>\$ 4,130,840</u>	<u>\$ 851,831</u>	<u>\$ 26,845,146</u>

( 2 of 2 )

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STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

RECONCILIATION OF THE BALANCE SHEET - ALL GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
**June 30, 2017**

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

Fund balances - total governmental funds	\$ 26,324,867
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets	83,074,147
Accumulated depreciation	(28,541,806)
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Property taxes receivable	88,993
Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and include:	
Contributions to pension subsequent to the measurement date	1,277,623
Difference between expected and actual experience	106,753
Net difference between projected and actual investment earnings on plan investments	1,468,819
Net change in pension assumptions	500,895
Net change in proportionate share of pension liability	65,872
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	
Bonds payable	(40,200,000)
Accrued interest payable	(316,449)
Accrued vacation payable	(88,262)
Bond premiums	(1,242,959)
Net pension liability	(24,606,765)
Deferred inflow of resources are not financial resources, and therefore are not reported in the funds and include:	
Difference between expected and actual experience	(234,041)
Net change in proportionate share of pension liability	<u>(508,493)</u>
Net position of governmental activities	<u><u>\$ 17,169,194</u></u>

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

GOVERNMENTAL FUNDS  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Year Ended June 30, 2017**

	General <u>Fund</u>	Title I <u>Fund #24101</u>	Entitlement IDEA-B <u>Fund #24106</u>	Bond Building <u>Fund #31100</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ 234,189	\$ -	\$ -	\$ -
Intergovernmental - federal grants	313,561	453,529	500,293	-
Intergovernmental - state grants	14,102,793	-	-	-
Charges for services	71,276	-	-	-
Investment and interest income	26,981	-	-	45,135
Miscellaneous	<u>82,710</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<u>14,831,510</u>	<u>453,529</u>	<u>500,293</u>	<u>45,135</u>
<b>Expenditures:</b>				
Current:				
Instruction	8,277,300	71,321	295,092	-
Support services:				
Students	1,222,512	317,254	192,975	-
Instruction	414,454	24,460	-	-
General Administration	351,423	40,494	12,226	-
School Administration	981,960	-	-	-
Central Services	604,599	-	-	-
Operation & Maintenance of Plant	2,214,225	-	-	370,775
Student transportation	886,840	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	1,386,604
Debt service:				
Principal retirement	-	-	-	-
Bond interest paid	-	-	-	-
Bond issuance costs	-	-	-	62,733
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>14,953,313</u>	<u>453,529</u>	<u>500,293</u>	<u>1,820,112</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(121,803)</u>	<u>-</u>	<u>-</u>	<u>(1,774,977)</u>
<b>Other financing sources and financing uses:</b>				
Sale of bonds	-	-	-	15,100,000
Bond premium	-	-	-	877,574
Transfers In	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources and financing</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,977,574</u>
<i>Net change in fund balance</i>	(121,803)	-	-	14,202,597
<b>Fund balance at beginning of the year</b>	<u>4,678,638</u>	<u>-</u>	<u>-</u>	<u>1,105,839</u>
<b>Fund balance at end of the year</b>	<u>\$ 4,556,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,308,436</u>

( cont'd; 1 of 2 )

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

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

GOVERNMENTAL FUNDS

**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Year Ended June 30, 2017**

	Capital Improvements SB-9 <u>Fund #31701</u>	Debt Service <u>Fund #41000</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ 1,336,863	\$ 4,016,798	\$ 59	\$ 5,587,909
Intergovernmental - federal grants	-	-	1,623,685	2,891,068
Intergovernmental - state grants	-	-	469,904	14,572,697
Charges for services	-	-	145,298	216,574
Investment and interest income	8,842	10,283	2,179	93,420
Miscellaneous	-	-	329	83,039
<b>Total revenues</b>	<u>1,345,705</u>	<u>4,027,081</u>	<u>2,241,454</u>	<u>23,444,707</u>
<b>Expenditures:</b>				
Current:				
Instruction	-	-	497,902	9,141,615
Support services:				
Students	-	-	282,208	2,014,949
Instruction	-	-	825	439,739
General Administration	13,410	40,286	8,993	466,832
School Administration	-	-	36,268	1,018,228
Central Services	-	-	-	604,599
Operation & Maintenance of Plant	1,319,269	-	-	3,904,269
Student transportation	-	-	45,000	931,840
Food services operations	-	-	1,110,342	1,110,342
Capital outlay	609,503	-	48,767	2,044,874
Debt service:				
Principal retirement	-	3,036,925	-	3,036,925
Bond interest paid	-	800,429	-	800,429
Bond issuance costs	-	-	-	62,733
Other	-	1,609	-	1,609
<b>Total expenditures</b>	<u>1,942,182</u>	<u>3,879,249</u>	<u>2,030,305</u>	<u>25,578,983</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(596,477)</u>	<u>147,832</u>	<u>211,149</u>	<u>(2,134,276)</u>
<b>Other financing sources and financing uses:</b>				
Sale of bonds	-	-	-	15,100,000
Bond premium	-	-	-	877,574
Transfers In	44,548	-	-	44,548
Transfers out	-	-	(44,548)	(44,548)
<b>Total other financing sources and financing</b>	<u>44,548</u>	<u>-</u>	<u>(44,548)</u>	<u>15,977,574</u>
<i>Net change in fund balance</i>	(551,929)	147,832	166,601	13,843,298
<b>Fund balance at beginning of the year</b>	<u>2,248,366</u>	<u>3,920,350</u>	<u>528,376</u>	<u>12,481,569</u>
<b>Fund balance at end of the year</b>	<u>\$ 1,696,437</u>	<u>\$ 4,068,182</u>	<u>\$ 694,977</u>	<u>\$ 26,324,867</u>

( 2 of 2 )

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

**FINANCIAL SECTION**

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STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
**Year Ended June 30, 2017**

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

Net change in fund balance - total governmental funds	\$ 13,843,298
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year	
Capital outlay	2,044,874
Depreciation	(2,100,570)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Deferred property taxes at:	
June 30, 2016	(168,551)
June 30, 2017	88,993
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These differences in the treatment of long-term debt and related items consist of:	
Current year principal payments	3,036,925
Bonds sold	(15,100,000)
Current year bond premiums	(877,574)
Bond premium amortization	74,460
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences at:	
June 30, 2016	74,454
June 30, 2017	(88,262)
Accrued interest at:	
June 30, 2016	281,700
June 30, 2017	(316,449)
Deferred contributions to pension plan	1,277,623
Pension expense	<u>(1,779,396)</u>
Change in net position of governmental activities	<u>\$ 291,525</u>

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

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

GENERAL FUND  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Positive <u>(Negative)</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ 232,509	\$ 232,509	\$ 234,650	\$ 2,141
Intergovernmental - federal grants	434,766	434,766	313,561	(121,205)
Intergovernmental - state grants	14,515,306	14,152,258	14,102,793	(49,465)
Charges for services	37,000	37,000	71,276	34,276
Investment and interest income	2,400	2,400	26,981	24,581
Miscellaneous	-	-	82,710	82,710
<b>Total revenues</b>	<u>15,221,981</u>	<u>14,858,933</u>	<u>14,831,971</u>	<u>(26,962)</u>
<b>Expenditures:</b>				
Current:				
Instruction	9,507,557	9,233,913	8,278,861	955,052
Support services:				
Students	1,446,677	1,446,677	1,222,512	224,165
Instruction	664,482	573,283	414,454	158,829
General Administration	551,066	551,066	351,141	199,925
School Administration	1,021,510	1,020,778	981,960	38,818
Central Services	879,320	879,320	604,599	274,721
Operation & Maintenance of Plant	2,584,749	2,584,749	2,167,318	417,431
Student transportation	899,350	886,840	886,840	-
Other Support services	838,657	838,657	-	838,657
Capital outlay	<u>187,405</u>	<u>187,405</u>	<u>-</u>	<u>187,405</u>
<b>Total expenditures</b>	<u>18,580,773</u>	<u>18,202,688</u>	<u>14,907,685</u>	<u>3,295,003</u>
<i>Excess (deficiency) of revenues   over expenditures</i>	(3,358,792)	(3,343,755)	(75,714)	3,268,041
<i>Beginning cash balance budgeted</i>	3,358,792	3,343,755	-	(3,343,755)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>4,678,638</u>	<u>4,678,638</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>4,602,924</u>	<u>\$ 4,602,924</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in inventory			1,694	
Change in property tax receivable			(364)	
Change in due from other governments			(3,611)	
Change in payables			(47,321)	
Change in deferred property taxes			<u>3,513</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 4,556,835</u>	

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



STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

TITLE I FUND - NO. 24101  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 484,234	\$ 514,019	\$ 554,735	\$ 40,716
<b>Expenditures:</b>				
Current:				
Instruction	94,963	124,748	71,321	53,427
Support services:				
Students	317,906	317,906	317,254	652
Instruction	28,934	28,934	24,460	4,474
General Administration	<u>42,431</u>	<u>42,431</u>	<u>40,494</u>	<u>1,937</u>
<b>Total expenditures</b>	<u>484,234</u>	<u>514,019</u>	<u>453,529</u>	<u>60,490</u>
<i>Excess of revenues over expenditures</i>	-	-	101,206	101,206
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	101,206	<u>\$ 101,206</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			<u>(101,206)</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

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

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

ENTITLEMENT IDEA-B FUND - NO. 24106  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 472,675	\$ 545,249	\$ 593,505	\$ 48,256
<b>Expenditures:</b>				
Current:				
Instruction	215,096	311,190	295,092	16,098
Support services:				
Students	239,880	221,833	192,975	28,858
General Administration	<u>17,699</u>	<u>12,226</u>	<u>12,226</u>	<u>-</u>
<b>Total expenditures</b>	<u>472,675</u>	<u>545,249</u>	<u>500,293</u>	<u>44,956</u>
<i>Excess of revenues over expenditures</i>	-	-	93,212	93,212
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	93,212	<u>\$ 93,212</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			<u>(93,212)</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

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

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

AGENCY FUNDS  
**Statement of Fiduciary Assets and Liabilities**  
**June 30, 2017**

ASSETS

Pooled cash and investments	<u>\$ 234,895</u>
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LIABILITIES

Deposits held for others	<u>\$ 234,895</u>
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# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

Ruidoso Municipal School District (District) is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education in the Village of Ruidoso, New Mexico and the surrounding areas. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District's financial statements include all entities over which the Board of Education exercises oversight responsibility. Oversight responsibility includes such aspects as appointment of governing body members, designation of management, the ability to significantly influence operations, and accountability for fiscal matters. Based upon the application of these criteria, no component units or fiduciary units were included in the financial statements.

Generally Accepted Accounting Principles (GAAP) requires that financial statements present the District (primary government) and its component units. The District has no component units that are required to be presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*.

#### 1. Blended Component Units

The District does not have any component units reported as blended component units.

#### 2. Discretely Presented Component Units

The District does not have any component units reported as discretely presented component units.

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Ruidoso Municipal School District No. 3' management who is responsible for their integrity and objectivity. The financial statements of the District conform to GAAP as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

### B. Implementation of New Accounting Principles

During fiscal year 2017, the District adopted the following Governmental Accounting Standards Board (GASB) Statements:

- **GASB Statement No. 74**, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement will be effective for the year ended June 30, 2017.
- **GASB Statement No. 77**, *Tax Abatement Disclosures*, financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as inter-period equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### B. Implementation of New Accounting Principles (cont'd)

This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period.

- **GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans***, the objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of this Statement, the requirements of Statement 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

- **GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14***, the objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended.

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### B. Implementation of New Accounting Principles (cont'd)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- **GASB Statement No. 75**, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, this Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement will be effective for the year ended June 30, 2018.

- **GASB Statement No. 81**, *Irrevocable Split-Interest Agreements*, The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016 (FYE June 30, 2018), and should be applied retroactively. Earlier application is encouraged.

- **GASB Statement No. 82**, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, the objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016 (FYE June 30, 2017), except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged.



# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### B. Implementation of New Accounting Principles (cont'd)

- **GASB Statement No. 83, *Certain Asset Retirement Obligations*** - This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. If probability weighting is not feasible at reasonable cost, the most likely amount should be used. This Statement requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement.

This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. In addition, it requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. A government should remeasure an ARO only when the result of the evaluation indicates there is a significant change in the estimated outlays. The deferred outflows of resources should be reduced and recognized as outflows of resources (for example, as an expense) in a systematic and rational manner over the estimated useful life of the tangible capital asset.

A government may have a minority share (less than 50 percent) of ownership interest in a jointly owned tangible capital asset in which a nongovernmental entity is the majority owner and reports its ARO in accordance with the guidance of another recognized accounting standards setter. Additionally, a government may have a minority share of ownership interest in a jointly owned tangible capital asset in which no joint owner has a majority ownership, and a nongovernmental joint owner that has operational responsibility for the jointly owned tangible capital asset reports the associated ARO in accordance with the guidance of another recognized accounting standards setter. In both situations, the government's minority share of an ARO should be reported using the measurement produced by the nongovernmental majority owner or the nongovernmental minority owner that has operational responsibility, without adjustment to conform to the liability measurement and recognition requirements of this Statement.

In some cases, governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities. This Statement requires disclosure of how those funding and assurance requirements are being met by a government, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 (FYE June 30, 2019). Earlier application is encouraged.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### B. Implementation of New Accounting Principles (cont'd)

- **GASB Statement No. 84, *Fiduciary Activities*** – This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 (FYE June 30, 2020). Earlier application is encouraged. Changes adopted to conform to the provisions of this Statement should be applied retroactively by restating financial statements, if practicable, for all prior periods presented. If restatement for prior periods is not practicable, the cumulative effect, if any, of applying this Statement should be reported as a restatement of beginning net position (or fund balance or fund net position, as applicable) for the earliest period restated. In the first period that this Statement is applied, the notes to the financial statements should disclose the nature of the restatement and its effect. Also, the reason for not restating prior periods presented should be disclosed.

- **GASB Statement No. 85, Omnibus 2017** – The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and “negative” goodwill • Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest earning investment contracts at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Classifying employer-paid member contributions for OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### B. Implementation of New Accounting Principles (cont'd)

- **GASB Statement No. 86, Certain Debt Extinguishment Issues** – The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

In-Substance Defeasance of Debt Using Only Existing Resources Statement No. 7, Advance Refundings Resulting in Defeasance of Debt, requires that debt be considered defeased in substance when the debtor irrevocably places cash or other monetary assets acquired with refunding debt proceeds in a trust to be used solely for satisfying scheduled payments of both principal and interest of the defeased debt. The trust also is required to meet certain conditions for the transaction to qualify as an in-substance defeasance. This Statement establishes essentially the same requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish the debt. However, in financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of the defeasance. Governments that defease debt using only existing resources should provide a general description of the transaction in the notes to financial statements in the period of the defeasance. In all periods following an in-substance defeasance of debt using only existing resources, the amount of that debt that remains outstanding at period-end should be disclosed.

Prepaid Insurance Related to Extinguished Debt – For governments that extinguish debt, whether through a legal extinguishment or through an in-substance defeasance, this Statement requires that any remaining prepaid insurance related to the extinguished debt be included in the net carrying amount of that debt for the purpose of calculating the difference between the reacquisition price and the net carrying amount of the debt.

Additional Disclosure for All In-Substance Defeasance Transactions – One of the criteria for determining an in-substance defeasance is that the trust hold only monetary assets that are essentially risk-free. If the substitution of essentially risk-free monetary assets with monetary assets that are not essentially risk-free is not prohibited, governments should disclose that fact in the period in which the debt is defeased in substance. In subsequent periods, governments should disclose the amount of debt defeased in substance that remains outstanding for which that risk of substitution exists.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged.

- **GASB Statement No. 87, Leases** - The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Definition of a Lease - A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

The provisions of this Statement are effective for reporting periods beginning after December 15, 2019 (FYE June 30, 2021).

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the school district. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

### D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues received during the year but are applicable to subsequent years are reported as deferred inflows of resources. 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. Expenditures incurred during the year that are for the benefit of subsequent years are reported as deferred outflows of resources.

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

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

The government reports the following major governmental funds:

#### ➤ GENERAL FUND

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

#### ➤ SPECIAL REVENUE FUNDS

##### **Title I** (Fund No. 24101)

Minimum Balance: None

To help local education agencies (LEAs) and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards. Funding authorization: Elementary and Secondary Education Act of 1965, Title I, Part A, 20 U.S.C. 6301 et seq.

##### **Entitlement IDEA-B** (Fund No. 24106)

Minimum Balance: None

Program provides grants to states that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

#### ➤ CAPITAL PROJECTS FUNDS

##### **Bond Building** (Fund No. 31100)

Minimum Balance: None

This fund provides financing for the construction of buildings, the purchase of equipment, and the acquisition and improvement of land. Funding is provided by the sale of general obligation bonds, which have been approved by the voters of the district.

##### **Capital Improvements SB – 9** (Fund No. 31701)

Minimum Balance: None

This fund provides financing for the purchase of equipment and capital improvements to School District property. Funding is received from a 2 mill property tax levy and interest earned on investments, under New Mexico Senate Bill 9.

#### ➤ DEBT SERVICE FUNDS

##### **Debt Service Fund** (Fund No. 41000)

Minimum Balance: None

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

Additionally, the government reports the following fund types:

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

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

Debt Service Funds – used to account for the payment of principal and interest on long-term debt. Debt Service revenues are from taxes and other operating revenues, some of which are pledged specifically to repay certain outstanding bond issues.

Fiduciary Funds –agency funds used to account for financial resources used by the student activity groups for which the District has stewardship

### E. Assets, Liabilities, and Net Position or Equity

#### 1. *Deposits and investments*

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### E. Assets, Liabilities, and Net Position or Equity (cont'd)

#### 2. *Receivables and payables*

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

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

Under GASB Statement 33, property taxes are impressed non-exchange revenue. Assets from impressed non-exchange transactions are reported when the District has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date. Taxes are payable in two equal installments on November 10 and April 10th following the levy and become delinquent after 30 days. Therefore, the District has recorded a delinquent tax receivable and revenue for taxes received within the sixty days following year-end. A receivable and deferred revenue have been recorded for uncollected delinquent taxes. On the government-wide financial statements, the district has recorded delinquent property taxes receivable and revenue for taxes assessed as of year-end that have not been collected, as prescribed in GASB 34. An allowance for refunds and uncollectible amounts has not been recorded.

#### 3. *Inventories*

USDA Commodities are recorded at estimated costs and other inventories are recorded at cost, which approximates market. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

#### 4. *Capital assets*

Capital assets, which include property, plant, and equipment (software), are reported in the applicable governmental-wide financial statements. Beginning July 1, 2005, the threshold for defining Capital assets by the government was raised from \$1,000 to assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Software costs have been included with the cost of computer equipment and are capitalized with that equipment. The District does not develop software for internal use or any other use.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction projects has not been capitalized.

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

ASSETS	YEARS
Buildings	40-50
Building improvements	20
Land Improvements	10-20
Vehicles	5-7
Office equipment	5
Computer equipment	3-5



# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### E. Assets, Liabilities, and Net Position or Equity (cont'd)

#### 5. *Compensated absences*

It is the District's policy to permit employees to accumulate 20 days of earned but unused vacation, which will be paid to employees upon retirement from the District's service. The amount for liability has been reported in the government-wide financial statements.

Accumulated sick leave is not payable upon termination and is recorded as expenditures when it is paid.

#### 6. *Long-term obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of Net 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. Bonds payable are reported net of the applicable bond premium or discounts.

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

#### 7. *Pensions*

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

#### 8. *Deferred Outflows/Inflows of Resources*

Both deferred inflows and outflows are reported in the Statement of Net Position, but are not recognized in the financial statements as revenues, expenses, and reduction of liabilities or increase in assets until the period(s) to which they relate.

In addition to assets, the District reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position/fund balance that applies to future periods and will not be recognized as an expenditure until that time.

The District also reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position/fund balance that applies to future periods and so will not be recognized as a revenue until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources.

The District reports deferred outflows of resources for pension-related amounts for the District's share of the difference between projected and actual earnings, for the District's share of the difference between contributions to the individual plans and the proportionate share of the contributions, and for changes of assumptions or other inputs.

The District reports deferred inflows of resources for pension-related amounts in the government wide financial statements or the District's share of the difference between expected and actual experience and for the District's share of the difference between contributions to the individual plans and the proportionate share of the contributions.

Under the modified accrual basis of accounting, revenue and other fund financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which the revenues are not available are reported as a deferred inflow of resources. Deferred inflows of resources are also comprised of property tax and long-term receivables that are unavailable in the fund statements.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### E. Assets, Liabilities, and Net Position or Equity (cont'd)

##### 9. *Fund balance*

###### a. Non-Spendable

The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

###### b. Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

###### c. Committed

Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the District's Board of Education should be reported as committed fund balance. The committed amounts cannot be used for any other purpose unless the District's Board of Education removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District did not have committed fund balances for the year ended June 30, 2017.

###### d. Assigned

Assigned fund balance includes (a) all remaining amounts, except for negative balances, that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed and amounts in the general fund that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent, and removal of, is expressed by the Board of Education or the Finance Committee. The District did not have assigned fund balances for the year ended June 30, 2017.

###### e. Unassigned

The remaining fund balance, after all other classifications, within the general fund is reported as unassigned fund balance. This classification 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. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, a negative fund balance will be reported as unassigned fund balance.

When committed, assigned, and unassigned resources are available for use, it is the District's policy to use committed first followed by assigned and unassigned resources as they are needed.



# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### E. Assets, Liabilities, and Net Position or Equity (cont'd)

#### 10. *Net Position*

Net Position is presented on the Statement of Net Position and may be presented in any of three components.

##### a. Net investment in capital assets

This component of Net Position 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. The portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. That portion of the debt is included in restricted for capital projects.

##### b. Restricted Net Position

Net Position is reported as being restricted when the restriction is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

##### c. Unrestricted Net Position

Unrestricted Net Position consists of Net Position that does not meet the definition of “net investment in capital assets” or “restricted.”

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.

In the governmental environment, Net Position often is designated to indicate that management does not consider them to be available for general operations. In contrast to restricted Net Position, these types of constraints on resources are internal and management can remove or modify them. However, enabling legislation established by the reporting government should not be construed as an internal constraint.

#### 11. *Indirect Costs*

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

#### 12. *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.

#### 13. *Inter-fund Transactions*

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### E. Assets, Liabilities, and Net Position or Equity (cont'd)

#### 14. Revenues

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$13,169,826 in state equalization guarantee distributions during the year ended June 30, 2017.

**Transportation Distribution:** School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$795,151 in transportation distributions during the year ended June 30, 2017.

**Instructional Materials:** The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the purchase of material listed on the PED 'Multiple List', while fifty percent of each allocation is available for purchases directly from vendors or transfer to the fifty percent account for purchase of material from the "Multiple List". Districts are allowed to carry forward unused textbook funds from year to year. The District received \$137,816 in instructional materials distributions during the year ended June 30, 2017.

#### 15. Tax Abatements

Governmental Accounting Standards Board Statement No. 77 requires the District to disclose information on certain tax abatement agreements effecting the District. Accordingly, the District did not have any tax abatements effecting the District during the year ended June 30, 2017.

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. Budgetary Information

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

### II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

#### A. Budgetary Information (cont'd)

The school district follows these procedures in establishing the budgetary data reflected in the financial statements:

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

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2017 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	ORIGINAL	FINAL
<b>Major Funds:</b>		
General Funds	\$ 18,580,773	\$ 18,202,688
Special Revenue Funds:		
Title I	484,234	514,019
Entitlement IDEA-B	472,675	545,249
Capital Projects Funds:		
Bond Building	1,218,862	17,020,682
Capital Improvements SB-9	3,262,974	3,561,259
Debt Service Funds:		
Debt Service	7,759,294	7,759,294
<b>Nonmajor Funds:</b>		
Special Revenue Funds	2,097,415	2,439,557
Capital Projects Funds	2,027	49,060
Debt Service Fund	1,159	1,159
<b>Total Budget</b>	<u>\$ 33,879,413</u>	<u>\$ 50,092,967</u>

#### B. Budgetary Violations

The District exceeded its legal budget in individual funds during the year ended June 30, 2017 as follows:

Impact Aid Special Education	Instruction	\$ 58
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The District is aware of legal binding of budgets and has implemented a system of checks that will help prevent any further violations of budgetary control.

#### C. Deficit Fund Equity

The District did not have any deficit fund balances as of June 30, 2017.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## III. DETAILED NOTES ON ALL FUNDS

### A. Cash and Temporary Investments

At June 30, 2017, the carrying amount of the District's deposits was \$26,327,195 and the bank balance was \$27,610,045 with the difference consisting of outstanding checks.

	BALANCE
Financial institution:	
BBVA Compass	\$ 27,610,045
Less net reconciling items	<u>(1,282,850)</u>
	\$ 26,327,195
Cash on hand	40
Less agency cash	<u>(234,895)</u>
	<u>\$ 26,092,340</u>

Of the total bank deposits balance, \$250,000 was covered by federal depository insurance and \$27,360,045 was covered by collateral held in joint safekeeping by a third party.

#### Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The District does not have a deposit policy for custodial credit risk, other than the following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The statement listed below will meet the State of New Mexico Office of the State Auditor's requirement in reporting the uninsured portion of the deposits. As of June 30, 2017, none of the District's bank deposits was exposed to custodial risk as follows:

	INSURED	UNDER INSURED	TOTAL
<b>Bank deposits:</b>			
Uninsured and uncollateralized	\$ -	\$ -	\$ -
Uninsured and collateral held by pledging bank's trust dept not in the District's name	<u>27,360,045</u>	<u>-</u>	<u>27,360,045</u>
Total uninsured	27,360,045	-	27,360,045
Insured (FDIC)	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total deposits	<u>\$ 27,610,045</u>	<u>\$ -</u>	<u>\$ 27,610,045</u>
<b>State of New Mexico collateral requirement:</b>			
50% of uninsured public fund bank deposits	\$ 13,680,023	\$ -	\$ 13,680,023
Pledged security	<u>29,500,000</u>	<u>-</u>	<u>29,500,000</u>
Over collateralization	<u>\$ 15,819,977</u>	<u>\$ -</u>	<u>\$ 15,819,977</u>

The collateral pledged is listed on Page 115 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the schools. Time deposits, savings deposits and interest bearing "Now" accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## III. DETAILED NOTES ON ALL FUNDS (cont'd)

### B. Receivables

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

	RECEIVABLES		DUE FROM OTHER	
	Property Taxes	Grants	Governments	Funds
Major Funds:				
General Funds	\$ 7,193	\$ -	\$ -	\$ 246,799
Title I	-	61,014	-	-
Entitlement IDEA-B	-	85,079	-	-
Bond Building	-	-	-	-
Capital Improvements SB-9	38,352	-	-	46,740
Debt Service	112,698	-	-	-
Other Governmental Funds	658	147,446	-	-
Total	<u>\$ 158,901</u>	<u>\$ 293,539</u>	<u>\$ -</u>	<u>\$ 293,539</u>

An allowance for doubtful accounts has not been established. All receivables are expected to be collectible.

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

	UNAVAILABLE	UNEARNED
Grant drawdowns prior to meeting all eligibility requirements		
Other Governmental Funds	\$ -	\$ 8,756
Delinquent property taxes		
General Fund	4,044	-
Capital Improvements SB-9	21,639	-
Debt Service	62,658	-
Other Governmental Funds	652	-
Total deferred/unearned revenue for governmental funds	<u>\$ 88,993</u>	<u>\$ 8,756</u>

### C. Inter-Fund Receivables and Payables

The inter-fund receivables and payables at June 30, 2017 were:

	RECEIVABLES	PAYABLES
Major Funds:		
General Funds	\$ 246,799	\$ -
Title I	-	61,014
Entitlement IDEA-B	-	85,079
Bond Building	-	-
Capital Improvements SB-9	46,740	-
Other Governmental Funds	-	147,446
Total	<u>\$ 293,539</u>	<u>\$ 293,539</u>

The inter-fund loans were made for the purposes of cash shortfalls within the individual funds. The loans are expected to be repaid within the next fiscal year.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## III. DETAILED NOTES ON ALL FUNDS (cont'd)

### D. Inter-Fund Transfers

The inter-fund transfers during the year ended June 30, 2017 were:

	TRANSFER IN	TRANSFER OUT
Major Funds:		
Capital Improvements SB-9	\$ 44,548	\$ -
Other Governmental Funds	-	44,548
<b>Total</b>	<b>\$ 44,548</b>	<b>\$ 44,548</b>

The transfers were to clear funds that are no longer being used and were approved by the New Mexico Department of Education.

### E. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	BEGINNING	RESTATEMENT	RESTATED	INCREASES	DECREASES	ENDING
<b>Governmental activities:</b>						
<u>Capital assets not being depreciated:</u>						
Land	\$ 1,743,386	\$ (749,962)	\$ 993,424	\$ -	\$ (300,000)	\$ 693,424
Water rights	-	-	-	300,000	-	300,000
Total capital assets not being depreciated	<u>1,743,386</u>	<u>(749,962)</u>	<u>993,424</u>	<u>300,000</u>	<u>(300,000)</u>	<u>993,424</u>
<u>Capital assets being depreciated:</u>						
Land improvements	10,266,809	-	10,266,809	98,908	-	10,365,717
Buildings and improvements	67,609,948	-	67,609,948	1,668,752	-	69,278,700
Furniture, fixtures, and equipment	<u>2,159,092</u>	<u>-</u>	<u>2,159,092</u>	<u>277,214</u>	<u>-</u>	<u>2,436,306</u>
Total capital assets being depreciated	<u>80,035,849</u>	<u>-</u>	<u>80,035,849</u>	<u>2,044,874</u>	<u>-</u>	<u>82,080,723</u>
Less accumulated depreciation for:						
Land improvements	(3,647,074)	-	(3,647,074)	(453,929)	-	(4,101,003)
Buildings and improvements	(21,225,853)	-	(21,225,853)	(1,525,737)	-	(22,751,590)
Furniture, fixtures, and equipment	<u>(1,568,309)</u>	<u>-</u>	<u>(1,568,309)</u>	<u>(120,904)</u>	<u>-</u>	<u>(1,689,213)</u>
Total accumulated depreciation	<u>(26,441,236)</u>	<u>-</u>	<u>(26,441,236)</u>	<u>(2,100,570)</u>	<u>-</u>	<u>(28,541,806)</u>
Total capital assets being depreciated, net	<u>53,594,613</u>	<u>-</u>	<u>53,594,613</u>	<u>(55,696)</u>	<u>-</u>	<u>53,538,917</u>
<b>Total capital assets, net</b>	<b>\$ 55,337,999</b>	<b>\$ (749,962)</b>	<b>\$ 54,588,037</b>	<b>\$ 244,304</b>	<b>\$ (300,000)</b>	<b>\$ 54,532,341</b>

Depreciation has been allocated to the functions by the following amounts:

DEPRECIATION ALLOCATION TO FUNCTIONS	
Instruction	\$ 1,008,877
Support Services - Students	209,404
Support Services - Instruction	47,135
Support Services - General Administration	48,516
Support Services - School Administration	105,819
Central Services	62,833
Operations & Maintenance of Plant	405,752
Student Transportation	96,842
Food Services	115,392
Total Depreciation Expense	<u>\$ 2,100,570</u>

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## III. DETAILED NOTES ON ALL FUNDS (cont'd)

### E. Capital Assets (cont'd)

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

#### Construction commitments

The District is involved in long-term construction projects as part of their master plan for upgrading the district buildings. The amount in the capital projects funds designated for subsequent years expenditures are committed for funding these projects. Interest on construction projects is not capitalized.

### F. Long-Term Debt

General Obligation Bonds – The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Bonds are direct obligations and pledge the full faith and credit of the District. The bonds will be paid from taxes levied against property owners living within the School District boundaries. The details of the bonds and notes as of June 30, 2017 are as follows:

BOND ISSUES		ORIGINAL AMOUNT	INTEREST RATES	BALANCE	CURRENT PORTION
Series	2007	\$ 6,100,000	4.00% to 4.00%	\$ -	\$ -
Series	2008	3,000,000	4.13% to 4.13%	200,000	200,000
Series	2011	9,000,000	2.00% to 2.88%	8,000,000	200,000
Series	2013	5,000,000	2.00% to 3.00%	3,175,000	50,000
Series	2014	9,980,000	1.50% to 3.00%	8,205,000	1,600,000
Series	2015	6,325,000	1.25% to 2.00%	5,520,000	500,000
Series	2016	9,500,000	2.00% to 2.50%	9,500,000	535,000
Series	2017	5,600,000	3.00% to 4.00%	5,600,000	-
Total		<u>\$ 54,505,000</u>		<u>\$ 40,200,000</u>	<u>\$ 3,085,000</u>

Balances shown for bonds and notes do not include unamortized premiums or deferred amounts on refinancing.

	BALANCE
Bonds payable	\$ 40,200,000
Less: current maturities	(3,085,000)
Unamortized:	
Bond premiums	1,242,959
Total non-current liabilities	<u>\$ 38,357,959</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

YEAR ENDING	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
JUNE 30,			
2018	\$ 3,085,000	\$ 969,495	\$ 4,054,495
2019	2,900,000	900,213	3,800,213
2020	3,125,000	844,713	3,969,713
2021	3,215,000	780,519	3,995,519
2022	3,250,000	710,263	3,960,263
2023 - 2027	14,320,000	2,409,288	16,729,288
2028 - 2032	9,690,000	848,063	10,538,063
2033 - 2037	615,000	12,300	627,300
Total	<u>\$ 40,200,000</u>	<u>\$ 7,474,851</u>	<u>\$ 47,674,851</u>

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## III. DETAILED NOTES ON ALL FUNDS (cont'd)

### F. Long-Term Debt (cont'd)

Changes in long term debt – During the year ended June 30, 2017 the following changes occurred in liabilities reported in the general obligation bonds account group:

		BEGINNING			ENDING	DUE WITHIN
		BALANCE	ADDITIONS	RETIREMENTS	BALANCE	ONE YEAR
<b>Compensated absences:</b>						
Compensated vacation		\$ 74,943	\$ 51,285	\$ 37,966	\$ 88,262	\$ 88,262
<b>Bonds payable:</b>						
<u>Original Amount</u>	<u>Series</u>					
\$ 6,100,000	2007	600,000	-	600,000	-	-
3,000,000	2008	450,000	-	250,000	200,000	200,000
9,000,000	2011	8,100,000	-	100,000	8,000,000	200,000
5,000,000	2013	3,275,000	-	100,000	3,175,000	50,000
9,980,000	2014	9,505,000	-	1,300,000	8,205,000	1,600,000
6,325,000	2015	6,325,000	-	805,000	5,520,000	500,000
9,500,000	2016	-	9,500,000	-	9,500,000	535,000
5,600,000	2017	-	5,600,000	-	5,600,000	-
<b>Total bonds payable</b>		28,255,000	15,100,000	3,155,000	40,200,000	3,085,000
		\$ 28,329,943	\$ 15,151,285	\$ 3,192,966	\$ 40,288,262	\$ 3,173,262

The liability of compensated absences is liquidated with resources from the general fund and several special revenue funds.

#### New Debt

The District issued Series 2016 General Obligation Bonds in the amount of \$9,500,000 on October 19, 2016. The District will make the first interest payment on February 1, 2017 and will make the first principal payment on August 1, 2017. The bond series will mature on August 1, 2031 with interest rates of 2.00% to 2.50%.

The District issued Series 2017 General Obligation Bonds in the amount of \$5,600,000 on February 15, 2017. The District will make the first interest payment on February 1, 2018 and will make the first principal payment on August 1, 2018. The bond series will mature on August 1, 2032 with interest rates of 3.00% to 4.00%. The District was at 99% bonding capacity after the issuance of GO Series 2017.

## IV. OTHER INFORMATION

### A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2017.



## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

### IV. OTHER INFORMATION (cont'd)

#### B. Employee Retirement Plan

Plan Description - Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, Sections 1 through 52, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the New Mexico Educational Employees' Retirement Plan (Plan), which is a cost-sharing multiple-employer defined benefit retirement plan. ERB issues a separate, publicly available financial report that includes the financial statements and required supplementary information for the plan. That report may be obtained [www.nmerb.org](http://www.nmerb.org), [www.saonm.org](http://www.saonm.org), or by writing to:

ERB  
P.O. Box 26129  
Santa Fe, New Mexico 87502-6129  
[www.nmerb.org](http://www.nmerb.org)

Membership in the Plan is a condition of employment. Employees of public schools, universities, regional cooperatives, special schools and state agencies providing educational programs, who are employed at more than 25% of a full-time equivalency, are required to be members of the Plan. There were 150,082 active, retired, and inactive members in fiscal year 2016; there were 146,089 active, retired, and inactive members in fiscal year 2015.

Benefits Provided - 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. Benefits are based on three components: Final Average Salary (FAS), years of both earned and allowed service credits, and a 2.35% factor. The gross annual benefit is determined by multiplying the three components together. FAS is the higher of annual earnings for the previous 20 calendar quarters prior to retirement or the highest average annual earnings for any 20 consecutive calendar quarters.

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

### IV. OTHER INFORMATION (cont'd)

#### B. Employee Retirement Plan (cont'd)

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

The member, upon retirement, has three options as to how to receive the benefit.

Option A – If the member elects the Option A, there is no reduction to the monthly benefit other than any “Rule of 75” deductions or any community property or child support reductions. There will be no continuing benefit to a beneficiary or estate upon the retiree's death, except the balance, if any, of member contributions. Those contributions are usually exhausted in the first three to four years of retirement.

Option B – If the member elects Option B, the monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member and upon the retiree's death, the same benefit is paid to the beneficiary for his or her lifetime. The named beneficiary may not be changed after the effective date of retirement since the amount of the option is calculated by using both the age of the member and the beneficiary. If the beneficiary predeceases the member, the member's benefit will be adjusted by returning it to the Option A Benefit amount. The IRS prohibits selection of Option B for a non-spouse beneficiary more than ten years younger than the member.

Option C – If the member elects Option C, the monthly benefit is reduced to provide for a 50% survivor's benefit. The benefit is payable during the life of the member and upon the retiree's death, one half of the member's benefit is paid to the beneficiary for his or her lifetime. Here again, the named beneficiary may not be changed after the effective date of retirement. If the beneficiary predeceases the member, the member's benefit is adjusted by returning it to the Option A Benefit amount.

Under the provisions of Options B and C coverage, the beneficiary must be a person, and only one beneficiary may be named. The term beneficiary means a person having an insurable interest in the life of the member.

Member Contributions – Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 10.7% of their gross salary in fiscal year 2017.

Employer Contributions – In fiscal year 2017, the District was required to contribute 13.9% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 13.9% of the gross covered salary for employees whose annual salary is more than \$20,000. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2017 were \$1,254,722, which equal the amount of the required contributions for each fiscal year.

#### Employers

The Educational Retirement Act designates employers as Local Administrative Units, directly responsible for payment of compensation for the employment of members or participants of this Plan. There were 218 contributing employers in fiscal year 2016; there were 216 contributing employers in fiscal year 2015.

#### Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources, and Expense Related to Pensions

At June 30, 2017, the District reported a liability of \$24,606,765 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2016, the District's proportion was 0.34193 percent, which was an increase of 0.0014 percent from its proportion measured as of June 30, 2015.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## IV. OTHER INFORMATION (cont'd)

### B. Employee Retirement Plan (cont'd)

For the year ended June 30, 2017, the District recognized pension expense of \$1,779,396.

PENSION EXPENSE CALCULATION	
Net pension liability - end of the year	\$ 24,606,765
Net pension liability - beginning of the year	(22,057,035)
Deferred outflows of resources during the year	(1,383,702)
Deferred inflows of resources during the year	(741,680)
Reductions to ending net pension liability due contributions paid	1,355,048
Total Pension Expense	<u>\$ 1,779,396</u>

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OUTFLOWS	INFLOWS
Difference between expected and actual experience	\$ 106,753	\$ 234,041
Change of assumptions	500,895	-
Net difference between projected and actual earnings on pension plan investments	1,468,819	-
Changes in proportion and differences between District contributions and proportionate share of contributions	65,872	508,493
District contributions subsequent to the measurement date	<u>1,254,722</u>	<u>-</u>
Total	<u>\$ 3,397,061</u>	<u>\$ 742,534</u>

Deferred outflows of resources related to pensions in the amount of \$1,254,722 resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

JUNE 30,	AMORTIZATION
2018	\$ (35,514)
2019	363,351
2020	713,783
2021	358,185
2022	-
Thereafter	-
Total	<u>\$ 1,399,805</u>

#### Actuarial Assumptions

A single discount rate of 7.75% was used to measure the total pension liability as of June 30, 2016. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the assumptions described below and the projection of cash flows, pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. The long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## IV. OTHER INFORMATION (cont'd)

### B. Employee Retirement Plan (cont'd)

- 1) All members with an annual salary of more than \$20,000 will contribute 10.7% during the fiscal year ending June 30, 2015 and thereafter.
- 2) Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their Cost of Living Adjustment (COLA) will be deferred until age 67.
- 3) COLAs for most retirees are reduced until ERB attains a 100% funded status.
- 4) The new assumptions were adopted by ERB on June 12, 2015 in conjunction with the six year experience study period ending June 30, 2014.

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

Actuarial Cost Method Entry Age:	Normal
Amortization Method:	Level Percentage of Payroll
Remaining Period:	Amortized - closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method:	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation:	3.00%
Salary Increases:	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return:	7.75%
Retirement Age:	Experience based table of rates based on age and service. Adopted by NMERB on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014
Mortality:	Healthy males: RP-2000 Combined Mortality Table with white collar adjustments, generational mortality improvements with scale BB. Healthy females: GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with scale BB from the table's base year of 2012.

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2016 and 2015 for 30-year return assumptions are summarized in the following table:

<u>Asset Class</u>	<u>2016 Long-Term Expected Real Rate of Return</u>	<u>2015 Long-Term Expected Real Rate of Return</u>
Cash	-0.25%	0.00%
U.S. Treasuries	0.00%	0.25%
IG Corp Credit	1.75%	1.50%
Mortgage Backed Securities	0.25%	0.50%
Core Bonds*	0.64%	0.73%
Treasury Inflation Protected Securities	0.75%	0.75%
High-Yield Bonds	2.50%	2.50%
Bank Loans	2.75%	2.75%
Global Bonds (Unhedged)	-0.50%	-1.00%
Global Bonds (Hedged)	-0.38%	-0.84%
Emerging Market Debt External	2.75%	2.75%
Emerging Market Debt Local Currency	3.25%	3.50%
Large Cap Equities	4.25%	4.25%
Small/ Mid Cap Equities	4.50%	4.50%
International Equities (Unhedged)	4.75%	4.75%
International Equities (Hedged)	5.14%	5.22%

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## IV. OTHER INFORMATION (cont'd)

### B. Employee Retirement Plan (cont'd)

<u>Asset Class</u>	2016	2015
	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Emerging International Equities	6.25%	6.00%
Private Equity	6.25%	6.25%
Private Debt	4.75%	4.75%
Private Real Assets	4.50%	4.50%
Real Estate	3.25%	3.25%
Commodities	2.25%	2.50%
Hedge Funds	3.25%	3.50%

#### Rate of Return

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following:

- 1) Rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.),
- 2) Application of key economic projections (inflation, real growth, dividends, etc.), and
- 3) Structural themes (supply and demand imbalances, capital flows, etc.).

These items are developed for each major asset class.

#### Sensitivity of the Net Pension Liability to Changes in the Discount Rate Assumption

The following table shows the sensitivity of the net pension liability to changes in the discount rate as of fiscal year end 2016, 2015, and 2014. In particular, the table presents the Plan's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

CURRENT SINGLE RATE				
		1% Decrease	Assumption	1% Increase
		6.75%	7.75%	8.75%
ERB (All Employers)				
2016	\$	9,531,509,131	\$ 7,196,433,561	\$ 5,258,980,529
2015	\$	8,715,594,530	\$ 6,477,266,299	\$ 4,596,837,569
Ruidoso Municipal Schools				
2016	\$	32,591,089	\$ 24,606,765	\$ 17,982,032
2015	\$	29,679,214	\$ 22,057,035	\$ 15,653,611

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

### IV. OTHER INFORMATION (cont'd)

#### C. Post-Retirement Health Care Benefits

##### *Plan Description*

Ruidoso Municipal School District No. 3 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 the 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:

Retiree Health Care Authority  
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, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2017 were \$188,431, which equal the required contributions for each year.



## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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### IV. OTHER INFORMATION (cont'd)

#### D. Contingent Liabilities

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

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

#### E. Cash Flows

The District's federal and state grants operate on a reimbursement basis. The District must support the expenditures of these grants with monies from the unrestricted operating monies. Operating on a reimbursement basis for these grants in its self does not adversely affect the District's ability to operate effectively. However, the time it takes to receive reimbursement, if extensive, does significantly affect the District's cash flows and the ability to deliver educational services to the community in an effective manner. This could affect the District's financial operations in subsequent years.

#### F. Restatement

The District's previously reported value of land was overstated by \$947,159 from the amounts that are in the District's records. The land in question was acquired prior to the implementation of GASB34.

#### G. Subsequent Events

Subsequent events were evaluated through October 16, 2017 which is the date the financial statements were available to be issued.

## REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2017

### SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY Educational Retirement Board (ERB) Pension Plan Last 10 Fiscal Years\*

	2017	2016	2015
District's proportion of the net pension liability	0.341930%	0.340530%	0.346720%
District's proportionate share of the net pension liability	\$ 24,606,765	\$ 22,057,035	\$ 19,782,901
District's covered-employee payroll	\$ 9,765,650	\$ 9,679,950	\$ 9,556,814
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	251.97%	227.86%	207.00%
Plan fiduciary net position as a percentage of the total pension liability	61.58%	63.97%	66.54%

\* These schedules are intended to present 10 years of trending history. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

### SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS Educational Retirement Board (ERB) Pension Plan Last 10 Fiscal Years\*

	2017	2016	2015
Contractually required contribution	\$ 1,357,425	\$ 1,345,514	\$ 1,256,722
Contributions in relation to the contractually required	(1,355,048)	(1,345,438)	(1,256,722)
Contribution deficiency (excess)	\$ 2,377	\$ 76	\$ -
District's Covered-employee Payroll	\$ 9,765,650	\$ 9,679,950	\$ 9,556,814
Contribution as a percentage of covered-employee payroll	13.88%	13.90%	13.15%

\* These schedules are intended to present 10 years of trending history. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2017

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

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

- 1) Fiscal year 2016 valuation assumptions that changed based on this study:
  - a. Lower wage inflation from 4.75% to 3.75%
  - b. Lower payroll growth from 3.75% to 3.50%
  - c. Minor changes to demographic assumptions
  - d. Population growth per year from 0.50% to 0.00%
- 2) Assumptions that were not changed:
  - a. Investment return will remain at 7.75%
  - b. Net real return remains at 4.75%
  - c. Inflation will remain at 3.00%
  - d. COLA assumption of 2.00% per year
  - e. Payroll growth remains at 3.50%

See also the Note VI (B) *Actuarial Assumptions* of the financial statement note disclosure on the Pension Plan.



**GENERAL FUNDS**  
YEAR ENDED JUNE 30, 2017

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**OPERATING FUND (Fund No. 11000)**

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

**TRANSPORTATION FUND (Fund No. 13000)**

Accounts for all the Transportation funds received through the state that are used in the maintaining and operating vehicles used to transport students.

**INSTRUCTIONAL MATERIALS FUND (Fund No. 14000)**

Accounts for all the Instructional Materials funds received through the state for the purpose of acquiring study materials for the students.

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

GENERAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2017**

	Operational <u>Fund #11000</u>	Transportation <u>Fund #13000</u>	Instructional Materials <u>Fund #14000</u>	Total General <u>Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 4,291,025	\$ 491	\$ 62,693	\$ 4,354,209
Receivables:				
Property taxes	7,193	-	-	7,193
Due from other funds	<u>246,799</u>	<u>-</u>	<u>-</u>	<u>246,799</u>
<b>Total assets</b>	<u><u>\$ 4,545,017</u></u>	<u><u>\$ 491</u></u>	<u><u>\$ 62,693</u></u>	<u><u>\$ 4,608,201</u></u>
 <b>Liabilities, deferred inflows and fund balance</b>				
Liabilities:				
Accounts payable	\$ 47,322	\$ -	\$ -	\$ 47,322
Deferred inflows of resources:				
Delinquent property taxes	4,044	-	-	4,044
Fund balance:				
Unassigned	<u>4,493,651</u>	<u>491</u>	<u>62,693</u>	<u>4,556,835</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u><u>\$ 4,545,017</u></u>	<u><u>\$ 491</u></u>	<u><u>\$ 62,693</u></u>	<u><u>\$ 4,608,201</u></u>

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

GENERAL FUNDS  
**Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Year Ended June 30, 2017**

	Operational Fund #11000	Transportation Fund #13000	Instructional Materials Fund #14000	Total General Fund
<b>Revenues:</b>				
Taxes:				
Property	\$ 234,189	\$ -	\$ -	\$ 234,189
Intergovernmental - federal grants	313,561	-	-	313,561
Intergovernmental - state grants	13,169,826	795,151	137,816	14,102,793
Charges for services	71,276	-	-	71,276
Investment and interest income	26,981	-	-	26,981
Miscellaneous	<u>82,694</u>	<u>-</u>	<u>16</u>	<u>82,710</u>
<b>Total revenue</b>	<u>13,898,527</u>	<u>795,151</u>	<u>137,832</u>	<u>14,831,510</u>
<b>Expenditures:</b>				
Current:				
Instruction	8,152,043	-	125,257	8,277,300
Support services:				
Students	1,222,512	-	-	1,222,512
Instruction	414,454	-	-	414,454
General Administration	351,423	-	-	351,423
School Administration	981,960	-	-	981,960
Central Services	604,599	-	-	604,599
Operation & Maintenance of Plant	2,214,225	-	-	2,214,225
Student transportation	<u>91,199</u>	<u>795,641</u>	<u>-</u>	<u>886,840</u>
<b>Total expenditures</b>	<u>14,032,415</u>	<u>795,641</u>	<u>125,257</u>	<u>14,953,313</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(133,888)	(490)	12,575	(121,803)
<b>Fund balance at beginning of the year</b>	<u>4,627,539</u>	<u>981</u>	<u>50,118</u>	<u>4,678,638</u>
<b>Fund balance at end of the year</b>	<u>\$ 4,493,651</u>	<u>\$ 491</u>	<u>\$ 62,693</u>	<u>\$ 4,556,835</u>

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

OPERATIONAL FUND - NO. 11000  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ 232,509	\$ 232,509	\$ 234,650	\$ 2,141
Intergovernmental - federal grants	434,766	434,766	313,561	(121,205)
Intergovernmental - state grants	13,508,416	13,219,290	13,169,826	(49,464)
Charges for services	37,000	37,000	71,276	34,276
Investment and interest income	2,400	2,400	26,981	24,581
Miscellaneous	-	-	82,694	82,694
<b>Total revenues</b>	<u>14,215,091</u>	<u>13,925,965</u>	<u>13,898,988</u>	<u>(26,977)</u>
<b>Expenditures:</b>				
Current:				
Instruction	9,381,784	9,093,390	8,153,604	939,786
Support services:				
Students	1,446,677	1,446,677	1,222,512	224,165
Instruction	664,482	573,283	414,454	158,829
General Administration	551,066	551,066	351,141	199,925
School Administration	1,021,510	1,020,778	981,960	38,818
Central Services	879,320	879,320	604,599	274,721
Operation & Maintenance of Plant	2,584,749	2,584,749	2,167,318	417,431
Student transportation	-	91,199	91,199	-
Other Support services	838,657	838,657	-	838,657
Capital outlay	<u>187,405</u>	<u>187,405</u>	<u>-</u>	<u>187,405</u>
<b>Total expenditures</b>	<u>17,555,650</u>	<u>17,266,524</u>	<u>13,986,787</u>	<u>3,279,737</u>
<i>Excess (deficiency) of revenues</i> <i>over expenditures</i>	(3,340,559)	(3,340,559)	(87,799)	3,252,760
<i>Beginning cash balance budgeted</i>	3,340,559	3,340,559	-	(3,340,559)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>4,627,539</u>	<u>4,627,539</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>4,539,740</u>	<u>\$ 4,539,740</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in inventory			1,694	
Change in property tax receivable			(364)	
Change in due from other governments			(3,611)	
Change in payables			(47,321)	
Change in deferred property taxes			<u>3,513</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 4,493,651</u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

TRANSPORTATION FUND - NO. 13000  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 899,350	\$ 795,151	\$ 795,151	\$ -
<b>Expenditures:</b>				
Current:				
Support services:				
Student transportation	<u>899,350</u>	<u>795,641</u>	<u>795,641</u>	<u>-</u>
<i>Excess (deficiency) of revenues</i>				
<i>over expenditures</i>	-	(490)	(490)	-
<i>Beginning cash balance budgeted</i>	-	490	-	(490)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>981</u>	<u>981</u>
<b>Fund balance at end of the year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>491</u>	<u><u>\$ 491</u></u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u><u>\$ 491</u></u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

INSTRUCTIONAL MATERIALS FUND - NO. 14000  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 107,540	\$ 137,817	\$ 137,816	\$ (1)
Miscellaneous	<u>-</u>	<u>-</u>	<u>16</u>	<u>16</u>
<b>Total revenues</b>	107,540	137,817	137,832	15
<b>Expenditures:</b>				
Current:				
Instruction	<u>125,773</u>	<u>140,523</u>	<u>125,257</u>	<u>15,266</u>
<i>Excess (deficiency) of revenues</i>				
<i>over expenditures</i>	(18,233)	(2,706)	12,575	15,281
<i>Beginning cash balance budgeted</i>	18,233	2,706	-	(2,706)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>50,118</u>	<u>50,118</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>62,693</u>	<u>\$ 62,693</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u><u>\$ 62,693</u></u>	

MAJOR CAPITAL PROJECTS FUNDS  
&  
MAJOR DEBT SERVICE FUND

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

BOND BUILDING FUND - NO. 31100  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Investment and interest income	\$ 1,000	\$ 1,000	\$ 45,135	\$ 44,135
<b>Expenditures:</b>				
Current:				
Support services:				
Operation & Maintenance of Plant	280,493	380,493	339,962	40,531
Capital outlay	<u>938,369</u>	<u>16,640,189</u>	<u>1,417,417</u>	<u>15,222,772</u>
<b>Total expenditures</b>	<u>1,218,862</u>	<u>17,020,682</u>	<u>1,757,379</u>	<u>15,263,303</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,217,862)	(17,019,682)	(1,712,244)	15,307,438
<b>Other financing sources:</b>				
Sale of bonds	-	15,914,842	15,914,841	(1)
<i>Net change in fund balance</i>	(1,217,862)	(1,104,840)	14,202,597	15,307,437
<i>Beginning cash balance budgeted</i>	1,217,862	1,104,840	-	(1,104,840)
<b>Fund balance at beginning of the year</b>	-	-	1,105,839	1,105,839
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	15,308,436	<u>\$ 15,308,436</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 15,308,436</u>	



STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

CAPITAL IMPROVEMENTS SB-9 FUND - NO. 31701

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget Positive <u>(Negative)</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ 1,330,543	\$ 1,330,543	\$ 1,341,041	\$ 10,498
Investment and interest income	<u>3,240</u>	<u>3,240</u>	<u>8,842</u>	<u>5,602</u>
<b>Total revenues</b>	<u>1,333,783</u>	<u>1,333,783</u>	<u>1,349,883</u>	<u>16,100</u>
<b>Expenditures:</b>				
Current:				
Support services:				
General Administration	-	16,000	13,410	2,590
Operation & Maintenance of Plant	2,644,295	2,628,295	1,245,435	1,382,860
Capital outlay	<u>618,679</u>	<u>916,964</u>	<u>601,667</u>	<u>315,297</u>
<b>Total expenditures</b>	<u>3,262,974</u>	<u>3,561,259</u>	<u>1,860,512</u>	<u>1,700,747</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,929,191)	(2,227,476)	(510,629)	1,716,847
<b>Other financing uses:</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>44,548</u>	<u>44,548</u>
<i>Net change in fund balance</i>	(1,929,191)	(2,227,476)	(466,081)	1,761,395
<i>Beginning cash balance budgeted</i>	1,929,191	2,227,476	-	(2,227,476)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>2,248,366</u>	<u>2,248,366</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>1,782,285</u>	<u>\$ 1,782,285</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			(2,432)	
Change in due from other governments			(20,891)	
Change in payables			(81,670)	
Change in deferred property taxes			<u>19,145</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 1,696,437</u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

DEBT SERVICE FUND - NO. 41000  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ 3,955,041	\$ 3,955,041	\$ 4,028,628	\$ 73,587
Investment and interest income	<u>2,900</u>	<u>2,900</u>	<u>10,283</u>	<u>7,383</u>
<b>Total revenues</b>	<u>3,957,941</u>	<u>3,957,941</u>	<u>4,038,911</u>	<u>80,970</u>
<b>Expenditures:</b>				
Current:				
Support services:				
General Administration	50,000	50,000	40,286	9,714
Debt service:				
Principal retirement	3,155,000	3,155,000	3,036,925	118,075
Bond interest paid	620,070	620,070	800,429	(180,359)
Debt service reserves	3,934,224	3,934,224	-	3,934,224
Other	<u>-</u>	<u>-</u>	<u>1,609</u>	<u>(1,609)</u>
<b>Total expenditures</b>	<u>7,759,294</u>	<u>7,759,294</u>	<u>3,879,249</u>	<u>3,880,045</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(3,801,353)	(3,801,353)	159,662	3,961,015
<i>Beginning cash balance budgeted</i>	3,801,353	3,801,353	-	(3,801,353)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>3,920,350</u>	<u>3,920,350</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>4,080,012</u>	<u>\$ 4,080,012</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			(6,784)	
Change in due from other governments			(61,870)	
Change in deferred property taxes			<u>56,824</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 4,068,182</u>	

## NONMAJOR GOVERNMENTAL FUNDS

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**NONMAJOR GOVERNMENTAL FUNDS**  
YEAR ENDED JUNE 30, 2017

**Nonmajor Special Revenue Funds**

Special revenue funds are operating funds used to account for the proceeds of specific revenue sources that are intended for specific purposes other than special assessments or major capital projects.

**Food Service** (Fund No. 21000) Minimum Balance: None  
This program provides financing for the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-4, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 stat. 889, as amended; 84 stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 stat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 stat. 3341; Public Law 100-71, 101 stat. 430.

**Athletics** (Fund No. 22000) Minimum Balance: None  
This fund provides financing for school athletic activities. Funding is provided by fees from patrons.

**NM Autism** (Fund No. 24108) Minimum Balance: None  
Program is to provide grants to states that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

**Preschool IDEA-B** (Fund No. 24109) Minimum Balance: None  
The Preschool program is for the purpose of enhancing Special Education for handicapped children from ages 3 to 5. The program is funded by the United States government, under the Individuals With Disabilities Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, and 101-476.

**IDEA-B Early Intervention** (Fund No. 24112) Minimum Balance: None  
To account for a federal grant restricted to the operation and maintenance of meeting the special education needs of children with disabilities. (Authority, Individuals with Disabilities Act, Part B Sec 611, as amended; P.L. 91-230, 93-380, 94-142, 98-199, 99-457, 100-630, and 101-476; U.S.C. 1401-1419, P.L. 105-17)

**IDEA-B "Risk Pool"** (Fund No. 24120) Minimum Balance: None  
The IDEA-B "Risk Pool" program is to provide grants to states, that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

**Title I 1003g Grant** (Fund No. 24124) Minimum Balance: None  
The objective of this grant is to provide in conjunction with Title I funds for school improvement reserved under section 1003(a) of the ESEA. School Improvement Grants under section 1003(g) of the ESEA are used to improve student achievement in Title I schools identified for improvement, corrective action, or restructuring so as to enable those schools to make adequate yearly progress (AYP) and exit improvement status. Funding is by the Elementary and Secondary Education Act of 1965, as amended, Title I, Part B, Subpart 1.

**Title III English Language** (Fund No. 24153) Minimum Balance: None  
To ensure that limited English proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same standards as all children and youth are expected to meet; to provide assistance to Native American, Native Hawaiian, Native American Pacific Islander, and Alaskan native children with certain modifications relative to the unique status of native American language under Federal Law; to develop to the extent possible, the native language skills of such children. The fund is authorized through the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101, 3129.

**Title II Teacher Quality** (Fund No. 24154) Minimum Balance: None  
To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in the academic achievement. Authorization is granted through the Elementary and Secondary Education Act of 1965, as amended, Title II, Part A, Public Law 107-110.

**Rural & Low Income Schools** (Fund No. 24154) Minimum Balance: None  
To account for federal grant assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools, and specifically to provide funds for teacher recruitment, retention, and teacher professional development, educational technology, and parental involvement activities. Authority for this fund comes from the Elementary and Secondary Education Act of 1965, as amended, Title VI, Part B, as amended.

**NONMAJOR GOVERNMENTAL FUNDS**  
YEAR ENDED JUNE 30, 2017

**Nonmajor Special Revenue Funds (cont'd)**

<b>Title I School Improvement</b> (Fund No. 24162)	Minimum Balance: None
To develop parental involvement in the school curriculum. The program is funded by the United States government under P.L. 100-297.	
<b>Impact Aid Special/Indian Education</b> (Fund No. 25145 & 25147)	Minimum Balance: None
To provide financial assistance to local educational agencies (LEA'S) where enrollments or availability of revenue are adversely affected by Federal activities, i.e. where the tax base of a district is reduced through the Federal acquisition of real property (Section 2), where there is a significant number of children who reside on Federal (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.	
<b>Title XIX Medicaid</b> (Fund No. 25153)	Minimum Balance: None
To provide financial assistance from the Federal government which flows-through the State of New Mexico to school districts, for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women and the aged who meet income and resource requirements, and other categorically-eligible groups. The program is funded by the U.S. government under the Social Security Act, Title XIX, as amended; Public Laws 92-223, 92-602, 93-66, 93-233, 96-499, 97-35, 97-2248, 98-369, 99-272, 99-509, 100-93, 100-202, 100-203, 100-360, 100-436, 100-485, 100-647, 101-166, 101-234, 101-239, 101-508, 101-517, 102-234, 102-170, 102-394, 103-66, 103-14, 103-333, 104-91, 104-191, 104-193, 104-208, and 104-134; Balanced Budget Act of 1997, Public Law 105-33.	
<b>Child &amp; Adult Food Program</b> (Fund No. 25171)	Minimum Balance: None
To account for the activities of a program to provide for healthier schools by providing a health center at the schools. Funding is from the New Mexico Department of Health. The authority for creation of this fund was approved by the original budget by the Cuba Board of Education.	
<b>Indian Ed Formula Grant</b> (Fund No. 25184)	Minimum Balance: None
The purpose of this program is to support projects which improve educational opportunities and achievement of Native American children. Funding is provided by the Federal Government, under the Elementary and Secondary Education Act of 1965, Title IX, Part A, Subpart 1, as amended, Public Law 103-382, 20 U.S.C. 7811-7818; 25 U.S.C. 2002.	
<b>Dual Credit Instructional Materials</b> (Fund No. 27103)	Minimum Balance: None
To be used for courses approved by Higher Education Department (HED) and through a college/university for which the district has an approved agreement.	
<b>Library Go Bonds 2012</b> (Fund No. 27107)	Minimum Balance: None
Funds to be used for library books and library resources for public school libraries statewide. Library resources include computers, software, projectors, televisions, other related hardware and software, shelving, desks, chairs, and book trucks/carts. Senate Bill 66, Laws of 2012, 2nd Session, Chapter 54, Section 10.B.(3).	
<b>Pre-K Initiative</b> (Fund No. 27149)	Minimum Balance: None
The pre-k program shall address the total development needs of preschool children, including physical, cognitive, social and emotional needs, and shall include health care, nutrition, safety and multicultural sensitivity.	
<b>Indian Education Act</b> (Fund No. 27150)	Minimum Balance: None
To increase academic achievement and provide culturally relevant learning experiences for American Indian students; to establish collaborative partnerships that engage active participation of American Indian parents, students, tribe(s), community-based organizations, universities, private sector and/or other entities who work with American Indian students; to establish a parent community advisory committee to participate in the development of an Indigenous curriculum framework and to profile Indigenous best practices.	
<b>Breakfast for Elementary Students</b> (Fund No. 27155)	Minimum Balance: None
The Breakfast for Elementary School program provides foods (at no charge) after the instructional day has begun, provided that instruction occurs simultaneously with breakfast. Authorized through 22-13-13.2 NMSA 1978; NMAC 6.12.9	
<b>Kindergarten 3-Plus</b> (Fund No. 27166)	Minimum Balance: None
To account for funds received to provide the opportunity for the district to address early literacy. The fullday kindergarten program is the first step in the implementation of a sequential early literacy approach to teaching reading.	

**NONMAJOR GOVERNMENTAL FUNDS**  
YEAR ENDED JUNE 30, 2017

**Nonmajor Special Revenue Funds (cont'd)**

**College Counselor Initiative** (Fund No. 27189) Minimum Balance: None  
Funding to be used by KCHS and SHS to hire a college advisor solely dedicated to college advisement. College advisors will be hired under STARS assignment code #83 as a Resource Coordinator. The hired Advisor(s) must have an appropriate license in accordance with STARS assignment code #83.

**Suicide Prevention** (Fund No. 27189) Minimum Balance: None  
The purpose of this fund is to account for the agreement used to provide integrated primary and behavioral health care for adolescents through a school based health center. The authority and funding for this agreement is provided by the contract between the REC and the New Mexico Department of Health.

**GRADS Child Care** (Fund No. 28189) Minimum Balance: None  
The Graduation, Reality, and Dual-role Skills (GRADS) program provides funding to participating schools in providing services for teen parents who are students at the participating schools.

**GRADS Instruction** (Fund No. 28190) Minimum Balance: None  
The Graduation, Reality, and Dual-role Skills (GRADS) program provides funding to participating schools in providing services for teen parents who are students at the participating schools.

**GRADS Plus** (Fund No. 28203) Minimum Balance: None  
To develop a curriculum that identifies that reflect serious needs for pregnant or parenting teens.

**Nonmajor Capital Projects Funds**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

**Special Capital Outlay – Local** (Fund No. 31300) Minimum Balance: None  
This fund provides financing from local revenues for the construction and improvements to District building and facilities.

**State SB-9 Match** (Fund No. 31700) Minimum Balance: None  
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 as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).

**Nonmajor Debt Service Funds**

Debt service funds are used to account for the payment of principal and interest on long-term debt. Debt Service revenues are from taxes and other operating revenues, some of which are pledged specifically to repay certain outstanding bond issues.

**Ed Tech Debt Service** (Fund No. 43000) Minimum Balance: None  
Used to account for the accumulation of resources for and the payment of, general long-term debt principal, interest, and related costs associated with the Education Technology bond issues.

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2017**

**Special Revenue Funds**

	<u>Food Service Fund #21000</u>	<u>Athletics Fund #22000</u>	<u>NM Autism Fund #24108</u>	<u>Preschool IDEA-B Fund #24109</u>	<u>IDEA-B Early Intervention Fund #24112</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 457,103	\$ 26,538	\$ -	\$ -	\$ 32
Receivables:					
Property taxes	-	-	-	-	-
Grant	-	-	609	8,403	-
Food inventory	<u>6,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 463,930</u>	<u>\$ 26,538</u>	<u>\$ 609</u>	<u>\$ 8,403</u>	<u>\$ 32</u>
<b>Liabilities, deferred inflows and fund balance</b>					
Liabilities:					
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 609</u>	<u>\$ 8,403</u>	<u>\$ -</u>
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	-	-	32
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32</u>
Fund balance:					
Non-spendable:					
Inventories	6,827	-	-	-	-
Restricted for:					
Special revenue funds	457,103	26,538	-	-	-
Debt service	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>463,930</u>	<u>26,538</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ 463,930</u>	<u>\$ 26,538</u>	<u>\$ 609</u>	<u>\$ 8,403</u>	<u>\$ 32</u>

( cont'd; 1 of 7 )



STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

NON-MAJOR GOVERNMENTAL FUNDS

**Combining Balance Sheet**

**June 30, 2017**

	<b>Special Revenue Funds</b>				
	IDEA-B "Risk Pool" <u>Fund #24120</u>	Title I - 1003g <u>Fund #24124</u>	Title III English Language <u>Fund #24153</u>	Title II Teacher Quality <u>Fund #24154</u>	Rural & Low- Income Schools <u>Fund #24160</u>
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	-	26,449	14,414	9,291	9,948
Food inventory	-	-	-	-	-
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 26,449</u>	<u>\$ 14,414</u>	<u>\$ 9,291</u>	<u>\$ 9,948</u>
<b>Liabilities, deferred inflows and fund balance</b>					
Liabilities:					
Due to other funds	<u>\$ -</u>	<u>\$ 26,449</u>	<u>\$ 14,414</u>	<u>\$ 9,291</u>	<u>\$ 9,948</u>
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	-	-	-
Delinquent property taxes	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Special revenue funds	-	-	-	-	-
Debt service	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	-	-	-	-	-
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ -</u>	<u>\$ 26,449</u>	<u>\$ 14,414</u>	<u>\$ 9,291</u>	<u>\$ 9,948</u>

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STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

NON-MAJOR GOVERNMENTAL FUNDS

**Combining Balance Sheet**

**June 30, 2017**

	<b>Special Revenue Funds</b>				
	<u>Title I School Improvement Fund #24162</u>	<u>Impact Aid Special Education Fund #25145</u>	<u>Impact Aid Indian Education Fund #25147</u>	<u>Title XIX Medicaid Fund #25153</u>	<u>Child &amp; Adult Food Program Fund #25171</u>
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 16,674	\$ 85,472	\$ 73,119	\$ 8,637
Receivables:					
Property taxes	-	-	-	-	-
Grant	4,476	-	-	-	-
Food inventory	-	-	-	-	-
<b>Total assets</b>	<u>\$ 4,476</u>	<u>\$ 16,674</u>	<u>\$ 85,472</u>	<u>\$ 73,119</u>	<u>\$ 8,637</u>
<b>Liabilities, deferred inflows and fund balance</b>					
Liabilities:					
Due to other funds	<u>\$ 4,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	-	-	-
Delinquent property taxes	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Special revenue funds	-	16,674	85,472	73,119	8,637
Debt service	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	-	16,674	85,472	73,119	8,637
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ 4,476</u>	<u>\$ 16,674</u>	<u>\$ 85,472</u>	<u>\$ 73,119</u>	<u>\$ 8,637</u>

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STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2017**

	<b>Special Revenue Funds</b>			
	Indian Ed Formula Grant <u>Fund #25184</u>	Dual Credit Instructional Materials <u>Fund #27103</u>	Libraries GO Bond 2012 <u>Fund #27107</u>	Pre-K Initiative <u>Fund #27149</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 8,724	\$ -	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	-	-	-	5,022
Food inventory	-	-	-	-
<b>Total assets</b>	<u>\$ 8,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,022</u>
<b>Liabilities, deferred inflows and fund balance</b>				
Liabilities:				
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,022</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	8,724	-	-	-
Delinquent property taxes	-	-	-	-
Total deferred inflows of resources	<u>8,724</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ 8,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,022</u>

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STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2017**

	<b>Special Revenue Funds</b>				
	Indian Education Act <u>Fund #27150</u>	Breakfast for Elementary Students <u>Fund #27155</u>	Kindergarten 3-Plus <u>Fund #27166</u>	College Counselor Initiative <u>Fund #27189</u>	Suicide Prevention <u>Fund #28158</u>
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 8,554
Receivables:					
Property taxes	-	-	-	-	-
Grant	4,096	-	15,179	2,819	-
Food inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 4,096</u>	<u>\$ -</u>	<u>\$ 15,179</u>	<u>\$ 2,819</u>	<u>\$ 8,554</u>
<b>Liabilities, deferred inflows and fund balance</b>					
Liabilities:					
Due to other funds	<u>\$ 4,096</u>	<u>\$ -</u>	<u>\$ 15,179</u>	<u>\$ 2,819</u>	<u>\$ -</u>
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	-	-	-
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Special revenue funds	-	-	-	-	8,554
Debt service	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,554</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ 4,096</u>	<u>\$ -</u>	<u>\$ 15,179</u>	<u>\$ 2,819</u>	<u>\$ 8,554</u>

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STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

NON-MAJOR GOVERNMENTAL FUNDS

**Combining Balance Sheet**

**June 30, 2017**

	<u>Special Revenue Funds</u>			Total
	Grads-Child Care <u>Fund #28189</u>	Grads- Instruction <u>Fund #28190</u>	Grads Plus <u>Fund #28203</u>	Non-Major Special Revenue <u>Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 117	\$ 2,654	\$ 8,030	\$ 695,654
Receivables:				
Property taxes	-	-	-	-
Grant	-	-	-	100,706
Food inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,827</u>
<b>Total assets</b>	<u>\$ 117</u>	<u>\$ 2,654</u>	<u>\$ 8,030</u>	<u>\$ 803,187</u>
<b>Liabilities, deferred inflows and fund balance</b>				
Liabilities:				
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,706</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	8,756
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,756</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	6,827
Restricted for:				
Special revenue funds	117	2,654	8,030	686,898
Debt service	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>117</u>	<u>2,654</u>	<u>8,030</u>	<u>693,725</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ 117</u>	<u>\$ 2,654</u>	<u>\$ 8,030</u>	<u>\$ 803,187</u>

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STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2017**

	<u>Capital Projects Funds</u>		Total		
	Special Capital	State SB-9	Non-Major	Ed Tech	Total Nonmajor
	Outlay - Local	Match	Capital Projects	Debt Service	Governmental
	<u>Fund #31300</u>	<u>Fund #31700</u>	<u>Funds</u>	<u>Fund #43000</u>	<u>Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,246	\$ 696,900
Receivables:					
Property taxes	-	-	-	658	658
Grant	-	46,740	46,740	-	147,446
Food inventory	-	-	-	-	6,827
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 46,740</u>	<u>\$ 46,740</u>	<u>\$ 1,904</u>	<u>\$ 851,831</u>
<b>Liabilities, deferred inflows and fund balance</b>					
Liabilities:					
Due to other funds	<u>\$ -</u>	<u>\$ 46,740</u>	<u>\$ 46,740</u>	<u>\$ -</u>	<u>\$ 147,446</u>
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	-	-	8,756
Delinquent property taxes	-	-	-	652	652
Total deferred inflows of resources	-	-	-	652	9,408
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	6,827
Restricted for:					
Special revenue funds	-	-	-	-	686,898
Debt service	-	-	-	6,838	6,838
Unassigned	-	-	-	(5,586)	(5,586)
Total fund balance	-	-	-	1,252	694,977
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ -</u>	<u>\$ 46,740</u>	<u>\$ 46,740</u>	<u>\$ 1,904</u>	<u>\$ 851,831</u>

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STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

NON-MAJOR GOVERNMENTAL FUNDS  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Year Ended June 30, 2017

	Special Revenue Funds				
	Food Service Fund #21000	Athletics Fund #22000	NM Autism Fund #24108	Preschool IDEA-B Fund #24109	IDEA-B Early Intervention Fund #24112
<b>Revenues:</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	1,132,759	-	6,506	26,713	-
Intergovernmental - state grants	-	-	-	-	-
Charges for services	100,330	44,968	-	-	-
Investment and interest income	2,004	175	-	-	-
Miscellaneous	-	329	-	-	-
<b>Total revenues</b>	<u>1,235,093</u>	<u>45,472</u>	<u>6,506</u>	<u>26,713</u>	<u>-</u>
<b>Expenditures:</b>					
Current:					
Instruction	-	55,997	6,506	25,668	-
Support services:					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General Administration	-	-	-	1,045	-
School Administration	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services operations	1,102,696	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<u>1,102,696</u>	<u>55,997</u>	<u>6,506</u>	<u>26,713</u>	<u>-</u>
<i>Excess (deficiency) of revenues   over expenditures</i>	132,397	(10,525)	-	-	-
<b>Other financing uses:</b>					
Transfers out	-	-	-	-	-
<i>Net change in fund balance</i>	132,397	(10,525)	-	-	-
<b>Fund balance at beginning of the year</b>	<u>331,533</u>	<u>37,063</u>	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ 463,930</u>	<u>\$ 26,538</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

NON-MAJOR GOVERNMENTAL FUNDS  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Year Ended June 30, 2017

	Special Revenue Funds				
	IDEA-B "Risk Pool" Fund #24120	Title I - 1003g Fund #24124	Title III English Language Fund #24153	Title II Teacher Quality Fund #24154	Rural & Low- Income Schools Fund #24160
<b>Revenues:</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	26,449	26,053	70,500	17,361
Intergovernmental - state grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>26,449</u>	<u>26,053</u>	<u>70,500</u>	<u>17,361</u>
<b>Expenditures:</b>					
Current:					
Instruction	-	22,646	25,402	67,722	17,361
Support services:					
Students	-	1,656	-	-	-
Instruction	-	825	-	-	-
General Administration	-	969	651	2,778	-
School Administration	-	353	-	-	-
Student transportation	-	-	-	-	-
Food services operations	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>26,449</u>	<u>26,053</u>	<u>70,500</u>	<u>17,361</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-	-
<b>Other financing uses:</b>					
Transfers out	-	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-	-
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

NON-MAJOR GOVERNMENTAL FUNDS  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Year Ended June 30, 2017

	Special Revenue Funds				
	Title I School Improvement Fund #24162	Impact Aid Special Education Fund #25145	Impact Aid Indian Education Fund #25147	Title XIX Medicaid Fund #25153	Child & Adult Food Program Fund #25171
<b>Revenues:</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	76,862	34,437	66,195	39,429	1,050
Intergovernmental - state grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<u>76,862</u>	<u>34,437</u>	<u>66,195</u>	<u>39,429</u>	<u>1,050</u>
<b>Expenditures:</b>					
Current:					
Instruction	49,713	24,644	364	-	1,720
Support services:					
Students	27,158	-	73,921	-	-
Instruction	-	-	-	-	-
General Administration	-	-	3,049	-	-
School Administration	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services operations	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<u>76,871</u>	<u>24,644</u>	<u>77,334</u>	<u>-</u>	<u>1,720</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(9)	9,793	(11,139)	39,429	(670)
<b>Other financing uses:</b>					
Transfers out	-	-	-	-	-
<i>Net change in fund balance</i>	(9)	9,793	(11,139)	39,429	(670)
<b>Fund balance at beginning of the year</b>	<u>9</u>	<u>6,881</u>	<u>96,611</u>	<u>33,690</u>	<u>9,307</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ 16,674</u>	<u>\$ 85,472</u>	<u>\$ 73,119</u>	<u>\$ 8,637</u>

( cont'd; 3 of 7 )

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

NON-MAJOR GOVERNMENTAL FUNDS  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Year Ended June 30, 2017

	Special Revenue Funds				
	Indian Ed Formula Grant Fund #25184	Dual Credit Instructional Materials Fund #27103	Libraries GO Bond 2012 Fund #27107	Pre-K Initiative Fund #27149	Indian Education Act Fund #27150
<b>Revenues:</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	99,371	-	-	-	-
Intergovernmental - state grants	-	11,873	-	117,242	19,907
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<u>99,371</u>	<u>11,873</u>	<u>-</u>	<u>117,242</u>	<u>19,907</u>
<b>Expenditures:</b>					
Current:					
Instruction	-	11,873	-	60,381	19,907
Support services:					
Students	99,371	-	-	-	-
Instruction	-	-	-	-	-
General Administration	-	-	-	500	-
School Administration	-	-	-	26,361	-
Student transportation	-	-	-	30,000	-
Food services operations	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<u>99,371</u>	<u>11,873</u>	<u>-</u>	<u>117,242</u>	<u>19,907</u>
<i>Excess (deficiency) of revenues   over expenditures</i>	-	-	-	-	-
<b>Other financing uses:</b>					
Transfers out	-	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-	-
<b>Fund balance at beginning of the year</b>	-	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance**  
**Year Ended June 30, 2017**

	<b>Special Revenue Funds</b>				
	Breakfast for Elementary Students <u>Fund #27155</u>	Kindergarten 3- Plus <u>Fund #27166</u>	College Counselor Initiative <u>Fund #27189</u>	Suicide Prevention <u>Fund #28158</u>	Grads-Child Care <u>Fund #28189</u>
<b>Revenues:</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	-	-	-
Intergovernmental - state grants	7,646	138,704	60,152	11,426	3,000
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<u>7,646</u>	<u>138,704</u>	<u>60,152</u>	<u>11,426</u>	<u>3,000</u>
<b>Expenditures:</b>					
Current:					
Instruction	-	102,653	-	2,872	-
Support services:					
Students	-	11,497	60,152	-	3,057
Instruction	-	-	-	-	-
General Administration	-	-	-	-	-
School Administration	-	9,554	-	-	-
Student transportation	-	15,000	-	-	-
Food services operations	7,646	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<u>7,646</u>	<u>138,704</u>	<u>60,152</u>	<u>2,872</u>	<u>3,057</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	8,554	(57)
<b>Other financing uses:</b>					
Transfers out	-	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	8,554	(57)
<b>Fund balance at beginning of the year</b>	-	-	-	-	174
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,554</u>	<u>\$ 117</u>

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STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

NON-MAJOR GOVERNMENTAL FUNDS  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Year Ended June 30, 2017

	<u>Special Revenue Funds</u>			<u>Capital Projects Funds</u>	
	Grads- Instruction Fund #28190	Grads Plus Fund #28203	Total Nonmajor Special Revenue Funds	Special Capital Outlay - Local Fund #31300	State SB-9 Match Fund #31700
<b>Revenues:</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	1,623,685	-	-
Intergovernmental - state grants	4,000	4,666	378,616	-	91,288
Charges for services	-	-	145,298	-	-
Investment and interest income	-	-	2,179	-	-
Miscellaneous	-	-	329	-	-
<b>Total revenues</b>	<u>4,000</u>	<u>4,666</u>	<u>2,150,107</u>	<u>-</u>	<u>91,288</u>
<b>Expenditures:</b>					
Current:					
Instruction	-	2,473	497,902	-	-
Support services:					
Students	5,396	-	282,208	-	-
Instruction	-	-	825	-	-
General Administration	-	-	8,992	-	-
School Administration	-	-	36,268	-	-
Student transportation	-	-	45,000	-	-
Food services operations	-	-	1,110,342	-	-
Capital outlay	-	-	-	2,027	46,740
<b>Total expenditures</b>	<u>5,396</u>	<u>2,473</u>	<u>1,981,537</u>	<u>2,027</u>	<u>46,740</u>
<i>Excess (deficiency) of revenues   over expenditures</i>	(1,396)	2,193	168,570	(2,027)	44,548
<b>Other financing uses:</b>					
Transfers out	-	-	-	-	(44,548)
<i>Net change in fund balance</i>	(1,396)	2,193	168,570	(2,027)	-
<b>Fund balance at beginning of the year</b>	<u>4,050</u>	<u>5,837</u>	<u>525,155</u>	<u>2,027</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ 2,654</u>	<u>\$ 8,030</u>	<u>\$ 693,725</u>	<u>\$ -</u>	<u>\$ -</u>

( cont'd; 6 of 7 )

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance**  
**Year Ended June 30, 2017**

	Total Nonmajor Capital Projects <u>Funds</u>	Ed Tech Debt Service <u>Fund #43000</u>	Total Nonmajor Governmental <u>Funds</u>
<b>Revenues:</b>			
Taxes:			
Property	\$ -	\$ 59	\$ 59
Intergovernmental - federal grants	-	-	1,623,685
Intergovernmental - state grants	91,288	-	469,904
Charges for services	-	-	145,298
Investment and interest income	-	-	2,179
Miscellaneous	<u>-</u>	<u>-</u>	<u>329</u>
<b>Total revenues</b>	<u>91,288</u>	<u>59</u>	<u>2,241,454</u>
<b>Expenditures:</b>			
Current:			
Instruction	-	-	497,902
Support services:			
Students	-	-	282,208
Instruction	-	-	825
General Administration	-	1	8,993
School Administration	-	-	36,268
Student transportation	-	-	45,000
Food services operations	-	-	1,110,342
Capital outlay	<u>48,767</u>	<u>-</u>	<u>48,767</u>
<b>Total expenditures</b>	<u>48,767</u>	<u>1</u>	<u>2,030,305</u>
<i>Excess (deficiency) of revenues   over expenditures</i>	42,521	58	211,149
<b>Other financing uses:</b>			
Transfers out	<u>(44,548)</u>	<u>-</u>	<u>(44,548)</u>
<i>Net change in fund balance</i>	(2,027)	58	166,601
<b>Fund balance at beginning of the year</b>	<u>2,027</u>	<u>1,194</u>	<u>528,376</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ 1,252</u>	<u>\$ 694,977</u>

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NONMAJOR GOVERNMENTAL FUNDS  
BUDGETARY PRESENTATION

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

FOOD SERVICE FUND - NO. 21000  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Positive</u> <u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 945,000	\$ 945,000	\$ 1,061,509	\$ 116,509
Charges for services	117,000	117,000	100,330	(16,670)
Investment and interest income	<u>400</u>	<u>400</u>	<u>2,004</u>	<u>1,604</u>
<b>Total revenues</b>	<u>1,062,400</u>	<u>1,062,400</u>	<u>1,163,843</u>	<u>101,443</u>
<b>Expenditures:</b>				
Current:				
Food services operations	1,290,643	1,274,918	1,032,947	241,971
Capital outlay	<u>-</u>	<u>15,725</u>	<u>-</u>	<u>15,725</u>
<b>Total expenditures</b>	<u>1,290,643</u>	<u>1,290,643</u>	<u>1,032,947</u>	<u>257,696</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(228,243)	(228,243)	130,896	359,139
<i>Beginning cash balance budgeted</i>	228,243	228,243	-	(228,243)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>331,533</u>	<u>331,533</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>462,429</u>	<u>\$ 462,429</u>
RECONCILIATION TO GAAP BASIS:				
Change in inventory			<u>1,501</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 463,930</u>	



STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

ATHLETICS FUND - NO. 22000

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>
<b>Revenues:</b>				
Charges for services	\$ 25,000	\$ 49,924	\$ 44,968	\$ (4,956)
Investment and interest income	-	-	175	175
Miscellaneous	-	-	329	329
<b>Total revenues</b>	25,000	49,924	45,472	(4,452)
<b>Expenditures:</b>				
Current:				
Instruction	57,040	81,964	55,997	25,967
<i>Excess (deficiency) of revenues over expenditures</i>	(32,040)	(32,040)	(10,525)	21,515
<i>Beginning cash balance budgeted</i>	32,040	32,040	-	(32,040)
<b>Fund balance at beginning of the year</b>	-	-	37,063	37,063
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	26,538	<u>\$ 26,538</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 26,538</u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

NM AUTISM FUND - NO. 24108  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ -	\$ 8,000	\$ 6,196	\$ (1,804)
<b>Expenditures:</b>				
Current:				
Instruction	-	8,000	6,506	1,494
<i>Excess (deficiency) of revenues</i>				
<i>over expenditures</i>	-	-	(310)	(310)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	(310)	<u>\$ (310)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			310	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

PRESCHOOL IDEA-B FUND - NO. 24109

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Positive <u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 26,577	\$ 27,933	\$ 28,439	\$ 506
<b>Expenditures:</b>				
Current:				
Instruction	25,582	26,888	25,668	1,220
Support services:				
General Administration	995	1,045	1,045	-
<b>Total expenditures</b>	<u>26,577</u>	<u>27,933</u>	<u>26,713</u>	<u>1,220</u>
<i>Excess of revenues over expenditures</i>	-	-	1,726	1,726
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	1,726	<u>\$ 1,726</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(1,726)	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

IDEA-B EARLY INTERVENTION FUND - NO. 24112

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Current:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

IDEA-B "RISK POOL" FUND - NO. 24120

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget Positive <u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ -	\$ -	\$ 390	\$ 390
<b>Expenditures:</b>				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	390	390
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	390	<u>\$ 390</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(390)	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

TITLE I - 1003G FUND - NO. 24124  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ -	\$ 60,000	\$ -	\$ (60,000)
<b>Expenditures:</b>				
Current:				
Instruction	-	46,477	22,646	23,831
Support services:				
Students	-	5,723	1,656	4,067
Instruction	-	4,000	825	3,175
General Administration	-	1,800	969	831
School Administration	-	2,000	353	1,647
<b>Total expenditures</b>	-	60,000	26,449	33,551
<i>Excess (deficiency) of revenues</i>				
<i>over expenditures</i>	-	-	(26,449)	(26,449)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	(26,449)	\$ (26,449)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			26,449	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

TITLE III ENGLISH LANGUAGE FUND - NO. 24153

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 18,586	\$ 33,347	\$ 11,639	\$ (21,708)
<b>Expenditures:</b>				
Current:				
Instruction	18,223	32,696	25,402	7,294
Support services:				
General Administration	<u>363</u>	<u>651</u>	<u>651</u>	<u>-</u>
<b>Total expenditures</b>	<u>18,586</u>	<u>33,347</u>	<u>26,053</u>	<u>7,294</u>
<i>Excess (deficiency) of revenues     over expenditures</i>	-	-	(14,414)	(14,414)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	(14,414)	<u>\$ (14,414)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			<u>14,414</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

TITLE II TEACHER QUALITY FUND - NO. 24154  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 75,747	\$ 85,746	\$ 66,033	\$ (19,713)
<b>Expenditures:</b>				
Current:				
Instruction	72,848	77,848	67,723	10,125
Support services:				
General Administration	2,899	2,899	2,778	121
School Administration	-	4,999	-	4,999
<b>Total expenditures</b>	<u>75,747</u>	<u>85,746</u>	<u>70,501</u>	<u>15,245</u>
<i>Excess (deficiency) of revenues</i>				
<i>    over expenditures</i>	-	-	(4,468)	(4,468)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	(4,468)	<u>\$ (4,468)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			4,468	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	



STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

RURAL & LOW-INCOME SCHOOLS FUND - NO. 24160  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 38,973	\$ 87,571	\$ 19,236	\$ (68,335)
<b>Expenditures:</b>				
Current:				
Instruction	<u>38,973</u>	<u>87,571</u>	<u>17,361</u>	<u>70,210</u>
<i>Excess of revenues over expenditures</i>	-	-	1,875	1,875
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	1,875	<u><u>\$ 1,875</u></u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>(1,875)</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u><u>\$ -</u></u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

TITLE I SCHOOL IMPROVEMENT FUND - NO. 24162  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Positive <u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 115,000	\$ 115,000	\$ 91,803	\$ (23,197)
<b>Expenditures:</b>				
Current:				
Instruction	61,674	61,674	49,713	11,961
Support services:				
Students	<u>53,326</u>	<u>53,326</u>	<u>27,158</u>	<u>26,168</u>
<b>Total expenditures</b>	<u>115,000</u>	<u>115,000</u>	<u>76,871</u>	<u>38,129</u>
<i>Excess of revenues over expenditures</i>	-	-	14,932	14,932
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>9</u>	<u>9</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	14,941	<u>\$ 14,941</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			<u>(14,941)</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

IMPACT AID SPECIAL EDUCATION FUND - NO. 25145  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ -	\$ 30,240	\$ 34,437	\$ 4,197
<b>Expenditures:</b>				
Current:				
Instruction	7,543	24,586	24,644	(58)
Support services:				
Students	-	12,535	-	12,535
<b>Total expenditures</b>	<u>7,543</u>	<u>37,121</u>	<u>24,644</u>	<u>12,477</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(7,543)	(6,881)	9,793	16,674
<i>Beginning cash balance budgeted</i>	7,543	6,881	-	(6,881)
<b>Fund balance at beginning of the year</b>	-	-	6,881	6,881
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	16,674	<u>\$ 16,674</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 16,674</u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

IMPACT AID INDIAN EDUCATION FUND - NO. 25147  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ -	\$ -	\$ 66,195	\$ 66,195
<b>Expenditures:</b>				
Current:				
Instruction	13,067	13,067	364	12,703
Support services:				
Students	80,059	80,059	73,921	6,138
General Administration	<u>3,706</u>	<u>3,706</u>	<u>3,049</u>	<u>657</u>
<b>Total expenditures</b>	<u>96,832</u>	<u>96,832</u>	<u>77,334</u>	<u>19,498</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(96,832)	(96,832)	(11,139)	85,693
<i>Beginning cash balance budgeted</i>	96,832	96,832	-	(96,832)
<b>Fund balance at beginning of the year</b>	-	-	96,611	96,611
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	85,472	<u>\$ 85,472</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			<u><u>\$ 85,472</u></u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

TITLE XIX MEDICAID FUND - NO. 25153

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget Positive <u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ -	\$ -	\$ 39,429	\$ 39,429
<b>Expenditures:</b>				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	39,429	39,429
<b>Fund balance at beginning of the year</b>	-	-	33,690	33,690
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	73,119	<u>\$ 73,119</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 73,119</u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

CHILD & ADULT FOOD PROGRAM FUND - NO. 25171  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ -	\$ -	\$ 1,050	\$ 1,050
<b>Expenditures:</b>				
Current:				
Instruction	<u>8,060</u>	<u>8,060</u>	<u>1,720</u>	<u>6,340</u>
<i>Excess (deficiency) of revenues</i>				
<i>over expenditures</i>	(8,060)	(8,060)	(670)	7,390
<i>Beginning cash balance budgeted</i>	8,060	8,060	-	(8,060)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>9,307</u>	<u>9,307</u>
<b>Fund balance at end of the year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>8,637</u>	<u><u>\$ 8,637</u></u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u><u>\$ 8,637</u></u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

INDIAN ED FORMULA GRANT FUND - NO. 25184

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget Positive <u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ -	\$ -	\$ 74,638	\$ 74,638
<b>Expenditures:</b>				
Current:				
Support services:				
Students	<u>33,011</u>	<u>107,396</u>	<u>99,371</u>	<u>8,025</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(33,011)	(107,396)	(24,733)	82,663
<i>Beginning cash balance budgeted</i>	33,011	107,396	-	(107,396)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	(24,733)	<u>\$ (24,733)</u>
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			<u>24,733</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

DUAL CREDIT INSTRUCTIONAL MATERIALS FUND - NO. 27103  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ 11,873	\$ 11,873	\$ -
<b>Expenditures:</b>				
Current:				
Instruction	-	11,873	11,873	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	



STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

LIBRARIES GO BOND 2012 FUND - NO. 27107

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ -	\$ 20,482	\$ 20,482
<b>Expenditures:</b>				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	20,482	20,482
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	20,482	<u>\$ 20,482</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(20,482)	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

PRE-K INITIATIVE FUND - NO. 27149  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 126,186	\$ 126,186	\$ 114,711	\$ (11,475)
<b>Expenditures:</b>				
Current:				
Instruction	68,036	68,036	60,380	7,656
Support services:				
General Administration	500	500	500	-
School Administration	27,650	27,650	26,361	1,289
Student transportation	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
<b>Total expenditures</b>	<u>126,186</u>	<u>126,186</u>	<u>117,241</u>	<u>8,945</u>
<i>Excess (deficiency) of revenues</i>				
<i>    over expenditures</i>	-	-	(2,530)	(2,530)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	(2,530)	<u>\$ (2,530)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			<u>2,530</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

INDIAN EDUCATION ACT FUND - NO. 27150

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget Positive <u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ 25,000	\$ 15,811	\$ (9,189)
<b>Expenditures:</b>				
Current:				
Instruction	-	25,000	19,907	5,093
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(4,096)	(4,096)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	(4,096)	<u>\$ (4,096)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			4,096	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

BREAKFAST FOR ELEMENTARY STUDENTS FUND - NO. 27155

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ 7,646	\$ 11,018	\$ 3,372
<b>Expenditures:</b>				
Current:				
Food services operations	-	7,646	7,646	-
<i>Excess of revenues over expenditures</i>	-	-	3,372	3,372
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	3,372	<u>\$ 3,372</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(3,372)	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

KINDERGARTEN 3-PLUS FUND - NO. 27166

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 133,355	\$ 140,251	\$ 123,526	\$ (16,725)
<b>Expenditures:</b>				
Current:				
Instruction	110,304	103,375	102,653	722
Support services:				
Students	15,752	11,649	11,497	152
School Administration	7,299	10,227	9,554	673
Student transportation	-	15,000	15,000	-
<b>Total expenditures</b>	<u>133,355</u>	<u>140,251</u>	<u>138,704</u>	<u>1,547</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(15,178)	(15,178)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	(15,178)	<u>\$ (15,178)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			15,178	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

COLLEGE COUNSELOR INITIATIVE FUND - NO. 27189  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 65,000	\$ 65,000	\$ 57,333	\$ (7,667)
<b>Expenditures:</b>				
Current:				
Instruction	3,000	-	-	-
Support services:				
Students	62,000	65,000	60,152	4,848
<b>Total expenditures</b>	<u>65,000</u>	<u>65,000</u>	<u>60,152</u>	<u>4,848</u>
<i>Excess (deficiency) of revenues</i>				
<i>    over expenditures</i>	-	-	(2,819)	(2,819)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(2,819)</u>	<u>\$ (2,819)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			2,819	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

SUICIDE PREVENTION FUND - NO. 28158

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget Positive <u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ -	\$ 7,000	\$ 7,000
<b>Expenditures:</b>				
Current:				
Instruction	<u>4,427</u>	<u>4,427</u>	<u>2,872</u>	<u>1,555</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(4,427)	(4,427)	4,128	8,555
<i>Beginning cash balance budgeted</i>	4,427	4,427	-	(4,427)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	4,128	<u><u>\$ 4,128</u></u>
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			<u>4,426</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u><u>\$ 8,554</u></u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

GRADS-CHILD CARE FUND - NO. 28189  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ 2,739	\$ 3,000	\$ 261
<b>Expenditures:</b>				
Current:				
Support services:				
Students	<u>435</u>	<u>3,174</u>	<u>3,057</u>	<u>117</u>
<i>Excess (deficiency) of revenues</i>				
<i>over expenditures</i>	(435)	(435)	(57)	378
<i>Beginning cash balance budgeted</i>	435	435	-	(435)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>174</u>	<u>174</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>117</u>	<u>\$ 117</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 117</u>	



STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

GRADS-INSTRUCTION FUND - NO. 28190

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ 8,050	\$ 4,000	\$ (4,050)
<b>Expenditures:</b>				
Current:				
Instruction	-	2,553	-	2,553
Support services:				
Students	-	5,497	5,396	101
<b>Total expenditures</b>	-	8,050	5,396	2,654
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(1,396)	(1,396)
<b>Fund balance at beginning of the year</b>	-	-	4,050	4,050
<b>Fund balance at end of the year</b>	\$ -	\$ -	2,654	\$ 2,654
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 2,654</u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

GRADS PLUS FUND - NO. 28203  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ 8,337	\$ 4,666	\$ (3,671)
<b>Expenditures:</b>				
Current:				
Instruction	-	8,337	2,473	5,864
<i>Excess of revenues over expenditures</i>	-	-	2,193	2,193
<b>Fund balance at beginning of the year</b>	-	-	5,837	5,837
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	8,030	<u>\$ 8,030</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 8,030</u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

SPECIAL CAPITAL OUTLAY - LOCAL FUND - NO. 31300  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				<u>(Negative)</u>
<b>Revenues:</b>				
Contributions - private grants	\$ 2,027	\$ 2,027	\$ -	\$ (2,027)
<b>Expenditures:</b>				
Capital outlay	<u>2,027</u>	<u>2,027</u>	<u>2,027</u>	<u>-</u>
<i>Excess (deficiency) of revenues</i>				
<i>over expenditures</i>	-	-	(2,027)	(2,027)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>2,027</u>	<u>2,027</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			<u>-</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

STATE SB-9 MATCH FUND - NO. 31700  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Positive</u> <u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ 47,033	\$ 44,548	\$ (2,485)
<b>Expenditures:</b>				
Current:				
Support services:				
Operation & Maintenance of Plant	-	293	-	293
Capital outlay	-	46,740	46,740	-
<b>Total expenditures</b>	-	47,033	46,740	293
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(2,192)	(2,192)
<b>Other financing uses:</b>				
Transfers In	-	-	(44,548)	(44,548)
<i>Net change in fund balance</i>	-	-	(46,740)	(46,740)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	(46,740)	<u>\$ (46,740)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			46,740	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

ED TECH DEBT SERVICE FUND - NO. 43000

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Positive <u>(Negative)</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ -	\$ -	\$ 67	\$ 67
<b>Expenditures:</b>				
Current:				
Support services:				
General Administration	<u>1,159</u>	<u>1,159</u>	<u>1</u>	<u>1,158</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,159)	(1,159)	66	1,225
<i>Beginning cash balance budgeted</i>	1,159	1,159	-	(1,159)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>1,194</u>	<u>1,194</u>
<b>Fund balance at end of the year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>1,260</u>	<u><u>\$ 1,260</u></u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			(69)	
Change in due from other governments			(15)	
Change in deferred property taxes			<u>76</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u><u>\$ 1,252</u></u>	

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## STATE REQUIRED DISCLOSURES

Supplemental schedules required by the State of  
New Mexico to provide additional analysis.

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

FIDUCIARY FUNDS  
**Schedule of Changes in Assets and Liabilities - All Agency Funds**  
**Year Ended June 30, 2017**

Activity		Balance			Balance
<u>Fund</u>	<u>ASSETS</u>	<u>June 30, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>June 30, 2017</u>
23001	Nob Hill Elementary	\$ 8,159	\$ 17,618	\$ 17,273	\$ 8,504
23002	Sierra Vista Elementary	18,349	23,667	28,413	13,603
23003	White Mountain Elementary	41,316	61,902	64,820	38,398
23005	Middle School	30,294	49,885	42,940	37,239
23006	High School	96,924	108,219	81,668	123,475
23007	Scholarships	<u>17,909</u>	<u>267</u>	<u>4,500</u>	<u>13,676</u>
	Pooled cash and investments	<u>\$ 212,951</u>	<u>\$ 261,558</u>	<u>\$ 239,614</u>	<u>\$ 234,895</u>
 <u>LIABILITIES</u>					
	Deposits held for others	<u>\$ 212,951</u>	<u>\$ 261,558</u>	<u>\$ 239,614</u>	<u>\$ 234,895</u>

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STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

SCHEDULE OF PLEDGED COLLATERAL  
**June 30, 2017**

	BBVA Compass <u>Bank</u>
<b>Cash on deposit at June 30, 2017:</b>	
Checking and savings	\$ 27,610,045
Less: FDIC coverage	<u>(250,000)</u>
Uninsured funds	<u>\$ 27,360,045</u>
 <b>Amount requiring pledged collateral:</b>	
50% collateral requirement	\$ 13,680,023
Pledged collateral	<u>29,500,000</u>
Excess (deficiency) of pledged collateral	<u><u>\$ 15,819,977</u></u>

Pledged collateral of financial institutions consists of the following at June 30, 2017

<u>BBVA Compass:</u>	<u>Maturity</u>	<u>LOC#</u>	<u>Market Value</u>
FHLB	10/20/2017	100969	\$ 5,500,000
FHLB	12/1/2017	102805	7,000,000
FHLB	12/5/2017	102970	750,000
FHLB	12/12/2017	103263	1,500,000
FHLB	12/19/2017	103671	1,000,000
FHLB	12/21/2017	103887	2,000,000
FHLB	1/11/2018	105007	3,000,000
FHLB	1/23/2018	105489	1,750,000
FHLB	2/16/2018	406598	5,500,000
FHLB	4/11/2018	108934	1,000,000
FHLB	5/11/2018	110200	500,000
			<u>\$ 29,500,000</u>

The above letters of credit are held at Federal Home Loan Bank, Atlanta, GA.

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

CASH RECONCILIATION  
**Year Ended June 30, 2017**

	Beginning Cash	Receipts	Distributions	Other	Net Cash End of Period	Adjustments to the report	Total Cash on Report
Operations	\$ 4,618,995	\$ 13,898,387	\$ 13,986,787	\$ 602	\$ 4,531,197	\$ (240,172)	\$ 4,291,025
Transportation	981	795,151	795,641	-	491	-	491
Instructional Materials	50,118	137,832	125,257	-	62,693	-	62,693
Food Services	326,207	1,163,843	1,032,947	-	457,103	-	457,103
Athletics	37,063	45,472	55,997	-	26,538	-	26,538
Federal Flowthrough Funds	(387,351)	1,371,976	1,204,275	-	(219,650)	219,682	32
Federal Direct Funds	179,946	215,751	203,071	-	192,626	-	192,626
State Flowthrough Funds	(26,659)	354,753	355,524	313	(27,117)	27,117	-
State Direct Funds	14,487	18,666	13,798	-	19,355	-	19,355
Bond Building	1,105,840	45,134	1,757,379	15,914,841	15,308,436	-	15,308,436
Special Capital Outlay - Local	2,027	-	2,027	-	-	-	-
State SB-9 Match	-	44,548	46,740	(44,548)	(46,740)	46,740	-
Capital Improvements SB-9	2,227,476	1,349,882	1,860,513	44,548	1,761,393	(46,740)	1,714,653
Debt Service	3,858,480	4,038,911	3,879,249	-	4,018,142	-	4,018,142
Ed Tech Debt Service	1,179	68	1	-	1,246	-	1,246
Agency Funds	-	-	-	-	-	234,895	234,895
Total	<u>\$ 12,008,789</u>	<u>\$ 23,480,374</u>	<u>\$ 25,319,206</u>	<u>\$ 15,915,756</u>	<u>\$ 26,085,713</u>	<u>\$ 241,522</u>	<u>\$ 26,327,235</u>

  

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>	Adjustments to report:	
Operational	Checking - Interest	BBVA Compass	\$ 4,598,952	Agency funds	\$ 234,895
Athletics	Checking - Interest	BBVA Compass	26,610	Interfund loans - pooled cash <sup>(1)</sup>	293,539
Food Service	Checking - Interest	BBVA Compass	457,103	Interfund loans - pooled cash <sup>(1)</sup>	(293,539)
Nob Hill Early	Checking - Interest	BBVA Compass	8,504	Clearing account	6,627
Sierra Vista Primary	Checking - Interest	BBVA Compass	13,603	Total adjustment to the report	<u>\$ 241,522</u>
White Mountain Elementary	Checking - Interest	BBVA Compass	38,451		
Ruidoso Middle School	Checking - Interest	BBVA Compass	38,347		
Ruidoso High School	Checking - Interest	BBVA Compass	123,475	Adjustments to cash:	
Scholarship	Checking - Interest	BBVA Compass	13,676	Bank Balance	\$ 27,610,045
Capital Project	Checking - Interest	BBVA Compass	15,670,750	Cash on hand	40
Capital Improvements	Checking - Interest	BBVA Compass	1775205	Outstanding deposits	-
Debt Service	Checking - Interest	BBVA Compass	4,019,388	Outstanding checks	(1,282,850)
Payroll	Checking - Interest	BBVA Compass	825,981	Errors	-
			<u>\$ 27,610,045</u>	Total adjusted cash	<u>\$ 26,327,235</u>

## COMPLIANCE SECTION

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

§

Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance; and  
Report on the Schedule of Expenditures of  
Federal Awards Required By Uniform Guidance

§

Schedule of Findings and Questioned Costs:  
Summary of Auditor's Results  
Financial Statement Findings  
Federal Award Findings

§

Summary Schedule of Prior Year Audit Findings

§

Schedule of Expenditures of Federal Awards  
Notes to the Schedule of Expenditures of Federal Awards

§

Required Disclosure

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

INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor  
The Board of Education and Audit Committee of  
Ruidoso Municipal School District No. 3

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Ruidoso Municipal School District No. 3 as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Ruidoso Municipal School District No. 3's basic financial statements, and the combining and individual funds and related budgetary comparisons of Ruidoso Municipal School District No. 3, presented as supplemental information, and have issued our report thereon dated October 16, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit, of the financial statements, we considered Ruidoso Municipal School District No. 3'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 Ruidoso Municipal School District No. 3's internal control. Accordingly, we do not express an opinion on the effectiveness of Ruidoso Municipal School District No. 3'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 Ruidoso Municipal School District No. 3'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. However, material weaknesses may exist that have not been identified.

**Compliance and other matters**

As part of obtaining reasonable assurance about whether Ruidoso Municipal School District No. 3's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. We also noted certain other matters that are required to be reported pursuant to Government Auditing Standards and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as finding 2017-001.

Tim Keller, State Auditor  
The Board of Education and Audit Committee of  
Ruidoso Municipal School District No. 3

### **Ruidoso Municipal School District No. 3's Response to Findings**

Ruidoso Municipal School District No. 3 responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Ruidoso Municipal School District No. 3'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 result of that testing, and not to provide an opinion on the effectiveness of the Ruidoso Municipal School District No. 3'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.

Farmington, New Mexico  
October 16, 2017

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

INDEPENDENT AUDITOR'S REPORT

Tim Keller, State Auditor,  
The Board of Education and Audit Committee of  
Ruidoso Municipal School District No. 3

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

We have audited Ruidoso Municipal School District No. 3's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Ruidoso Municipal School District No. 3's major federal programs for the year ended June 30, 2017. Ruidoso Municipal School District No. 3'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Ruidoso Municipal School District No. 3'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 Ruidoso Municipal School District No. 3'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 Ruidoso Municipal School District No. 3's compliance.

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

In our opinion, Ruidoso Municipal School District No. 3 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, 2017.

Tim Keller, State Auditor,  
The Board of Education and Audit Committee of  
Ruidoso Municipal School District No. 3

### **Report on Internal Control Over Compliance**

Management of Ruidoso Municipal School District No. 3 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 Ruidoso Municipal School District No. 3'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 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 Ruidoso Municipal School District No. 3's internal control over compliance.

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

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

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

Farmington, New Mexico  
October 16, 2017



## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

STATE OF NEW MEXICO  
**RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
**Year Ended June 30, 2017**

Federal Grantor/Pass - Through <u>Grantor/Program or Cluster Title</u>	Federal CFDA <u>Number</u>	Pass-Through Entity Identifying <u>Number</u>	Passed To Subrecipients	Cluster Programs	Federal Expenditures
<b>U.S. Department of Agriculture:</b>					
Direct Program:					
Forest Reserve	10.665	11000	\$ -		\$ 10,908
Pass-Through Program From:					
New Mexico Department of Education:					
<u>Child Nutrition Cluster:</u>					
USDA National School Lunch Program	10.555	21000	- \$	654,273	
USDA School Breakfast Program	10.553	21000	-	<u>377,173</u>	
Total Child Nutrition Cluster					1,031,446
Pass-Through Program From:					
New Mexico Human Service Department:					
USDA Commodities Program	10.565	21000	-		71,250
New Mexico Children, Youth, and Families:					
Child & Adult Food Program	10.558	25171	-		<u>1,720</u>
Subtotal Pass-Through Programs					<u>1,104,416</u>
Total U.S. Department of Agriculture					<u>1,115,324</u>
<b>U.S. Department of Education:</b>					
Direct Programs:					
Impact Aid Indian Education	84.041	11000	-		264,786
Impact Aid Special Education	84.041	25145	-		24,644
Impact Aid Indian Education	84.041	25147	-		77,334
Indian Ed Formula Grant	84.060	25184	-		<u>99,371</u>
Subtotal Direct Programs					<u>466,135</u>
Pass-Through Programs From:					
New Mexico Department of Education:					
<u>Special Education (IDEA) Cluster:</u>					
Entitlement IDEA-B	84.027	24106	- \$	500,293	
NM Autism	84.027	24108	-	6,506	
Preschool IDEA-B	84.173	24109	-	<u>26,713</u>	
Total Special Education (IDEA) Cluster					533,512
Title I	84.010	24101	-		453,529
Title I - 1003g	84.389	24124	-		26,449
Title III English Language	84.365	24153	-		26,053
Title II Teacher Quality	84.367	24154	-		70,500
Rural & Low-Income Schools	84.358	24160	-		17,361
Title I School Improvement	84.010	24162	<u>-</u>		<u>76,871</u>
Subtotal Pass-Through Programs					<u>1,204,275</u>
Total U.S. Department of Education					1,670,410
Total Expenditures of Federal Awards			<u>\$ -</u>		<u>\$ 2,785,734</u>

See the accompanying notes to the Schedule of Expenditures of Federal Awards.

# NOTES THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

## 1. Scope of audit pursuant to OMB Uniform Grant Guidance

All federal grant operations of Ruidoso Municipal School District No. 3 (the "District") are included in the scope of the Office of Management and Budget ("OMB") Uniform Grant Guidance audit (the "Single Audit"). The Single Audit was performed in accordance with the provisions of the OMB Circular Compliance Supplement (Revised August 2017 the "Compliance Supplement"). Compliance testing of all requirements are described in the Compliance Supplement, was performed for the grants programs noted below. These programs represent all federal award programs and other grants with fiscal year 2017 cash and non-cash expenditures to ensure coverage of at least 20% (LOW risk auditee) of federally granted funds. Actual coverage is approximately 38% of total cash and non-cash federal award program expenditures. Total cash expenditures were in the amount of \$2,714,484 and all non-cash expenditures amounted to \$71,250.

<u>MAJOR FEDERAL AWARD PROGRAM</u>	<u>CFDA#</u>	<u>EXPENDED</u>
Cash Assistance:		
Title I	84.010	\$ 530,400
Special Education (IDEA) Cluster	84.027 & 84.173	<u>533,512</u>
Total		<u>\$ 1,063,912</u>

The District did not have any federal programs considered high risk Type A programs for the 2017.

The U.S. Department of Education is the District's oversight agency for single audit.

## 2. Summary of significant accounting policies

### Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Grant Guidance. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position and changes in net position of the District. All federal programs considered active during the year ended June 30, 2017, are reflected on the Schedule. An active federal program is defined as a federal program for which there were receipts or disbursements of funds or accrued (deferred) grant revenue adjustments during the fiscal year or a federal program considered as not completed or closed out at the beginning of the fiscal year. The Schedule is prepared using the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the District has met the qualifications for the respective grant. Grant revenues for the Food Donation Program are based upon commodities received, at amounts per standard price listing, published quarterly by the United States Department of Agriculture (the "USDA"). In addition, there is no federal insurance in effect during the year and loan or loan guarantee outstanding at year end.

### Accrued and deferred reimbursements

Various reimbursement procedures are used for Federal awards received by the District. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over receipts to date. Deferred balance at year-end represent an excess of cash receipts over reimbursable expenditure to date. Generally, accrued or deferred balances covered by differences in the timing of cash receipts and expenditures will be reversed in the remaining grant period.

## 3. Reconciliation of Federal Awards to Expenditure of Federal Awards

The differences between the federal awards received (Intergovernmental sources – federal) during the year ended June 30, 2017 and the federal awards expended during the year are as follows:

Federal Sources	\$ 2,891,068
Indirect costs from federal programs	(37,867)
Unexpended federal sources from current year	(213,965)
Prior year federal sources expended	<u>146,498</u>
Total Expenditures of Federal Awards	<u>\$ 2,785,734</u>

# NOTES THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

## 4. Unexpended Federal Awards

There were federal awards received during the year ended June 30, 2017 that were not expended during the year. These awards will be reported in subsequent years when they have been expended. Those amounts are as follows:

			Unexpended Awards			
	<u>CFDA #</u>	<u>FUND #</u>	Carryover	2017		Total
			<u>From PY</u>	<u>Awards</u>	<u>Expended</u>	<u>Unexpended</u>
Food Service	10.555	21000	\$ -	\$ 1,061,509	\$ (1,031,446)	\$ 30,063
Title I School Improvement	84.010	24162	9	76,862	(76,871)	-
Impact Aid Special Education	84.041	25145	6,881	34,437	(24,644)	16,674
Impact Aid Indian Education	84.041	25147	96,611	66,195	(77,334)	85,472
Title XIX Medicaid	93.778	25153	33,690	39,429	-	73,119
Child & Adult Food Program	10.558	25171	9,307	1,050	(1,720)	8,637
			<u>\$ 146,498</u>	<u>\$ 1,279,482</u>	<u>\$ (1,212,015)</u>	<u>\$ 213,965</u>

# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2017

## I. SUMMARY OF AUDIT RESULTS

	<u>Yes</u>	<u>No</u>	<u>Occurrences</u>
FINANCIAL STATEMENTS:			
Type of auditor's report issued: <u>Unmodified</u>			
Internal control over financial reporting:			
Material weakness(es) identified?	_____	✓ _____	- _____
Significant Deficiency(ies) identified?	_____	✓ _____	- _____
Noncompliance material to financial statements noted?	_____	✓ _____	- _____
FEDERAL AWARDS:			
Internal control over major programs:			
Material weakness(es) identified?	_____	✓ _____	- _____
Significant Deficiency(ies) identified?	_____	✓ _____	- _____
Type of auditor's report issued on compliance with major programs: <u>Unmodified</u>			
Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance?	_____	✓ _____	- _____
The programs treated as major programs include:			
<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>		
Title I	84.010		
Special Education (IDEA) Cluster	84.027 & 84.173		
The threshold for distinguishing types A and B programs: <u>\$750,000</u>			
Auditee qualified as low-risk auditee?	✓		

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
YEAR ENDED JUNE 30, 2017

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II. FINDINGS RELATED TO FINANCIAL STATEMENTS

2017 – 001 LACK OF TIMELY MONITORING OF BUDGET

*Other matters* (Does not rise to the level of significant deficiency)

Condition: There were unfavorable variances between actual and budgeted line item expenditures. The District had one over expenditure of line items at the end of June 30, 2017. The following fund had the unfavorable variance between budgeted amounts at fiscal yearend:

Impact Aid Special Education	Instruction	\$	58
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Criteria: According to NMSA 1978 Section 22-8-11 B all fiscal agents of public monies have a responsibility to monitor spending to comply with established budget guidelines.

Cause: Improper monitoring of line item expenditures by comparing budgeted amounts and actual amounts spent allowed unfavorable (negative) variances, overspending of line item budgets, to occur.

Effect of condition: Violation of NMSA 1978 Section 22-8-11 B, over spending of public monies. The condition could lead to expenditures being paid in excess of total budgeted amounts.

Recommendation: Management should implement immediate steps to provide adequate financial reports to allow for proper and timely monitoring of line item expenditures. Budget adjustment requests should be approved by the Board of Education and State Public Education Department (when required) to receive approval to make necessary changes to the records prior to being presented for audit.

Management's response:

Responsible party(ies) for corrective action(s):

Corrective action(s) timeline:

III. AUDIT FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings required to be reported relating to federal awards.

## SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2017

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### I. NOT RESOLVED

There were not any findings to be reported from the prior year.

### II. RESOLVED

There were not any findings to be reported from the prior year.

## REQUIRED DISCLOSURE

YEAR ENDED JUNE 30, 2017

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The independent public accountants assisted in the preparation of the financial statements.

An exit conference was held October 30, 2017 and was attended by the following individuals:

### RUIDOSO MUNICIPAL SCHOOL DISTRICT NO. 3

Member, Board of Education / Audit Committee

Member, Audit Committee

Superintendent; Member, Audit Committee

Business Manager; Member, Audit Committee

Accounts Payable Specialist

Bookkeeper

### ACCOUNTING & FINANCIAL SOLUTIONS, LLC

Terry Ogle, CPA

Partner



## APPENDIX C

### BOOK-ENTRY-ONLY SYSTEM

## The Book-Entry-Only System

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

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](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, the Financial Advisor and the Underwriters believe to be reliable, but none of the District, the Financial Advisor or the Underwriters take any responsibility for the accuracy thereof.

#### **Use of Certain Terms in Other Sections of this Official Statement**

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

#### **Effect of Termination of Book-Entry-Only System**

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

## APPENDIX D

### BOND COUNSEL OPINION

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August 23, 2018

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

***Re: Ruidoso Municipal School District No. 3, General Obligation  
School Building Bonds, Series 2018 (the "Bonds")***

Ladies and Gentlemen:

We have acted as bond counsel to the Ruidoso Municipal School District No. 3 (the "District") in connection with the issuance of its \$2,700,000 General Obligation School Building Bonds, Series 2018 (the "Bonds"), dated their date of issuance, with interest payable on February 1, 2019, and semi-annually thereafter on each August 1 and February 1, until maturity, and being bonds in registered form maturing on August 1 in the years 2019 through 2031, inclusive.

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

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

2. Assuming continuing compliance by the District with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and with the covenants contained in the Transcript regarding the use, expenditure and investment of Bond proceeds, interest on the Bonds is excludable from 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 excludable 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.

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

Respectfully submitted,

## APPENDIX E

### CONTINUING DISCLOSURE UNDERTAKING

## **CONTINUING DISCLOSURE UNDERTAKING**

Section 1. Recitals. This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by the Ruidoso Municipal School District No. 3, Lincoln County, New Mexico (the "District"), in connection with the issuance of the \$2,700,000 Ruidoso Municipal School District No. 3, Lincoln County, New Mexico, General Obligation School Building Bonds, Series 2018 (the "Bonds"). The Bonds are being issued pursuant to Bond Award of the District signed by the Superintendent on August 2, 2018 (the "Bond Award"). Pursuant to the Bond Award, to allow the underwriters of the Bonds to comply with the Rule (defined below), the District is required to make certain continuing disclosure undertakings for the benefit of owners (including beneficial owners) of the Bonds (the "Owners"). This Undertaking is intended to satisfy the requirements of the Rule.

### Section 2. Definitions.

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

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

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

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

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

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

(g) "Report Date" means March 31 of each year, beginning in 2019.



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

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

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

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

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

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

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

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

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-

TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(vii) modifications to rights of security holders, if material;

(viii) bond calls, if material, or tender offers;

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the securities, if material within the meaning of the federal securities law;

(xi) rating changes;

(xii) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

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

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

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

Section 5. Enforcement. The obligations of the District under this Undertaking are for the benefit of the Owners. Each Owner is authorized to take action to seek specific performance by court order to compel the District to comply with its obligations under this Undertaking, which action will be the exclusive remedy available to it or any other Owner. The District's breach of its obligations under this Undertaking will not constitute an event of default under the Bond Award, and none of the rights and remedies provided by such Bond Award 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 Bond Award; (ii) the date on which the District is no longer an "obligated person" with respect to the Bonds within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this Undertaking are determined to be invalid or

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

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

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

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

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

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

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

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

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

Date: August 23, 2018

RUIDOSO MUNICIPAL SCHOOL  
DISTRICT NO. 3

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

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

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