



ANIMAS

PUBLIC SCHOOLS



Animas Independent School District No. 6

Financial Statements

For the Year Ended June 30, 2017

STATE OF NEW MEXICO
Animas Independent School District No. 6
June 30, 2017
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Animas Independent School District No. 6
June 30, 2017
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STATE OF NEW MEXICO
Animas Independent School District No. 6
Official Roster
June 30, 2017

<u>Name</u>	<u>Board of Education</u>	<u>Title</u>
William Hurt		President
Mike Pompeo		Vice President
Jared Fralie		Secretary
Levi Klump		Member
William Swift		Member
	<u>Administrative Officials</u>	
Loren Cushman		Superintendent
Tammy Pompeo		Business Manager

INDEPENDENT AUDITORS' REPORT

Board of Education and Management
Animas Independent School District No. 6
Timothy Keller
New Mexico State Auditor
Animas, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the General Fund and major special revenue funds of Animas Independent School District No. 6 (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the Districts' 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the General Fund and major special revenue funds of Animas Independent School District No. 6, as of June 30, 2017, and the respective changes in financial position thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Schedules A-1 and A-2 and notes to the Required Supplementary Information on pages 56-58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to 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.

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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. 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 District's basic financial statements. The introductory section, the combining and individual fund financial statements, the combining financial statements for the general fund and related budgetary comparisons, and Supporting Schedules I through IV required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Cordova CPAs LLC". The signature is written in a cursive, flowing style.

Cordova CPAs LLC
Albuquerque, New Mexico
November 9, 2017

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
Animas Independent School District No. 6
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 294,681
Receivables:	
Property taxes	6,929
Due from other governments	121,803
Miscellaneous	9,507
Total current assets	432,920
Noncurrent assets	
Capital assets	14,367,960
Less: accumulated depreciation	(12,245,854)
Total noncurrent assets	2,122,106
<i>Total assets</i>	2,555,026
Deferred outflows of resources	
Deferred outflows- pension	622,886
<i>Total deferred outflows of resources</i>	622,886
<i>Total assets and deferred outflows of resources</i>	\$ 3,177,912

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

	Governmental Activities
Liabilities	
Current liabilities	
Accounts payable	\$ 23,971
Accrued payroll	64,614
	<hr/>
Total current liabilities	88,585
	<hr/>
Noncurrent liabilities	
Accrued compensated absences	27,609
Net pension liability	3,630,601
	<hr/>
Total noncurrent liabilities	3,658,210
	<hr/>
<i>Total liabilities</i>	3,746,795
	<hr/>
Deferred inflows of resources	
Deferred inflows- pension	245,803
	<hr/>
<i>Total deferred inflows of resources</i>	245,803
	<hr/>
Net position	
Investment in capital assets	2,122,106
Restricted for:	
Debt service	3,749
Capital projects	21,061
Special revenue	88,652
Unrestricted	(3,050,254)
	<hr/>
<i>Total net position</i>	(814,686)
	<hr/>
<i>Total liabilities, deferred inflows of resources, and net position</i>	\$ 3,177,912
	<hr/> <hr/>

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

STATE OF NEW MEXICO
Animas Independent School District No. 6
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental Activities:			
Instruction	\$ 1,551,989	\$ 8,983	\$ 185,166
Support services - students	215,160	3,762	25,671
Support services - instruction	9,362	164	1,117
Support services - general administration	182,204	3,186	21,739
Support services - school administration	218,404	3,819	26,058
Central services	99,632	1,742	11,887
Operation and maintenance of plant	773,865	13,532	92,329
Student transportation	369,794	-	304,228
Food services operations	116,041	18,157	71,496
<i>Total governmental activities</i>	\$ 3,536,451	\$ 53,345	\$ 739,691

General Revenues:

Taxes:

Property taxes, levied for operating programs

Property taxes, levied for capital projects

State equalization guarantee

Investment income

Miscellaneous income

Total general revenues

Change in net position

Net position, beginning

Net position - restatement (Note 12)

Net position - as restated

Net position, ending

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

<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
\$ -	\$ (1,357,840)
-	(185,727)
-	(8,081)
-	(157,279)
-	(188,527)
-	(86,003)
-	(668,004)
-	(65,566)
-	(26,388)
<u>\$ -</u>	<u>(2,743,415)</u>
	16,429
	69,114
	2,239,492
	54
	<u>22,092</u>
	<u>2,347,181</u>
	<u>(396,234)</u>
	(384,349)
	<u>(34,103)</u>
	<u>(418,452)</u>
	<u>\$ (814,686)</u>

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

STATE OF NEW MEXICO
Animas Independent School District No. 6
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund 11000, 12000, 13000, 14000	Student Nutrition Program 21000	Title I IASA 24101
<i>Assets</i>			
Cash and cash equivalents	\$ 185,858	\$ 71,929	\$ -
Receivables:			
Property taxes	1,300	-	-
Due from other governments	-	-	11,402
Other	9,507	-	-
Due from other funds	155,906	-	-
<i>Total assets</i>	<u>\$ 352,571</u>	<u>\$ 71,929</u>	<u>\$ 11,402</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 22,981	\$ 630	\$ -
Accrued payroll	64,614	-	-
Due to other funds	-	-	30,751
<i>Total liabilities</i>	<u>87,595</u>	<u>630</u>	<u>30,751</u>
<i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	906	-	-
<i>Total deferred inflows of resources</i>	<u>906</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>			
<i>Spendable:</i>			
<i>Restricted for:</i>			
Transportation	34	-	-
Teacherage	27,935	-	-
Instructional materials	9,276	-	-
Food services	-	71,299	-
Extracurricular activities	-	-	-
Education	-	-	-
Capital acquisitions and improvements	-	-	-
Debt service	-	-	-
<i>Committed for:</i>			
Subsequent year's expenditures	191,585	-	-
Unassigned	35,240	-	(19,349)
<i>Total fund balances</i>	<u>264,070</u>	<u>71,299</u>	<u>(19,349)</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 352,571</u>	<u>\$ 71,929</u>	<u>\$ 11,402</u>

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

IDEA-B Entitlement 24106	NM Reads to Lead K-3 Initiative 27114	Other Governmental Funds	Total
\$ -	\$ -	\$ 36,894	\$ 294,681
-	-	5,629	6,929
26,179	72,676	11,546	121,803
-	-	-	9,507
-	-	-	155,906
<u>\$ 26,179</u>	<u>\$ 72,676</u>	<u>\$ 54,069</u>	<u>\$ 588,826</u>
\$ -	\$ -	\$ 360	\$ 23,971
-	-	-	64,614
<u>36,193</u>	<u>72,676</u>	<u>16,286</u>	<u>155,906</u>
<u>36,193</u>	<u>72,676</u>	<u>16,646</u>	<u>244,491</u>
-	-	3,871	4,777
-	-	3,871	4,777
-	-	-	34
-	-	-	27,935
-	-	-	9,276
-	-	-	71,299
-	-	5,003	5,003
-	-	12,350	12,350
-	-	17,190	17,190
-	-	3,749	3,749
-	-	-	191,585
<u>(10,014)</u>	<u>-</u>	<u>(4,740)</u>	<u>1,137</u>
<u>(10,014)</u>	<u>-</u>	<u>33,552</u>	<u>339,558</u>
<u>\$ 26,179</u>	<u>\$ 72,676</u>	<u>\$ 54,069</u>	<u>\$ 588,826</u>

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

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STATE OF NEW MEXICO
Animas Public School District No. 6
Governmental Funds
Reconciliation of the Balance Sheet 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	\$	339,558
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds		2,122,106
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities		4,777
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds:		
Deferred outflows related to changes in proportion		109,161
Deferred outflows related to changes in assumption		73,904
Deferred outflows related to investment experience		216,717
Deferred outflows related to actual experience		15,751
Deferred outflows related to employer contributions subsequent to measurement date		207,353
Deferred inflows related to changes in proportion		(211,271)
Deferred inflows related to actuarial experience		(34,532)
Liabilities including net pension liability are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued compensated absences not due and payable		(27,609)
Net pension liability		<u>(3,630,601)</u>
<i>Total net position - governmental activities</i>	\$	<u><u>(814,686)</u></u>

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

STATE OF NEW MEXICO
Animas Independent School District No. 6
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General Fund 11000, 12000, 13000, 14000	Student Nutrition Program 21000	Title I IASA 24101
<i>Revenues</i>			
Property taxes	\$ 15,758	\$ -	\$ -
Intergovernmental revenue:			
Federal flowthrough	-	71,496	89,469
Federal direct	1,386	-	-
Local sources	-	-	-
State flowthrough	-	-	-
State direct	2,257,164	-	-
Transportation distribution	304,228	-	-
Charges for services	22,827	18,157	-
Investment income	54	-	-
Miscellaneous	22,092	-	-
Total revenues	2,623,509	89,653	89,469
<i>Expenditures</i>			
Current:			
Instruction	1,287,737	-	89,469
Support services - students	191,118	-	-
Support services - instruction	6,638	-	-
Support services - general administration	181,847	-	-
Support services - school administration	135,872	-	-
Central services	91,337	-	-
Operation and maintenance of plant	615,158	-	-
Student transportation	352,181	-	-
Food services operations	31,095	82,121	-
Community services operations	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	-	-
Total expenditures	2,892,983	82,121	89,469
Net change in fund balances	(269,474)	7,532	-
<i>Fund balances - as originally stated</i>	533,544	63,767	-
<i>Fund balances - restatement (note 12)</i>	-	-	(19,349)
<i>Fund balances - beginning</i>	533,544	63,767	(19,349)
<i>Fund balances - end of year</i>	\$ 264,070	\$ 71,299	\$ (19,349)

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

IDEA-B Entitlement 24106	NM Reads to Lead K-3 Initiative 27114	Other Governmental Funds	Total
\$ -	\$ -	\$ 66,893	\$ 82,651
56,360	-	34,431	251,756
-	-	17,767	19,153
-	-	33,311	33,311
-	109,264	4,317	113,581
-	-	-	2,257,164
-	-	-	304,228
-	-	12,361	53,345
-	-	-	54
-	-	-	22,092
<u>56,360</u>	<u>109,264</u>	<u>169,080</u>	<u>3,137,335</u>
-	109,264	67,899	1,554,369
-	-	10	191,128
-	-	1,492	8,130
-	-	357	182,204
56,360	-	-	192,232
-	-	-	91,337
-	-	33,311	648,469
-	-	-	352,181
-	-	2,825	116,041
-	-	-	-
-	-	121,704	121,704
-	-	-	-
-	-	-	-
-	-	-	-
<u>56,360</u>	<u>109,264</u>	<u>227,598</u>	<u>3,457,795</u>
-	-	(58,518)	(320,460)
-	-	96,810	694,121
(10,014)	-	(4,740)	(34,103)
(10,014)	-	92,070	660,018
<u>\$ (10,014)</u>	<u>\$ -</u>	<u>\$ 33,552</u>	<u>\$ 339,558</u>

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

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STATE OF NEW MEXICO
Animas Independent School District No. 6
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds	\$ (320,460)
--	--------------

Governmental funds report capital outlays as expenditures. However, in the Statement
of Activities, the cost of those assets is allocated over their estimated useful lives
and reported as depreciation expense:

Capital expenditures	178,135
Depreciation expense	(242,488)

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

Change in unavailable revenue related to property taxes receivable	2,892
--	-------

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

District pension contributions subsequent to measurement date	207,353
Pension expense	(223,615)

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial
resources to governmental funds, while the repayment of the principal of long-term
debt consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net position. Also, governmental funds
report the effect of premiums, discounts, and similar items when debt is first issued,
whereas these amounts are deferred and amortized in the Statement of Activities:

Decrease in accrued compensated absences not due and payable	<u>1,949</u>
--	--------------

<i>Change in net position of governmental activities</i>	<u><u>\$ (396,234)</u></u>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO

Exhibit C-1

Animas Independent School District No. 6
 General Fund - 11000, 12000, 13000, 14000
 Statement of Revenues, Expenditures, and Changes in
 Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
				<u>Final to Actual</u>
<i>Revenues</i>				
Property taxes	\$ 15,715	\$ 15,715	\$ 15,715	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	1,386	1,386	1,386	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	2,257,164	2,257,164	2,257,164	-
Transportation distribution	304,228	304,228	304,228	-
Charges for services	19,637	19,637	19,637	-
Investment income	54	54	54	-
Miscellaneous	15,775	15,775	15,775	-
<i>Total revenues</i>	<u>2,613,959</u>	<u>2,613,959</u>	<u>2,613,959</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	1,252,088	1,370,642	1,308,516	62,126
Support services - students	200,584	202,239	191,118	11,121
Support services - instruction	15,500	13,500	6,638	6,862
Support services - general administration	216,652	196,175	181,847	14,328
Support services - school administration	154,286	148,591	135,872	12,719
Central services	98,836	96,236	91,337	4,899
Operation and maintenance of plant	656,753	667,269	598,476	68,793
Student transportation	351,624	362,228	352,181	10,047
Other support services	1,107	1,107	-	1,107
Food services operations	47,004	37,914	31,095	6,819
Community services operations	-	-	-	-
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	<u>2,994,434</u>	<u>3,095,901</u>	<u>2,897,080</u>	<u>198,821</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(380,475)</u>	<u>(481,942)</u>	<u>(283,121)</u>	<u>198,821</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	380,475	481,942	-	(481,942)
Proceeds from sale of capital assets	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>380,475</u>	<u>481,942</u>	<u>-</u>	<u>(481,942)</u>
<i>Net change in fund balance</i>	-	-	(283,121)	(283,121)
<i>Fund balance - beginning of year</i>	-	-	560,271	560,271
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 277,150</u>	<u>\$ 277,150</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (283,121)
Adjustments to revenues for taxes and intergovernmental revenue				9,550
Adjustments to expenditures for supplies, teacherage rents, and payroll expenditures				4,097
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ (269,474)</u>

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

STATE OF NEW MEXICO

Exhibit C-2

Animas Independent School District No. 6
 Food Service Special Revenue Fund - 21000
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	64,718	64,718	64,718	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	18,157	18,157	18,157	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	82,875	82,875	82,875	-
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	129,549	73,315	56,234
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	129,549	73,315	56,234
Excess (deficiency) of revenues over expenditures	82,875	(46,674)	9,560	56,234
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(82,875)	46,674	-	(46,674)
Total other financing sources (uses)	(82,875)	46,674	-	(46,674)
Net change in fund balance	-	-	9,560	9,560
Fund balance - beginning of year	-	-	62,369	62,369
Fund balance - end of year	\$ -	\$ -	\$ 71,929	\$ 71,929
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 9,560
Adjustments to revenues for federal grants				6,778
Adjustments for accounts payable and accrued payroll				(8,806)
Net change in fund balance (GAAP Basis)				\$ 7,532

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

STATE OF NEW MEXICO

Exhibit C-3

Animas Independent School District No. 6
 Title I IASA Special Revenue Fund - 24101
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u> <u>Final to Actual</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	140,809	140,809	144,027	3,218
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>140,809</u>	<u>140,809</u>	<u>144,027</u>	<u>3,218</u>
<i>Expenditures</i>				
Current:				
Instruction	-	100,712	89,469	11,243
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>100,712</u>	<u>89,469</u>	<u>11,243</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>140,809</u>	<u>40,097</u>	<u>54,558</u>	<u>14,461</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	<u>(140,809)</u>	<u>(40,097)</u>	<u>-</u>	<u>40,097</u>
<i>Total other financing sources (uses)</i>	<u>(140,809)</u>	<u>(40,097)</u>	<u>-</u>	<u>40,097</u>
<i>Net change in fund balance</i>	-	-	54,558	54,558
<i>Fund balance - beginning of year</i>	-	-	(85,309)	(85,309)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,751)</u>	<u>\$ (30,751)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 54,558
Adjustments to revenues for federal grants				(54,558)
No adjustments to expenditures				-
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ -</u>

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

STATE OF NEW MEXICO

Exhibit C-4

Animas Independent School District No. 6
 IDEA-B Entitlement Special Revenue Fund - 24106
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u> <u>Final to Actual</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	52,252	63,729	52,252	(11,477)
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>52,252</u>	<u>63,729</u>	<u>52,252</u>	<u>(11,477)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	52,252	63,729	56,360	7,369
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>52,252</u>	<u>63,729</u>	<u>56,360</u>	<u>7,369</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(4,108)	(4,108)
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balance</i>	-	-	(4,108)	(4,108)
<i>Fund balance - beginning of year</i>	-	-	(32,085)	(32,085)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36,193)</u>	<u>\$ (36,193)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (4,108)
Adjustments to revenues for federal grants				4,108
No adjustments to expenditures				-
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ -</u>

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

STATE OF NEW MEXICO

Exhibit C-5

Animas Independent School District No. 6
 NM Reads to Lead K-3 Special Revenue Fund - 27114
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u> <u>Final to Actual</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	49,619	96,619	49,629	(46,990)
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>49,619</u>	<u>96,619</u>	<u>49,629</u>	<u>(46,990)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	109,284	109,264	20
Support services	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>109,284</u>	<u>109,264</u>	<u>20</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>49,619</u>	<u>(12,665)</u>	<u>(59,635)</u>	<u>(46,970)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(49,619)	12,665	-	(12,665)
<i>Total other financing sources (uses)</i>	<u>(49,619)</u>	<u>12,665</u>	<u>-</u>	<u>(12,665)</u>
<i>Net change in fund balance</i>	-	-	(59,635)	(59,635)
<i>Fund balance - beginning of year</i>	-	-	(13,041)	(13,041)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (72,676)</u>	<u>\$ (72,676)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (59,635)
Adjustments to revenues for federal grants				59,635
No adjustments to expenditures				-
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ -</u>

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

STATE OF NEW MEXICO
 Animas Independent School District No. 6
 Statement of Fiduciary Assets and Liabilities
 Agency Funds
 June 30, 2017

	Agency Funds
<i>Current assets</i>	
Cash and cash equivalents	\$ 25,024
<i>Total assets</i>	\$ 25,024
 <i>Current liabilities</i>	
Accounts payable	\$ 2,270
Due to student organizations	22,754
<i>Total liabilities</i>	\$ 25,024

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

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies

Animas Independent School District No. 6 was created under the provision of Chapter 22 Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District. The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the NM Public Education Department and the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years.

The District provides public education opportunities for children from first through twelfth grade, including but not limited to classroom and vocational studies' as well as school oriented social and athletic activities.

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 Animas Public School's management, who is responsible for their integrity and objectivity. The financial statements of the Animas Independent School District No. 6 (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the District's accounting policies are described below.

During the year ended June 30, 2017, the District adopted GASB Statements 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*, No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, No. 77, *Tax Abatement Disclosures*, No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, No. 79, *Certain External Investment Pools and Pool Participants*, No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, are required to be implemented for the fiscal year ending June 30, 2017.

The pronouncement adopted that materially affects the financial statements and disclosures of the District for the year ended June 30, 2017 is GASB Statement No. 77 *Tax Abatement Disclosures*. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. At June 30, 2017, the District did not have any tax abatements to disclose.

In addition, effective for June 30, 2017 year ends, the requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that, for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets.

It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14 as amended by GASB Statement No. 39. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate the potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District does not have any component units and is not a component unit of another governmental agency.

B. 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 primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have business-type activities as of June 30, 2017.

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

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

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise fund are reported as separate columns in the fund financial statements. The District does not have any enterprise funds.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*. Property taxes are recognized as revenues in the year for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Ad valorem 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Under the requirements of GASB Statement No. 34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund), which may include funds that were not required to be presented as major but were at the discretion of management:

General Fund:

The *Operational Fund* is used to account for the State Equalization Guarantee from the NM State Legislature and is the primary operating fund of the District, and accounts for all financial resources, except those required to be accounted for in other funds. Authority for the creation of this fund is the New Mexico Public Education Department.

The *Teacherage Fund* is used to account for residential rentals to teachers.

The *Transportation Fund* is used to account for the costs associated with transporting school age children. Authority for the creation of this fund is the New Mexico Public Education Department.

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

Special Revenue Funds:

The *Food Service Fund* is used to account for income from meal sales, State and Federal reimbursements and to make cash disbursements for activities dealing with preparation and serving of meals. Authority for the creation of this fund is the New Mexico Public Education Department.

The *Title I IASA fund* is used to account for federal resources administered by the New Mexico State Department of Education to provide assistance to educationally deprived students in low-income areas of the District. Required by the New Mexico Department of Education Manual of procedures for New Mexico School Districts to be accounted for as a separate fund within the Special Revenue Funds (P.L. 103-382).

The *Entitlement IDEA-B fund* is to account for a program funded by a Federal grant to assist the schools in providing free appropriate public education to all handicapped children. Authorized by the Individuals with Disabilities Education Act of 2004, Title I, Part B (Public Law 108-446).

The *NM Reads to Lead K-3 Initiative fund* is appropriated by the NM Legislature to support the implementation of the New Mexico Reads to Lead initiative for grades K-3. Authority for the creation of this fund is the New Mexico Public Education Department.

Additionally, the government reports the following fund types:

Fiduciary Funds:

The fiduciary funds are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. These funds account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or student organizations.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

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

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for cafeteria fees and lost books, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as Title I and IDEA-B to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from the state resources such as SB-9 and HB-33 funding to be used for capital projects.

Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and other items not properly included among program revenues.

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

D. Assets, Liabilities and Net Position or Equity

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

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

Investments for the District are to be reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the Pool is the same as the fair value of the pool shares. As of June 30, 2017, the District did not hold any pool shares in the State Treasurer's Investment Pool.

Fair Value Measurements: The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). As of June 30, 2017, there are no items are required to be valued using valuation techniques.

Receivables and Payables: Inter-fund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as inter-fund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

costs as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in Hidalgo County. The funds are collected by the County Treasurer and are remitted to the District in the following month. Under the modified accrual method of accounting, the amount remitted by Hidalgo County Treasurers in July and August is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund financial statements during the year ended June 30, 2017. Period of availability is deemed to be sixty days subsequent to year end.

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

Inventory: The District's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories are actually consumed. Inventory is valued at cost. In the General Fund, inventory consists of expendable supplies held for consumption. Inventory in the Food Service Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies. As of June 30, 2017, the District did not hold any inventories.

The cost of purchased inventory is recorded as an expenditure at the time individual inventory items are consumed. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000, per section 12-6-10 NMSA 1978, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures, and equipment in accordance with NMAC 2.20.1.9 C (5).

The District was a phase III government for purposes of implementing GASB Statement No. 34. However, the District does not have any infrastructure assets to report.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2017.

Capital expenditures made on the District's building construction projects by the New Mexico Public School Facilities Authority are included in the District's capital assets as appropriate.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

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

Buildings/ improvements	10-50 years
Furniture and equipment	5-10 years

Accrued Payroll Liabilities: In the fund financial statements, governmental fund types recognize the accrual of unpaid salaries, wages, and benefits that employees earned prior to the end of the fiscal year. The amount recognized in the fund financial statements represents the amounts due to employees or due to third parties for the employee benefits.

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

Accordingly, the items, change in proportion of \$109,161, change in assumption of \$73,904, net difference between projected and actual investment earnings on pension plan investments of \$232,468 and employer contributions subsequent to measurement date of \$207,353 are reported in the Statement of Net Position. These amounts are deferred and recognized as outflows of resources the next period.

Deferred Inflows of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The District has one type of item, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue – property taxes, are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has recorded \$4,777 related to property taxes that are considered “unavailable”.

In addition, the District has two types of items present on the Statement of Net Position which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, changes in proportion, \$211,271; and difference between expected and actual experience, \$34,532 are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences: The District’s policies regarding accumulated and vacation time permit employees to accumulate earned but unused accumulated and vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. Vested or accumulated leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or

STATE OF NEW MEXICO
Animas Independent School District No. 6
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June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

accumulated leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

Net Position and Fund Equity: Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The detail of the District's fund balances is presented on the face of the fund financial statements.

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

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

Restricted Net Position: Consist of net position with "legally enforceable" constraints placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Legally enforceable means that a government can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation, only for the purposes specified by the legislation. Generally, the enforceability of an enabling legislation restriction is determined by professional judgment.

If it is determined that the restrictions continue to be legally enforceable, then for the purposes of financial reporting, the restricted net position should not reflect any reduction for resources used for purposes not stipulated by the enabling legislation. Descriptions for the related restrictions for net position are restricted for "debt service or capital projects."

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

The government-wide Statement of Net Position reports \$113,462 of restricted net position related to grants, capital projects and debt service.

Fund Balance: In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. For committed and assigned fund balance, the District's highest level of decision-making authority is the Board of Education. Formal action by the Board of Education is required to establish a fund balance commitment or assignment.

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

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

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

Nonspendable: Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. At June 30, 2017, the District did not have nonspendable fund balance.

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

Committed: Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's Board of Education. Those committed amounts cannot be used for any other purpose unless the District's Board of Education removes or changes the specified use by taking formal action.

Assigned: Consist of amounts that are constrained by the District's *intent* to be used for specific purposes, but are neither restricted nor committed. Formal action by the District's Board of Education is required to assign amounts to be used for specific purposes.

Unassigned: Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund except for those other governmental funds reflecting a deficit.

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

All other 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.

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

E. Revenues

State Equalization Guarantee: School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to ensure 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 Secretary of the Public Education Department. The District received \$2,239,492 in state equalization guarantee distributions during the year ended June 30, 2017.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Revenues (Continued)

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Tax revenues are recognized when they are in the hands of the collecting agency. The District records only the portion of the taxes considered to be 'measurable' and 'available' on a modified accrual basis. The District recognized \$82,651 in tax revenues during the year ended June 30, 2017. Descriptions of the individual debt service fund contained in these financial statements include information regarding the authority for the collection and use of these taxes.

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

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Secretary of the Public Education Department. 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 \$304,228 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 materials listed in the PED "Multiple List", while fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2017 totaled \$10,886.

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

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

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

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Revenues (Continued)

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

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

During fiscal year 2017, the District did not receive any special capital outlay funds.

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

The District did not receive any State SB-9 matching during the year end June 30, 2017.

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

The District also receives revenues from Federal departments which are unrestricted to expenditures for special purposes. These revenues are reported in the Operational Fund.

F. Pensions

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

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Financial Statements
June 30, 2017

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

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

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

Actual expenditures may not exceed the budget at the function level. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'function,' this may be accomplished with only local Board of Education approval. If a transfer between 'functions' or a budget increase is required, approval must also be obtained from the New Mexico Public Education Department.

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

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

1. In April or May, the local school board submits to the School Budget and Finance Analysis Bureau (SBFAB) of the New Mexico Public Education Department, a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the State of New Mexico Public Education Department (PED) by the District shall contain headings and details as described by law and have been approved by the New Mexico Public Education Department.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the SBFAB and certified and approved by the local school board at a public hearing of which notice has been published by the local school board who fixes the estimated budget for the District for the ensuing fiscal year.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.
4. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBFAB and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAB.
6. 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 New Mexico Public Education Department.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Financial Statements
June 30, 2017

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information - (Continued)

7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the District and approved by the SBFAB.
8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds.
11. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.

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

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2017, is presented.

The appropriated budget for the year ended June 30, 2017, was properly amended by the Board of Education throughout the year. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds:		
Operational Fund	\$ (322,949)	\$ (457,326)
Teacherage Fund	\$ (24,616)	\$ (24,616)
Transportation Fund	\$ (35,396)	\$ -
Instructional Materials Fund	\$ 2,486	\$ -
Food Services Fund	\$ 82,875	\$ (46,674)

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

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Financial Statements
June 30, 2017

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information - (Continued)

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund is included in the individual budgetary comparison. The District budgets on a modified cash basis with respect to payroll or held checks being accrued and expensed, therefore, fund balances on the budget statements do not reconcile to cash due to the District's accrued payroll which is presented on the accrual basis.

NOTE 3. Deposits and Investments

State statutes authorize the investment of the District's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2017.

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

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

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

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

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

Deposits:

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than the following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978.) At June 30, 2017, \$149,837 of the District's deposits of \$399,837 was exposed to custodial credit risk. \$149,837 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the District's name. As of June 30, 2017, \$0 is uninsured and uncollateralized. As of June 30, 2017, the carrying amount of these deposits was \$319,705; total amount of deposits of \$399,837 less outstanding items of \$80,132. 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 a least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Financial Statements
June 30, 2017

NOTE 3. Deposits and Investments (continued)

	<u>Western Bank</u>
Amount of deposits	\$ 399,837
FDIC Coverage	<u>(250,000)</u>
Total uninsured public funds	<u>149,837</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>149,837</u>
Uninsured and uncollateralized	<u>\$ -</u>
Collateral requirement (50% of uninsured funds)	\$ 74,919
Pledged Collateral	<u>623,409</u>
Over (Under) collateralized	<u><u>\$ 548,490</u></u>

Reconciliation to the Statement of Net Position:

Cash and cash equivalents- Governmental Activities Exhibit A-1	\$ 294,681
Fiduciary funds - Exhibit D-1	<u>25,024</u>
Total cash and cash equivalents	319,705
Plus: reconciling items	<u>80,132</u>
Bank balance of deposits	<u><u>\$ 399,837</u></u>

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Financial Statements
June 30, 2017

NOTE 4. Receivables

Receivables as of June 30, 2017 are as follows:

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property taxes receivable	\$ 1,300	\$ -	\$ 5,629	\$ 6,929
Due from other governments:				
Federal sources	-	-	47,460	47,460
State sources	-	-	74,343	74,343
Other receivables:				
Miscellaneous	9,507	-	-	9,507
	<u>\$ 10,807</u>	<u>\$ -</u>	<u>\$ 127,432</u>	<u>\$ 138,239</u>

In accordance with GASB No. 33, property tax revenues in the amount of \$4,777, which were not collected within the period of availability have been reclassified as deferred inflows of resources-property taxes and grants in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

NOTE 5. Interfund Receivables, Payables, and Transfers

The District did not have any net operating transfers for the year ended June 30, 2017. There was a new fund created to conform within the funding sources of the prior fund number 31700 (SB-9 State) and is now presented as 31701 (Capital Improvements SB-9 Local). Any state match will be presented in 31700 which is a reimbursement basis fund, therefore all the fund balance at the beginning of the year is presented in fund 31701 Capital Improvements SB-9 Local in Exhibit B-2.

The District records temporary interfund receivable and payables to enable the funds to operate until grant monies are received. The composition of interfund balances as of June 30, 2017 is as follows:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General Fund - 11000	Title I IASA - 24101	\$ 30,751
General Fund - 11000	Migrant Children Education - 24103	4,740
General Fund - 11000	IDEA-B Entitlement - 24106	36,193
General Fund - 11000	IDEA-B Results Plan - 24132	9,879
General Fund - 11000	Dual Credit Instructional Materials - 27103	175
General Fund - 11000	2012 GO Bond Student Library - 27107	1,492
General Fund - 11000	NM Reads to Lead K-3 Initiative - 27114	72,676
	Total	<u>\$ 155,906</u>

All Interfund balances are to be paid within one year.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Financial Statements
June 30, 2017

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2017 follows. Land and construction in progress are not subject to depreciation.

	<u>Balance July 1, 2016</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Balance June 30, 2017</u>
Governmental activities:				
Capital assets not depreciated				
Land	\$ 380,943	\$ -	\$ -	\$ 380,943
Total assets not depreciated	<u>380,943</u>	<u>-</u>	<u>-</u>	<u>380,943</u>
Capital assets depreciated				
Buildings and improvements	12,366,717	1,312,190	122,514	12,489,231
Equipment and furniture	1,442,165	(1,312,190)	55,621	1,497,786
Total assets depreciated	<u>13,808,882</u>	<u>-</u>	<u>178,135</u>	<u>13,987,017</u>
Total assets	14,189,825	-	178,135	14,367,960
Less accumulated depreciation for:				
Buildings and improvements	10,892,119	666,094	205,709	11,097,828
Equipment and furniture	1,111,247	(666,094)	36,779	1,148,026
Total accumulated depreciation	<u>12,003,366</u>	<u>-</u>	<u>242,488</u>	<u>12,245,854</u>
Governmental activities capital assets, net	<u>\$ 2,186,459</u>	<u>\$ -</u>	<u>\$ (64,353)</u>	<u>\$ 2,122,106</u>

Depreciation expense for the year ended June 30, 2017 was charged to governmental activities as follows:

Instruction	\$ 161,442
Support Services – Students	24,042
Support Services – Instruction	1,232
Support Services – School Administration	26,172
Central Services	8,295
Operations / Maintenance of Plant	3,692
Transportation Services	17,613
Total	<u>\$ 242,488</u>

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Financial Statements
June 30, 2017

NOTE 7. Long-Term Debt

During the year ended June 30, 2017 the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 29,558	\$ 9,117	\$ 11,066	\$ 27,609	\$ -
Total long-term debt	<u>\$ 29,558</u>	<u>\$ 9,117</u>	<u>\$ 11,066</u>	<u>\$ 27,609</u>	<u>\$ -</u>

Compensated Absences – During fiscal year June 30, 2017, compensated absences decreased \$1,949 for annual leave. See Note 1 for more details.

NOTE 8. Risk Management

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

The New Mexico Public Schools Insurance Authority is self-insured for property and liability losses below \$250,000 and purchases excess insurance above the self-insured retention. The self-insured retention aggregate for property is set at \$2,000,000 with a \$1,000,000 stop loss. The self-insured retention aggregate for liability is \$5,000,000 with a \$1,000,000 stop loss.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2017, there have been no claims that have exceeded insurance coverage.

NOTE 9. Other Required Individual Fund Disclosures

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

- A.** Deficit fund balance of individual funds: The District reported a deficit fund balance at June 30, 2017 in the following funds:

Title I – 24101	\$19,349
Migrant Children Education – 24103	4,740
IDEA-B Entitlement – 24103	<u>10,014</u>
 Total Governmental Funds	 <u>\$34,103</u>

The deficit is related to the restatements noted in Note 12, and will require a permanent cash transfer in FY 2018 from the general fund in order to zero out these errors.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Financial Statements
June 30, 2017

NOTE 9. Other Required Individual Fund Disclosures (continued)

- B. Excess of expenditures over appropriations: No funds of the District exceeded approved budgetary authority at the fund level for the year ended June 30, 2017.
- C. Designated cash appropriations in excess of available balance: No funds of the District exceeded the budgeted cash appropriations for the year ended June 30, 2017.

NOTE 10. Pension Plan – Educational Retirement Board

General Information about the Pension Plan

Plan description. The New Mexico Educational Retirement Act (ERA) was enacted in 1957. The act created the Educational Employees Retirement Plan (Plan) and, to administer it, the New Mexico Educational Retirement Board (NMERB). The Plan is included in NMERB's comprehensive annual financial report. The report can be found on NMERB's Web site at https://www.nmerb.org/Annual_reports.html.

The Plan is a cost-sharing, multiple-employer pension plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and state agencies providing educational programs. Additional tenets of the ERA can be found in Section 22-11-1 through 22-11-52, NMSA 1978, as amended.

The Plan is considered a component unit of the State's financial reporting entity. The ERA assigns the authority to establish and amend benefit provisions to a seven-member Board of Trustees (Board); the state legislature has the authority to set or amend contribution rates and other terms of the Plan which is a pension benefit trust fund of the State of New Mexico. NMERB is self-funded through investment income and educational employer contributions. The Plan does not receive General Fund Appropriations from the State of New Mexico.

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined Section 22-11- 2, NMSA 1978. Employees of public schools, universities, colleges, junior colleges, technical-vocational institutions, state special schools, charter schools, and state agencies providing an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

Benefits benefit – A member's retirement benefit is determined by a formula which includes three component parts: 1) the member's final average salary (FAS), 2) the number of years of service credit, and 3) a 0.0235 multiplier. The FAS is the average of the member's salaries for the last five years of service or any other consecutive five-year period, whichever is greater.

Summary of Plan Provisions for Retirement Eligibility – 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 and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010 refunded all member and then becomes re-employed after July 1, 2010 is as follows:

- The member's age and earned service credit add up to the sum of 80 or more,

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Financial Statements
June 30, 2017

NOTE 10. Pension Plan – Educational Retirement Board (continued)

- 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.

Section 2-11-23.2, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2013, or who were employed before July 1, 2013 but terminated employment and subsequently withdrew all contributions, and returned to work for an ERB employer on or after July 1, 2013. These members must meet one of the following requirements.

- The member's minimum age is 55, and has earned 30 or more years of service credit. Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55.
- The member's minimum age and earned service credit add up to the sum of 80 or more. Those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits
- The member's age is 67, and has earned 5 or more years of service credit.

Forms of Payment – 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.

Benefit Options – The Plan has three benefit options available.

- **Option A – Straight Life Benefit** – The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.
- **Option B – Joint 100% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.
- **Option C – Joint 50% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

Disability Benefit – An NMERB member is eligible for disability benefits if they have acquired at least ten years of earned service credit and is found totally disabled. The disability benefit is equal to 2% of the member's Final Average Salary (FAS) multiplied by the number of years of total service credits. However, the disability benefit shall not be less than the smaller of (a) one-third of the member's FAS or (b) 2% of the member's FAS multiplied by total years of service credit projected to age 60.

Cost of Living Adjustment (COLA) – All retired members and beneficiaries receiving benefits receive an automatic adjustment in their benefit on July 1 following the later of 1) the year a member retires, or 2) the year a member reaches age 65 (Tier 1 and Tier 2) or age 67 (Tier 3).

STATE OF NEW MEXICO
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Notes to Financial Statements
June 30, 2017

NOTE 10. Pension Plan – Educational Retirement Board (continued)

- Tier 1 membership is comprised of employees who became members prior to July 1, 2010
- Tier 2 membership is comprised of employees who became members after July 1, 2010, but prior to July 1, 2013
- Tier 3 membership is comprised of employees who became members on or after July 1, 2013

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is 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%. 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%.

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.

Refund of Contributions – Members may withdraw their contributions only when they terminate covered employment in the State and their former employer(s) certification determination has been received by NMERB. Interest is paid to members when they withdraw their contributions following termination of employment at a rate set by the Board. Interest is not earned on contributions credited to accounts prior to July 1, 1971, or for contributions held for less than one year.

Contributions – For the fiscal year ended June 30, 2017 and 2016 educational employers contributed to the Plan based on the following rate schedule.

Fiscal Year	Date Range	Wage Category	Member Rate	Employer Rate	Combined Rate	Increase Over Prior Year
2017	7-1-16 to 6-30-17	Over \$20K	10.70%	13.90%	24.60%	0.00%
2017	7-1-16 to 6-30-17	\$20K or less	7.90%	13.90%	21.80%	0.00%
2016	7-1-15 to 6-30-16	Over \$20K	10.70%	13.90%	24.60%	0.00%
2016	7-1-15 to 6-30-16	\$20K or less	7.90%	13.90%	21.80%	0.00%

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2017 and 2016, the District paid employee and employer contributions of \$207,353 and \$200,275, which equal the amount of the required contributions for each fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the District reported a liability of \$3,630,601 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 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. Therefore, the employer’s portion was established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. 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 educational institutions, actuarially determined. At June 30, 2016, the District’s proportion was 0.05045%, which was an increase of .0023% from its proportion measured as of June 30, 2015.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Financial Statements
June 30, 2017

NOTE 10. Pension Plan – Educational Retirement Board (continued)

For the year ended June 30, 2017, the District recognized pension expense of \$216,538. At June 30, 2017, District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 15,751	\$ (34,532)
Net difference between expected and actual investments on pension plan investments	216,717	-
Change in assumptions	73,904	-
Change in proportion	109,161	(211,271)
District's contributions subsequent to the measurement date	207,353	-
Total	<u>\$ 622,886</u>	<u>\$ (245,803)</u>

\$207,353 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$	(43,615)
2019		27,538
2020		132,957
2021		52,850
2022		-
Thereafter		-

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	Composed of 3.0% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.
Investment rate of return	7.75% compounded annually, net of expenses. This is made up of a 3.00% inflation rate and a 4.75 real 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:

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Financial Statements
June 30, 2017

NOTE 10. Pension Plan – Educational Retirement Board (continued)

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.) developed for each major asset class.

Average of Expected
Remaining Service Lives

3.77 years.

Mortality

Healthy males: Based on the RP-2000 Combined Mortality Table with White Collar adjustments, generational mortality improvements with Scale BB.
Healthy females: Based on 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.
Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.
Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.
Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.

Retirement Age

Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.

Cost-of-living increases
Payroll growth

2% per year, compounded annually.
3.5% per year (with no allowance for membership growth).

Contribution accumulation

5% increase per year for all years prior to the valuation date. (Contributions are credited with 4.0% interest, compounded annually, applicable to the account balance in the past as well as the future).

Disability Incidence
service.

Approved rates applied to eligible members with at least 10 years of

The actuarial assumptions and methods are set by the Plan's Board of Trustees, based upon recommendations made by the Plan's actuary. The Board adopted new assumptions on June 12, 2015 in conjunction with the six-year actuarial experience study period ending June 30, 2014. At that time, the Board adopted several assumption changes, which included a decrease in the annual wage inflation rate from 4.25% to 3.75%, and changes to the mortality rates, disability rates, and retirement rates for members who joined the plan after June 30, 2010. In addition, the board lowered the population growth rate assumption to zero.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Financial Statements
June 30, 2017

NOTE 10. Pension Plan – Educational Retirement Board (continued)

Asset Class	Target Allocation	Long-term Expected Rate of Return
Equities	35%	
Fixed Income	28%	
Alternatives	36%	
Cash	1%	
Total	100%	7.75%

Discount rate. 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 a long-term expected rate of return on pension plan investments of 7.75%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower (6.75 percent) or 1- percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	<u>\$ 4,808,646</u>	<u>\$ 3,630,601</u>	<u>\$ 2,653,156</u>

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued separately issued NMERB’S financial reports. The reports can be found on NMERB’s Web site at https://www.nmerb.org/Annual_reports.html.

Payables to the pension plan. The District remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2017, the District owed the ERB \$52,364 for the contributions withheld in the month of June 2017.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Financial Statements
June 30, 2017

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan

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

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

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that are not members of an enhanced retirement plan during the fiscal year ended June 30, 2017, 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 ended June 30, 2017, 2016 and 2015 were \$29,836, \$28,817 and \$27,361, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Financial Statements
June 30, 2017

NOTE 12. Prior Period Adjustments

There were beginning balance adjustments in the amount of (\$34,103) due to accounts receivable balances recorded in the prior year but were not legitimate receivables. These amounts have been corrected through a restatement as noted in Exhibit A-2 and Exhibit B-2 to restate beginning balances.

NOTE 13. Concentrations

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

NOTE 14. Subsequent Events

The date to which events occurring after June 30, 2017, the date of the most recent Statement of Net Position, have been evaluated for possible adjustment to the financial statements or disclosures is November 9, 2017 which is the date on which the financial statements were available to be issued.

NOTE 15. Contingent Liabilities

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

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

NOTE 16. Subsequent Accounting Standard Pronouncements

In June 2015, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The District expects this pronouncement to have a material effect on the financial statements.

In January 2017, GASB Statement No. 84, *Fiduciary Activities*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The standard will be implemented during the fiscal year ended June 30, 2020. The District is still evaluating how this pronouncement will affect the financial statements.

In March 2017, GASB Statement No. 85, *Omnibus 2017*, was issued. Effective Date: The provisions of this Statement are effective for periods beginning after June 15, 2017. The District is still evaluating how this pronouncement will affect the financial statements.

In May 2017, GASB Statement No. 86, *Certain Debt Extinguishment Issues*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District does not expect this pronouncement to have a material effect on the financial statements.

In June 2017, GASB Statement No. 87, *Leases*, was issued. Effective Date: For reporting periods beginning after December 15, 2019. The District does not expect this pronouncement to have a material effect on the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO

Animas Independent School District No. 6
 Schedule of Proportionate Share of the Net Pension Liability
 Educational Retirement Board (ERB) Pension Plan
 Last 10 Fiscal Years*

	2017 Measurement Date (As of and for the Year Ended June 30, 2016)	2016 Measurement Date (As of and for the Year Ended June 30, 2015)
Animas Independent School District No. 6 proportion of the net pension liability (asset)	0.05045%	0.0481%
Animas Independent School District No. 6 proportionate share of the net pension liability (asset)	\$ 3,630,601	\$ 3,117,508
Animas Independent School District No. 6 covered-employee payroll	1,440,827	1,467,127
Animas Independent School District No. 6 proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	252%	212%
Plan fiduciary net position as a percentage of the total pension liability	61.58%	63.97%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Animas Independent School District No. 6 will present information for those years for which information is available.

See independent auditors' report.
 See notes to required supplementary information.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Schedule of Contributions
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	As of and for the Year Ended June 30, 2017	As of and for the Year Ended June 30, 2016
Contractually required contribution	\$ 207,353	\$ 200,275
Contributions in relation to the contractually required contribution	<u>207,353</u>	<u>200,275</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Animas Independent School District No. 6 covered-employee payroll	1,491,812	1,440,827
Contribution as a percentage of covered-employee payroll	13.90%	13.90%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Animas Independent School District No. 6 will present information for those years for which information is available.

See independent auditors' report.
See notes to required supplementary information.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Notes to Required Supplementary Information
June 30, 2017

Changes of benefit terms and assumptions.

There were no benefit or assumption changes adopted since the last actuarial valuation. However, the actual cost of living adjustment (COLA) was less than the expected 2.0%, which resulted in a net \$138 million decrease in the unfunded actuarial accrued liability.

See independent auditors' report.
See notes to required supplementary information.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
Animas Independent School District No. 6
Nonmajor Governmental Fund Descriptions
June 30, 2017

Special Revenue Funds

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

Migrant Children Education (24103) – To account for federal resources administered by the State Public Education Department to provide for special educational needs of migratory agricultural workers. Authorized by the Elementary and Secondary Education Act (ESEA) of 1965, as amended by the No Child Left Behind Act of 2001, Title I, Part C (Public Law 107-110).

Preschool IDEA-B (24109) – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Authorized by the Individuals with Disabilities Education Act of 2004, Title I, Part B (Public Law 108-446).

IDEA-B Results Plan (24132) – This fund is used to support activities included in Santo Domingo Elementary School's Educational Plan for Student Success, or areas in need of improvement, identified through the Special Education instructional audit conducted on December 11, 2013. Authority for creation of this fund is Public Law 105-17.

Teacher/Principal Training & Recruiting (24154) – To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students. Authorized by the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001, Title II, Part A, Sec. 2101-2151 (Public Law 107-110).

Rural Education Achievement Program (25233) – This fund is used to support funding for the small rural school achievement program. Authorized by PL 107-100 X Elementary & Secondary Act of 1965, as amended 2001

Microsoft Settlement (26170) – To account for the revenues received due to legal action.

Dual Credit Instructional Materials (27103) – To account for legislative appropriations for dual credit instructional materials. Instructional materials are for courses approved by the NM Higher Education Department and through an approved agreement between the District and a college/university. Authority for the creation of this fund is the New Mexico Public Education Department.

2012 GO Bond Student Library (27107) – To account for funds provided to be used for library resource acquisitions, including library books for public school libraries. Authority for the creation of this fund is the New Mexico Public Education Department.

Technology for Education (27117) – created by specific authority to support the development and implementation of systemic plans to schools. (P.L. 103-382).

Incentives for School Improvement Act PED (27138) – To account for monies received from the Award for High Improving Schools provided by the State of New Mexico for the purpose of identifying special needs at awarded locations and to purchase items to improve those schools.

PreK Initiative (27154) – To account for revenues received to enhance and improve skills for beginning teachers. Authority, State Grant and Board of Education.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Nonmajor Governmental Fund Descriptions
June 30, 2017

Special Revenue Funds (continued)

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

2008 Library G.O. Bonds (27549) – to account for the proceeds from New Mexico bonds for the purchase of library resources. (Authority is the PED “Manual of Procedures”).

NMDOT LGRFP (28120) – To account for funding of phase 5 of the Animas High School parking lot project.

Capital Projects Funds

Capital Improvement SB-9 Local (31701) – 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 special tax levy as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).

Debt Service Funds

Debt Service (41000) – To account for the resources restricted for the payment of interest obligations on general long-term debt and for the retirement of general obligation bonds as they mature. Authority for the creation of this fund is the New Mexico Public Education Department.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

Statement A-1

	Special Revenue	Capital Projects	Debt Service	Total
<i>Assets</i>				
Cash and cash equivalents	\$ 17,713	\$ 15,432	\$ 3,749	\$ 36,894
Receivables:				
Property taxes	-	5,629	-	5,629
Due from other governments	11,546	-	-	11,546
Due from other funds	-	-	-	-
<i>Total assets</i>	\$ 29,259	\$ 21,061	\$ 3,749	\$ 54,069
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 360	\$ -	\$ -	\$ 360
Accrued payroll	-	-	-	-
Due to other funds	16,286	-	-	16,286
<i>Total liabilities</i>	16,646	-	-	16,646
 <i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	3,871	-	3,871
<i>Total deferred inflows of resources</i>	-	3,871	-	3,871
 <i>Fund balances</i>				
<i>Spendable:</i>				
<i>Restricted for:</i>				
Extracurricular activities	5,003	-	-	5,003
Education	12,350	-	-	12,350
Capital acquisitions and improvements	-	17,190	-	17,190
Debt service	-	-	3,749	3,749
Unassigned	(4,740)	-	-	(4,740)
<i>Total fund balances</i>	12,613	17,190	3,749	33,552
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 29,259	\$ 21,061	\$ 3,749	\$ 54,069

See independent auditors' report.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

Statement A-2

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ 66,893	\$ -	\$ 66,893
Intergovernmental revenue:				
Federal flowthrough	34,431	-	-	34,431
Federal direct	17,767	-	-	17,767
Local sources	33,311	-	-	33,311
State flowthrough	4,317	-	-	4,317
State direct	-	-	-	-
Charges for services	12,361	-	-	12,361
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>102,187</u>	<u>66,893</u>	<u>-</u>	<u>169,080</u>
<i>Expenditures</i>				
Current:				
Instruction	67,899	-	-	67,899
Support services - students	10	-	-	10
Support services - instruction	1,492	-	-	1,492
Support services - general administrati	-	357	-	357
Support services - school administratic	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	33,311	-	-	33,311
Student transportation	-	-	-	-
Food services operations	2,825	-	-	2,825
Community service operations	-	-	-	-
Capital outlay	-	121,704	-	121,704
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>105,537</u>	<u>122,061</u>	<u>-</u>	<u>227,598</u>
<i>Net change in fund balances</i>	<u>(3,350)</u>	<u>(55,168)</u>	<u>-</u>	<u>(58,518)</u>
<i>Fund balances - beginning</i>	20,703	72,358	3,749	96,810
<i>Fund balances - restatement (note 12)</i>	<u>(4,740)</u>	<u>-</u>	<u>-</u>	<u>(4,740)</u>
<i>Fund balances - as restated</i>	<u>15,963</u>	<u>72,358</u>	<u>3,749</u>	<u>92,070</u>
<i>Fund balances - end of year</i>	<u>\$ 12,613</u>	<u>\$ 17,190</u>	<u>\$ 3,749</u>	<u>\$ 33,552</u>

See independent auditors' report.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

	Athletics 22000	Migrant Children Education 24103	IDEA-B Preschool 24109	IDEA-B Results Plan 24132
<i>Assets</i>				
Cash and cash equivalents	\$ 5,363	\$ -	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Due from other governments	-	-	-	9,879
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 5,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,879</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 360	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	4,740	-	9,879
<i>Total liabilities</i>	<u>360</u>	<u>4,740</u>	<u>-</u>	<u>9,879</u>
 <i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <i>Fund balances</i>				
<i>Spendable:</i>				
<i>Restricted for:</i>				
Extracurricular activities	5,003	-	-	-
Education	-	-	-	-
Unassigned	-	(4,740)	-	-
<i>Total fund balances</i>	<u>5,003</u>	<u>(4,740)</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 5,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,879</u>

See independent auditors' report.

Teacher/Principal Training & Recruitment 24154	Rural Education Achievement Program 25233	Microsoft Settlement 26170	Dual Credit Instructional Materials 27103
\$ -	\$ 145	\$ 5	\$ -
-	-	-	-
-	-	-	175
-	-	-	-
<u>\$ -</u>	<u>\$ 145</u>	<u>\$ 5</u>	<u>\$ 175</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	175
-	-	-	175
-	-	-	-
-	-	-	-
-	-	-	-
-	145	5	-
-	-	-	-
-	145	5	-
<u>\$ -</u>	<u>\$ 145</u>	<u>\$ 5</u>	<u>\$ 175</u>

See independent auditors' report.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

	2012 GO Bond Student Library 27107	Technology for Education 27117	Incentives for School Improvement Act PED 27138	PreK Initiative 27154
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 3,271	\$ 4,163	\$ 3,929
Receivables:				
Property taxes	-	-	-	-
Due from other governments	1,492	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 1,492</u>	<u>\$ 3,271</u>	<u>\$ 4,163</u>	<u>\$ 3,929</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	1,492	-	-	-
<i>Total liabilities</i>	<u>1,492</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
<i>Spendable:</i>				
<i>Restricted for:</i>				
Extracurricular activities	-	-	-	-
Education	-	3,271	4,163	3,929
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>3,271</u>	<u>4,163</u>	<u>3,929</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,492</u>	<u>\$ 3,271</u>	<u>\$ 4,163</u>	<u>\$ 3,929</u>

See independent auditors' report.

Breakfast for Elementary Students 27155	2008 Library G.O. Bonds 27549	NMDOT LGRFP 28120	Total
\$ 53	\$ 784	\$ -	\$ 17,713
-	-	-	-
-	-	-	11,546
-	-	-	-
<u>\$ 53</u>	<u>\$ 784</u>	<u>\$ -</u>	<u>\$ 29,259</u>
\$ -	\$ -	\$ -	\$ 360
-	-	-	-
-	-	-	16,286
-	-	-	16,646
-	-	-	-
-	-	-	-
-	-	-	5,003
53	784	-	12,350
-	-	-	(4,740)
<u>53</u>	<u>784</u>	<u>-</u>	<u>12,613</u>
<u>\$ 53</u>	<u>\$ 784</u>	<u>\$ -</u>	<u>\$ 29,259</u>

See independent auditors' report.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

	Athletics 22000	Migrant Children Education 24103	IDEA-B Preschool 24109	IDEA-B Results Plan 24132
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	3,264	30,001
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	12,361	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>12,361</u>	<u>-</u>	<u>3,264</u>	<u>30,001</u>
<i>Expenditures</i>				
Current:				
Instruction	15,846	-	3,264	30,001
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>15,846</u>	<u>-</u>	<u>3,264</u>	<u>30,001</u>
<i>Net change in fund balances</i>	<u>(3,485)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning</i>	8,488	-	-	-
<i>Fund balances - restatement (note 12)</i>	<u>-</u>	<u>(4,740)</u>	<u>-</u>	<u>-</u>
<i>Fund balances - as restated</i>	<u>8,488</u>	<u>(4,740)</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 5,003</u>	<u>\$ (4,740)</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

Teacher/Principal Training & Recruitment 24154	Rural Education Achievement Program 25233	Microsoft Settlement 26170	Dual Credit Instructional Materials 27103
\$ -	\$ -	\$ -	\$ -
-	-	-	1,166
-	17,767	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	17,767	-	1,166
-	17,622	-	1,166
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	17,622	-	1,166
-	145	-	-
-	-	5	-
-	-	-	-
-	-	5	-
\$ -	\$ 145	\$ 5	\$ -

See independent auditors' report.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

	2012 GO Bond Student Library 27107	Technology for Education 27117	Incentives for School Improvement Act PED 27138	PreK Initiative 27154
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	1,492	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>1,492</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	10	-
Support services - instruction	1,492	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>1,492</u>	<u>-</u>	<u>10</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(10)</u>	<u>-</u>
<i>Fund balances - beginning</i>	-	3,271	4,173	3,929
<i>Fund balances - restatement (note 12)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - as restated</i>	<u>-</u>	<u>3,271</u>	<u>4,173</u>	<u>3,929</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 3,271</u>	<u>\$ 4,163</u>	<u>\$ 3,929</u>

See independent auditors' report.

Breakfast for Elementary Students 27155	2008 Library G.O. Bonds 27549	NMDOT LGRFP 28120	Total
\$ -	\$ -	\$ -	\$ -
-	-	-	34,431
-	-	-	17,767
-	-	33,311	33,311
2,825	-	-	4,317
-	-	-	-
-	-	-	12,361
-	-	-	-
-	-	-	-
<u>2,825</u>	<u>-</u>	<u>33,311</u>	<u>102,187</u>
-	-	-	67,899
-	-	-	10
-	-	-	1,492
-	-	-	-
-	-	-	-
-	-	33,311	33,311
-	-	-	-
2,825	-	-	2,825
-	-	-	-
<u>2,825</u>	<u>-</u>	<u>33,311</u>	<u>105,537</u>
-	-	-	(3,350)
53	784	-	20,703
-	-	-	(4,740)
<u>53</u>	<u>784</u>	<u>-</u>	<u>15,963</u>
<u>\$ 53</u>	<u>\$ 784</u>	<u>\$ -</u>	<u>\$ 12,613</u>

See independent auditors' report.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2017

Statement C-1

	Capital Improvements SB-9 Local 31701
<i>Assets</i>	
Cash and cash equivalents	\$ 15,432
Receivables:	
Property taxes	5,629
Due from other governments	-
Due from other funds	-
	-
<i>Total assets</i>	\$ 21,061
<i>Liabilities, deferred inflows of resources, and fund balances</i>	
<i>Liabilities</i>	
Accounts payable	\$ -
Due to other funds	-
	-
<i>Total liabilities</i>	-
<i>Deferred inflows of resources</i>	
Unavailable revenue - property taxes	3,871
	3,871
<i>Total deferred inflows of resources</i>	3,871
<i>Fund balances</i>	
Spendable:	
Restricted for:	
Capital acquisitions and improvements	17,190
	17,190
<i>Total fund balances</i>	17,190
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 21,061

See independent auditors' report.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Year Ended June 30, 2017

Statement C-2

	Capital Improvements SB-9 Local 31701
<i>Revenues</i>	
Property taxes	\$ 66,893
Intergovernmental revenue:	
Federal flowthrough	-
Federal direct	-
Local sources	-
State flowthrough	-
State direct	-
Charges for services	-
Investment income	-
Miscellaneous income	-
<i>Total revenues</i>	66,893
<i>Expenditures</i>	
Current:	
Instruction	-
Support services - students	-
Support services - instruction	-
Support services - general administration	357
Support services - school administration	-
Central services	-
Operation and maintenance of plant	-
Student transportation	-
Food services operations	-
Capital outlay	121,704
<i>Total expenditures</i>	122,061
<i>Net change in fund balances</i>	(55,168)
<i>Fund balances - beginning</i>	72,358
<i>Fund balances - end of year</i>	\$ 17,190

See independent auditors' report.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2017

Statement D-1

	Debt Service 41000
<i>Assets</i>	
Cash and cash equivalents	\$ 3,749
Investments	-
Receivables:	
Property taxes	-
Due from other governments	-
Inventory	-
Due from other funds	-
	<u> -</u>
<i>Total assets</i>	<u>\$ 3,749</u>
 <i>Liabilities, deferred inflows of resources, and fund balance</i>	
<i>Liabilities</i>	
Accounts payable	\$ -
Due to PED	-
Accrued payroll	-
Accrued compensated absences	-
Due to other funds	-
	<u> -</u>
<i>Total liabilities</i>	<u> -</u>
 <i>Deferred inflows of resources</i>	
Unavailable revenue - property taxes	-
	<u> -</u>
<i>Total deferred inflows of resources</i>	<u> -</u>
 <i>Fund balances</i>	
Spendable:	
Restricted for:	
Debt service	3,749
	<u> 3,749</u>
<i>Total fund balance</i>	<u> 3,749</u>
 <i>Total liabilities, deferred inflows of resources, and fund balance</i>	 <u>\$ 3,749</u>

See independent auditors' report.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2017

Statement D-2

	Debt Service 41000
<i>Revenues</i>	
Property taxes	\$ -
Intergovernmental revenue:	
Federal flowthrough	-
Federal direct	-
Local sources	-
State flowthrough	-
State direct	-
Charges for services	-
Investment income	-
Miscellaneous income	-
<i>Total revenues</i>	-
<i>Expenditures</i>	
Current:	
Instruction	-
Support services - students	-
Support services - instruction	-
Support services - general administration	-
Support services - school administration	-
Central services	-
Operation and maintenance of plant	-
Student transportation	-
Other support services	-
Food services operations	-
Community service operations	-
Capital outlay	-
Debt Service:	
Principal	-
Interest	-
<i>Total expenditures</i>	-
<i>Net change in fund balances</i>	-
<i>Fund balances - beginning</i>	3,749
<i>Fund balances - end of year</i>	\$ 3,749

See independent auditors' report.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Combining Balance Sheet
General Fund
June 30, 2017

Statement E-1

	Operational 11000	Teacherege 12000	Pupil Transportation 13000	Instructional Materials 14000	Total
<i>Assets</i>					
Cash and cash equivalents	\$ 151,302	\$ 25,246	\$ 34	\$ 9,276	\$ 185,858
Receivables:					
Property taxes	1,300	-	-	-	1,300
Other	6,317	3,190	-	-	9,507
Due from other funds	155,906	-	-	-	155,906
<i>Total assets</i>	<u>\$ 314,825</u>	<u>\$ 28,436</u>	<u>\$ 34</u>	<u>\$ 9,276</u>	<u>\$ 352,571</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>					
<i>Liabilities</i>					
Accounts payable	\$ 22,480	\$ 501	\$ -	\$ -	\$ 22,981
Accrued payroll	64,614	-	-	-	64,614
Due to other funds	-	-	-	-	-
<i>Total liabilities</i>	<u>87,094</u>	<u>501</u>	<u>-</u>	<u>-</u>	<u>87,595</u>
<i>Deferred inflows of resources</i>					
Unavailable revenue - property taxes	906	-	-	-	906
<i>Total deferred inflows of resources</i>	<u>906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>906</u>
<i>Fund Balances</i>					
<i>Spendable:</i>					
<i>Restricted for:</i>					
Transportation	-	-	34	-	34
Teacherege	-	27,935	-	-	27,935
Instructional materials	-	-	-	9,276	9,276
<i>Committed for:</i>					
Subsequent year's expenditures	191,585	-	-	-	191,585
Unassigned	35,240	-	-	-	35,240
<i>Total fund balances</i>	<u>226,825</u>	<u>27,935</u>	<u>34</u>	<u>9,276</u>	<u>264,070</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 314,825</u>	<u>\$ 28,436</u>	<u>\$ 34</u>	<u>\$ 9,276</u>	<u>\$ 352,571</u>

See independent auditors' report.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the Year Ended June 30, 2017

Statement E-2

	Operational 11000	Teacherage 12000	Pupil Transportation 13000	Instructional Materials 14000	Total
<i>Revenues</i>					
Property taxes	\$ 15,758	\$ -	\$ -	\$ -	\$ 15,758
Intergovernmental revenue:					
Federal flowthrough	-	-	-	-	-
Federal direct	1,386	-	-	-	1,386
Local sources	-	-	-	-	-
State flowthrough	-	-	-	-	-
State direct	2,246,278	-	-	10,886	2,257,164
Transportation distribution	-	-	304,228	-	304,228
Charges for services	338	22,489	-	-	22,827
Investment income	54	-	-	-	54
Miscellaneous	22,092	-	-	-	22,092
<i>Total revenues</i>	<u>2,285,906</u>	<u>22,489</u>	<u>304,228</u>	<u>10,886</u>	<u>2,623,509</u>
<i>Expenditures</i>					
Current:					
Instruction	1,279,337	-	-	8,400	1,287,737
Support services - students	191,118	-	-	-	191,118
Support services - instruction	6,638	-	-	-	6,638
Support services - general administration	181,847	-	-	-	181,847
Support services - school administration	135,872	-	-	-	135,872
Central services	91,337	-	-	-	91,337
Operation and maintenance plant	592,741	22,417	-	-	615,158
Student transportation	47,987	-	304,194	-	352,181
Food services operations	31,095	-	-	-	31,095
Community services operations	-	-	-	-	-
Capital Outlay	-	-	-	-	-
<i>Total expenditures</i>	<u>2,557,972</u>	<u>22,417</u>	<u>304,194</u>	<u>8,400</u>	<u>2,892,983</u>
<i>Net change in fund balances</i>	(272,066)	72	34	2,486	(269,474)
<i>Fund balances - beginning</i>	498,891	27,863	-	6,790	533,544
<i>Fund balances - end of year</i>	<u>\$ 226,825</u>	<u>\$ 27,935</u>	<u>\$ 34</u>	<u>\$ 9,276</u>	<u>\$ 264,070</u>

See independent auditors' report.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Operational Fund - 11000
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017

Statement E-3

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 15,715	\$ 15,715	\$ 15,715	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	1,386	1,386	1,386	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	2,246,278	2,246,278	2,246,278	-
Transportation distribution	-	-	-	-
Charges for services	338	338	338	-
Investment income	54	54	54	-
Miscellaneous	15,775	15,775	15,775	-
Total revenues	2,279,546	2,279,546	2,279,546	-
<i>Expenditures</i>				
Current:				
Instruction	1,243,688	1,359,756	1,300,116	59,640
Support services - students	200,584	202,239	191,118	11,121
Support services - instruction	15,500	13,500	6,638	6,862
Support services - general administration	216,652	196,175	181,847	14,328
Support services - school administration	154,286	148,591	135,872	12,719
Central services	98,836	96,236	91,337	4,899
Operation and maintenance of plant	612,838	623,354	576,560	46,794
Student transportation	12,000	58,000	47,987	10,013
Other support services	1,107	1,107	-	1,107
Food services operations	47,004	37,914	31,095	6,819
Community services operations	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	2,602,495	2,736,872	2,562,570	174,302
<i>Excess (deficiency) of revenues over expenditures</i>	(322,949)	(457,326)	(283,024)	174,302
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	322,949	457,326	-	(457,326)
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	322,949	457,326	-	(457,326)
<i>Net change in fund balance</i>	-	-	(283,024)	(283,024)
<i>Fund balance - beginning of year</i>	-	-	525,618	525,618
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 242,594	\$ 242,594
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (283,024)
Adjustments to revenues for taxes and intergovernmental revenue				6,360
Adjustments to expenditures for supplies and payroll expenditures				4,598
<i>Net change in fund balance (GAAP Basis)</i>				\$ (272,066)

See independent auditors' report.

STATE OF NEW MEXICO

Statement E-4

Animas Independent School District No. 6

Teacherage Fund - 12000

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

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Transportation distribution	-	-	-	-
Charges for services	19,299	19,299	19,299	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	19,299	19,299	19,299	-
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	43,915	43,915	21,916	21,999
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	43,915	43,915	21,916	21,999
<i>Excess (deficiency) of revenues over expenditures</i>	(24,616)	(24,616)	(2,617)	21,999
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	24,616	24,616	-	(24,616)
Total other financing sources (uses)	24,616	24,616	-	(24,616)
<i>Net change in fund balance</i>	-	-	(2,617)	(2,617)
<i>Fund balance - beginning of year</i>	-	-	27,863	27,863
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 25,246	\$ 25,246
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (2,617)
Adjustments to revenues for intergovernmental revenues				3,190
Adjustments to expenditures for teacherage rents				(501)
Net change in fund balance (GAAP Basis)				\$ 72

See independent auditors' report.

STATE OF NEW MEXICO

Statement E-5

Animas Independent School District No. 6
Pupil Transportation Fund - 13000
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Transportation distribution	304,228	304,228	304,228	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	304,228	304,228	304,228	-
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	339,624	304,228	304,194	34
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	339,624	304,228	304,194	34
<i>Excess (deficiency) of revenues over expenditures</i>	(35,396)	-	34	34
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	35,396	-	-	-
Total other financing sources (uses)	35,396	-	-	-
<i>Net change in fund balance</i>	-	-	34	34
<i>Fund balance - beginning of year</i>	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ 34	\$ 34
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 34
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				\$ 34

See independent auditors' report.

STATE OF NEW MEXICO

Statement E-6

Animas Independent School District No. 6
 Instructional Materials Fund - 14000
 Statement of Revenues, Expenditures, and Changes in
 Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	10,886	10,886	10,886	-
Transportation distribution	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	10,886	10,886	10,886	-
<i>Expenditures</i>				
Current:				
Instruction	8,400	10,886	8,400	2,486
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	8,400	10,886	8,400	2,486
<i>Excess (deficiency) of revenues over expenditures</i>	2,486	-	2,486	2,486
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	(2,486)	-	-	-
Total other financing sources (uses)	(2,486)	-	-	-
<i>Net change in fund balance</i>	-	-	2,486	2,486
<i>Fund balance - beginning of year</i>	-	-	6,790	6,790
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 9,276	\$ 9,276
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 2,486
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP Basis)				\$ 2,486

See independent auditors' report.

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Animas Independent School District No. 6
Agency Funds
Schedule of Changes in Fiduciary Assets and Liabilities
For the Year Ended June 30, 2017

Schedule I

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Assets				
Cash				
Animas High School	\$ 19,788	\$ 83,108	\$ 79,020	\$ 23,876
Administration	2,213	6,758	7,823	1,148
Total	\$ 22,001	\$ 89,866	\$ 86,843	\$ 25,024
Liabilities				
Accounts Payable	\$ -	\$ 2,270	\$ -	\$ 2,270
Deposits held for others				
Animas High School	19,788	80,838	79,020	21,606
Administration	2,213	6,758	7,823	1,148
Total	\$ 22,001	\$ 89,866	\$ 86,843	\$ 25,024

See independent auditors' report.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2017

Schedule II

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market June 30, 2017</u>
Western Bank	Dona Ana County New Mexico	9/1/2024	257579CW0	\$ 368,954
	Rio Rancho New Mexico Pub Sch	8/1/2023	767171kD2	<u>254,455</u>
			Total Western Bank	<u>\$ 623,409</u>

Name and location of safekeeper for above pledged collateral:
Western Bank

See independent auditors' report.

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STATE OF NEW MEXICO
Animas Independent School District No. 6
Schedule of Deposits
June 30, 2017

Schedule III

Bank Account Type/ Name	Western Bank	Total
Cash Deposits:		
Checking - Operational	\$ 147,551	\$ 147,551
Checking - Activity	26,825	26,825
Checking - Athletics	5,927	5,927
Checking - Food Services	71,997	71,997
Checking - Teacherage	25,302	25,302
Checking - Tax Clearing	4,033	4,033
Checking - Payroll Clearing	118,202	118,202
Total Cash Deposits	399,837	399,837
Reconciling items	(80,132)	(80,132)
<i>Reconciled balance June 30, 2017</i>	\$ 319,705	\$ 319,705
Reconciliation to financial statements:		
Cash and cash equivalents:		
Government-wide statement of net position - Exhibit A-1		\$ 294,681
Statement of fiduciary net position agency funds - Exhibit D-1		25,024
<i>Cash and cash equivalents per Financial Statements</i>		\$ 319,705

See independent auditors' report.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Cash Reconciliation
For the Year Ended June 30, 2017

	Operational 11000	Teacherege 12000	Transportation 13000	Instructional Materials 14000	Food Services 21000
Audited Cash June 30, 2016	\$ 525,617	\$ 27,863	\$ -	\$ 6,790	\$ 62,369
Add:					
2016-2017 receipts	2,279,547	19,299	304,228	10,886	82,875
Total cash available	2,805,164	47,162	304,228	17,676	145,244
Less:					
2016-2017 expenditures	(2,562,570)	(21,916)	(304,194)	(8,400)	(73,315)
Permanent cash transfers	-	-	-	-	-
Adjustments	-	-	-	-	-
Cash per PED	242,594	25,246	34	9,276	71,929
Add / Less:					
Negative cash loans from (to)	(155,906)	-	-	-	-
Change in payroll accruals	64,614	-	-	-	-
<i>Cash per financial statement</i>	<u>\$ 151,302</u>	<u>\$ 25,246</u>	<u>\$ 34</u>	<u>\$ 9,276</u>	<u>\$ 71,929</u>

See independent auditors' report.

Athletics 22000	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000	State Flowthrough 27000
\$ 8,488	\$ (128,778)	\$ -	\$ 5	\$ (2,967)
<u>12,361</u>	<u>226,307</u>	<u>17,767</u>	<u>-</u>	<u>55,571</u>
<u>20,849</u>	<u>97,529</u>	<u>17,767</u>	<u>5</u>	<u>52,604</u>
(15,486)	(179,092)	(17,622)	-	(114,747)
-	-	-	-	-
-	-	-	-	-
<u>5,363</u>	<u>(81,563)</u>	<u>145</u>	<u>5</u>	<u>(62,143)</u>
-	81,563	-	-	74,343
-	-	-	-	-
<u>\$ 5,363</u>	<u>\$ -</u>	<u>\$ 145</u>	<u>\$ 5</u>	<u>\$ 12,200</u>

See independent auditors' report.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Cash Reconciliation
For the Year Ended June 30, 2017

	State Direct 28000	Capital Improvements SB-9 31700	Capital Improvements SB-9 Local 31701	Debt Service 41000	Total
Audited Cash June 30, 2016	\$ -	\$ 26,572	\$ -	\$ 3,749	\$ 529,708
Add:					
2016-2017 receipts	33,311	-	110,921	-	3,153,073
Total cash available	33,311	26,572	110,921	3,749	3,682,781
Less:					
2016-2017 expenditures	(33,311)	-	(122,061)	-	(3,452,714)
Permanent cash transfers	-	(26,572)	26,572	-	-
Adjustments	-	-	-	-	-
Cash per PED	-	-	15,432	3,749	230,067
Add / Less:					
Negative cash loans from (to)	-	-	-	-	-
Change in payroll accruals	-	-	-	-	64,614
<i>Cash per financial statement</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,432</u>	<u>\$ 3,749</u>	<u>\$ 294,681</u>

See independent auditors' report.

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***

INDEPENDENT AUDITORS' REPORT

Board of Education and Management
Animas Independent School District No. 6
Timothy Keller
New Mexico State Auditor
Animas, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the General Fund and major special revenue funds of Animas Independent School District No. 6 (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 9, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described on the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be a material weakness 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 the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 findings as items NM 2017-001, NM 2017-002, NM 2017-003, and NM 2017-004.

District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The District's responses were not subjected to the auditing procedures applied in the audit responses 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Cordova CPAs LLC". The signature is written in a cursive, slightly slanted style.

Cordova CPAs LLC
Albuquerque, NM
November 9, 2017

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STATE OF NEW MEXICO
Animas Independent School District No. 6
Schedule of Findings and Responses
For the Year Ended June 30, 2017

Schedule V

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | None noted |

STATE OF NEW MEXICO
Animas Independent School District No. 6
Schedule of Findings and Responses
For the Year Ended June 30, 2017

Schedule V

SECTION II – SECTION 12-6-5 NMSA FINDINGS

NM 2017-001 Travel and Per Diem (Other Noncompliance)

Condition: During testwork we noted the following condition:

- In 1 out of 10 samples tested, the District paid a \$30 meal per diem when lodging is paid by the District instead of paying actual meals with itemized receipts turned in.
- In 1 out of 10 samples tested, the Employee Travel Expense Claim Form was submitted and approved after the travel date.
- In 3 out of 10 samples tested, the Employee Travel Expense Claim Form was submitted and approved after the travel date and there was no supporting documentation to support expenditures or mileage paid to the employee.
- In 1 out of 10 samples tested, the lodging related to the travel was \$299 a night, however there was not proper approval given by the Board of Education.

Criteria: The District is required to comply with the Per Diem and Mileage Act, Sections 10-8-1 through 10-8-4, for all per diem and reimbursement rates.

Effect: The District has paid monies for reimbursements using public funds that are not in compliance with State Per Diem and Mileage Act.

Cause: The Per Diem and Mileage Act was not being referenced when approving and paying travel forms and reimbursements.

Auditors' Recommendation: We recommend the District follow the Per Diem and Mileage Act when paying per diem and travel reimbursements.

Agency Response: The Business Manager of the District will ensure that the District follows the Per Diem and Mileage Act when paying per diem and travel reimbursements starting immediately. A new, more detailed Travel Reimbursement Request form has already been created and will be used from this point forward. No reimbursement for miscellaneous expenses, such as meals, will be paid without receipts.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Schedule of Findings and Responses
For the Year Ended June 30, 2017

Schedule V

SECTION II – SECTION 12-6-5 NMSA FINDINGS (continued)

NM 2017-002 Stale Dated Checks (Other Noncompliance)

Condition: The District had 5 checks in multiple bank accounts that were over one year old. The total amount of the stale checks totaled \$3,081.38. The District has not reported the payees or turned over the funds to the Unclaimed Property Division of the New Mexico Taxation and Revenue Department.

Criteria: New Mexico Statutes, Section 6-10-57, NMSA, 1978 compilation, requires local public bodies to cancel or void any checks that are unpaid for one year after it is written. The District has not reported the payees or turned over the funds to the Unclaimed Property Division of the New Mexico Taxation and Revenue Department.

Effect: The District is not in compliance with Section 6-10-57, NMSA 1978. The District's cash balance may be misstated by the amount of the stale checks.

Cause: The District did not properly remove the stale dated checks during the current fiscal year.

Auditors' Recommendation: We recommend that the outstanding checks be voided as soon as possible and that a procedure to ensure stale dated checks are voided timely. We also recommend that the District remit the stale-dated check funds to the New Mexico Taxation and Revenue Department.

Agency Response: Outstanding checks more than one year old from all accounts will be voided. From this point forward, the Business Manager will ensure, any stale-dated checks at the end of the fiscal year are voided before fiscal year-end rollover occurs. The District will remit the stale-dated check funds to the NM Taxation and Revenue Department.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Schedule of Findings and Responses
For the Year Ended June 30, 2017

Schedule V

SECTION II – SECTION 12-6-5 NMSA FINDINGS (continued)

NM 2017-003 Capital Asset Certification (Other Noncompliance)

Condition: The District did not perform an annual physical inventory of moveable chattels and equipment, and did not certify this count at year end.

Criteria: New Mexico Statutes, Section 12-6-10, NMSA, 1978 compilation, requires an annual physical inventory of moveable chattels and equipment. Also, upon completion, the inventory shall be certified by the governing authority as to correctness. Each agency shall maintain one copy in its files. At the time of the annual audit, the state auditor shall ascertain the correctness of the inventory by generally accepted auditing procedures.

Effect: The District is not in compliance with Section 12-6-10, NMSA 1978.

Cause: The District was not aware of this requirement.

Auditors' Recommendation: We recommend that District ensure there is a proper annual physical inventory of moveable chattels and equipment, and that this count be certified by the governing authority as to correctness.

Agency Response: An annual physical inventory of moveable chattels and equipment will be performed by the District starting in fiscal year 2018 under the guidance of the Business Manager. The count will be certified by the governing board as to its correctness at the board meeting immediately following the completion of the inventory process.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Schedule of Findings and Responses
For the Year Ended June 30, 2017

Schedule V

SECTION II – SECTION 12-6-5 NMSA FINDINGS (continued)

NM 2017-004 Accrued Compensation Calculations (Finding that does not rise to the level of a significant deficiency)

Condition: The District does not have a proper process in place to ensure accrued compensation is complete and accurate. During our testwork, we noted the following:

- The District's leave accrual does not account for the 30-day maximum for employees that have earned more than the allowed max.
- In our sample, we noted one employee that did not accrue leave during the year.

Criteria: The Districts leave policy as well as U.S. Generally Accepted Accounting Principles.

Effect: There is a risk that employees' leave balances may not be accurate and, in addition, the accrued leave liability may not be accurate at any given point in time.

Cause: The District does not have a proper process in place to review and monitor accrued leave throughout the year.

Auditors' Recommendation: We recommend that each employee's leave balance be reviewed for accuracy and, also that the year-end accrual (as well as payouts throughout the year) takes into account the maximum paid upon separation of employment.

Agency Response: Each employee's leave balance will be reviewed for accuracy on a monthly basis by the Business Manager. Any discrepancies noted during the FY17 financial audit will be addressed and the necessary adjustments made in our Visions Accounting Software immediately. Year-end accrual and payouts taking place throughout the year will properly account the maximum paid upon separation of employment as per District Policy.

STATE OF NEW MEXICO
Animas Independent School District No. 6
Schedule of Findings and Responses
For the Year Ended June 30, 2017

Schedule V

SECTION III. PRIOR YEAR AUDIT FINDINGS

None noted

STATE OF NEW MEXICO
Animas Independent School District No. 6
Other Disclosures
June 30, 2017

OTHER DISCLOSURES

Exit Conference

An exit conference was held on November 9, 2017. In attendance were the following:

Representing Animas Independent School District No. 6:

Levi Klump, Board Member
Trina Kellogg, Audit Committee Member
Katy Estrada, Audit Committee Member
Loren Cushman, Superintendent
Tammy Pompeo, Business Manager

Representing Cordova CPAs LLC:

Robert Cordova, CPA – Principal
Robert Gonzales, CPA – Principal

Auditor Prepared Financial Statements

Cordova CPAs LLC prepared the GAAP-basis financial statements and footnotes of Animas Independent School District No. 6 from the original books and records asserted by management of Animas Independent School District No. 6. The responsibility for the financial statements remains with Animas Independent School District No. 6