

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

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



ACCOUNTING & FINANCIAL  
**SOLUTIONS**  
CERTIFIED PUBLIC ACCOUNTANTS

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# INTRODUCTORY SECTION

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# OFFICIAL ROSTER

June 30, 2017

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## BOARD OF EDUCATION

Lowell Irby	President
Jeff Bowman	Vice-President
Carolyn Shearman	Secretary
David Conklin	Member
Luis Florez	Member

## SCHOOL OFFICIALS

Dr. Crit Caton	Superintendent
Thad Phipps	Assistant Superintendent Operations/Transportation Procurement Officer
J.R. Null	Assistant Superintendent Personnel and Student Services
Danny Parker	Assistant Superintendent Federal Programs/Testing
Janet Grice	Business Manager
Joy Conklin	Asst. Business Mngr.
Katrina Beverage	AP Specialist
Esther Earl	Payroll & Benefits Coordinator
Anna Bilberry	Payroll & Benefits Coordinator

## AUDIT COMMITTEE

Carolyn Shearman	Member
David Conklin	Member
Dr. Crit Caton	Member
Thad Phipps	Member
Janet Grice	Member
J.R. Null	Member
Danny Parker	Member

## FINANCE COMMITTEE

Carolyn Shearman	Member
David Conklin	Member
Dr. Crit Caton	Member
Thad Phipps	Member
Janet Grice	Member
J.R. Null	Member
Danny Parker	Member

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FINANCIAL SECTION

FISCAL YEAR 2017

JULY 1, 2016 THROUGH JUNE 30, 2017

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## INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor,  
The Board of Education and Audit Committee of  
Artesia Public Schools

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

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Artesia Public Schools, as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise Artesia Public Schools' basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Artesia Public Schools, as of June 30, 2017, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Tim Keller, State Auditor,  
The Board of Education and Audit Committee of  
Artesia Public Schools

### ***Other Matters***

#### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Accounting principles generally accepted in the United States of America also require that the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions on page 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. Our opinion on the basic financial statements is not affected by this missing information.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Artesia Public Schools' basic financial statements. The other supplemental information such as the combining and individual general fund financial statements, budgetary comparisons for the major capital project funds, the combining and individual nonmajor fund financial statements, and schedules required by 2.2.2.NMAC and the other information, such as the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with Government Auditing Standards, we have also issued our report dated October 6, 2017 on our consideration of the Artesia Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Artesia Public Schools' internal control over financial reporting and compliance.

*Accounting & Financial Solutions, LLC*  
Farmington, New Mexico  
October 6, 2017

## BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

STATEMENT OF NET POSITION  
 June 30, 2017

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 25,719,778
Receivables:	
Delinquent property taxes receivable	558,102
Grant	415,961
Due from other governments	468,413
Food inventory	13,829
Non-current:	
Non-depreciable assets	215,439
Depreciable capital assets, net	<u>67,477,662</u>
<b>Total Assets</b>	<u>94,869,184</u>
<b>Deferred Outflows of Resources:</b>	
Contributions to pension subsequent to the measurement date	2,915,024
Difference between expected and actual experience	227,365
Net difference between projected and actual investment earnings on plan investments	3,128,323
Net change in pension assumptions	1,066,817
Net change in proportionate share of pension liability	<u>1,375,134</u>
<b>Total Deferred Outflows of Resources</b>	<u>8,712,663</u>
<b>Liabilities</b>	
Accounts payable	176,130
Compensated absences	135,473
Long-term liabilities other than pensions:	
Due within one year	-
Due in more than one year	-
Aggregate net pension liability	<u>52,408,027</u>
<b>Total Liabilities</b>	<u>52,719,630</u>
<b>Deferred Inflows of Resources</b>	
Difference between expected and actual experience	498,466
Net change in proportionate share of pension liability	<u>170,694</u>
<b>Total Deferred Inflows of Resources</b>	<u>669,160</u>
<b>Net Position</b>	
Net investment in capital assets	67,839,452
Restricted for:	
Inventories	13,829
Special revenue funds	453,343
Capital projects	23,148,343
Debt service	6,351
Unrestricted	<u>(41,268,261)</u>
<b>Total Net Position</b>	<u>\$ 50,193,057</u>

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





STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

GOVERNMENTAL FUNDS

**Balance Sheet**

**June 30, 2017**

	General Fund	Title I Fund #24101	Entitlement IDEA-B Fund #24106	Kindergarten 3-Plus Fund #27166
<b>Assets</b>				
Cash and cash equivalents	\$ 2,783,692	\$ -	\$ -	\$ -
Receivables:				
Property taxes	35,920	-	-	-
Grant	-	131,462	125,792	84,354
Due from other governments	30,679	-	-	-
Due from other funds	413,758	-	-	-
Food inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<b><u>\$ 3,264,049</u></b>	<b><u>\$ 131,462</u></b>	<b><u>\$ 125,792</u></b>	<b><u>\$ 84,354</u></b>
 <b>Liabilities, deferred inflows, and fund balance</b>				
Liabilities:				
Accounts payable	\$ 23,616	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>131,462</u>	<u>125,792</u>	<u>84,354</u>
Total liabilities	<u>23,616</u>	<u>131,462</u>	<u>125,792</u>	<u>84,354</u>
Deferred inflows of resources:				
Delinquent property taxes	<u>8,697</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Unassigned	<u>3,231,736</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>3,231,736</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b><u>\$ 3,264,049</u></b>	<b><u>\$ 131,462</u></b>	<b><u>\$ 125,792</u></b>	<b><u>\$ 84,354</u></b>

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STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

GOVERNMENTAL FUNDS

**Balance Sheet**  
**June 30, 2017**

	Capital Improvements HB-33 <u>Fund #31600</u>	Capital Improvements SB-9 <u>Fund #31701</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 16,114,390	\$ 6,366,153	\$ 455,543	\$ 25,719,778
Receivables:				
Property taxes	372,121	147,326	2,735	558,102
Grant	-	-	74,353	415,961
Due from other governments	313,524	124,210	-	468,413
Due from other funds	-	-	-	413,758
Food inventory	<u>-</u>	<u>-</u>	<u>13,829</u>	<u>13,829</u>
<b>Total assets</b>	<b><u>\$ 16,800,035</u></b>	<b><u>\$ 6,637,689</u></b>	<b><u>\$ 546,460</u></b>	<b><u>\$ 27,589,841</u></b>
 <b>Liabilities, deferred inflows, and fund balance</b>				
Liabilities:				
Accounts payable	\$ 138,372	\$ 14,142	\$ -	\$ 176,130
Due to other funds	<u>-</u>	<u>-</u>	<u>72,150</u>	<u>413,758</u>
Total liabilities	<u>138,372</u>	<u>14,142</u>	<u>72,150</u>	<u>589,888</u>
Deferred inflows of resources:				
Delinquent property taxes	<u>99,055</u>	<u>37,812</u>	<u>787</u>	<u>146,351</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	13,829	13,829
Restricted for:				
Special revenue funds	-	-	453,343	453,343
Capital projects funds	16,562,608	6,585,735	-	23,148,343
Debt service	-	-	6,351	6,351
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,231,736</u>
Total fund balance	<u>16,562,608</u>	<u>6,585,735</u>	<u>473,523</u>	<u>26,853,602</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b><u>\$ 16,800,035</u></b>	<b><u>\$ 6,637,689</u></b>	<b><u>\$ 546,460</u></b>	<b><u>\$ 27,589,841</u></b>

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STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

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

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

Fund balances - total governmental funds	\$	26,853,602
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		126,334,580
Accumulated depreciation		(58,641,479)
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable		146,351
Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Contributions to pension subsequent to the measurement date		2,915,024
Difference between expected and actual experience		227,365
Net difference between projected and actual investment earnings on plan investments		3,128,323
Net change in pension assumptions		1,066,817
Net change in proportionate share of pension liability		1,375,134
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		
Accrued vacation payable		(135,473)
Net pension liability		(52,408,027)
Deferred inflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Difference between expected and actual experience		(498,466)
Net change in proportionate share of pension liability		<u>(170,694)</u>
Net position of governmental activities	\$	<u><u>50,193,057</u></u>

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

GOVERNMENTAL FUNDS

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

	General Fund	Title I Fund #24101	Entitlement IDEA-B Fund #24106	Kindergarten 3- Plus Fund #27166
<b>Revenues:</b>				
Taxes:				
Property	\$ 376,971	\$ -	\$ -	\$ -
Oil and gas	366,966	-	-	-
Intergovernmental - federal grants	42,862	606,281	697,233	-
Intergovernmental - state grants	27,507,302	-	-	387,259
Contributions - private grants	354,291	-	-	-
Charges for services	283,945	-	-	-
Investment and interest income	7,694	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>28,940,031</b>	<b>606,281</b>	<b>697,233</b>	<b>387,259</b>
<b>Expenditures:</b>				
Current:				
Instruction	19,011,586	429,948	427,469	250,887
Support services:				
Students	2,473,533	-	113,786	-
Instruction	649,957	-	-	-
General Administration	496,091	14,152	16,275	-
School Administration	2,378,376	162,181	139,703	69,882
Central Services	803,287	-	-	-
Operation & Maintenance of Plant	3,270,168	-	-	-
Student transportation	1,245,982	-	-	48,570
Other Support services	1,167	-	-	-
Food services operations	-	-	-	17,920
Capital outlay	131,901	-	-	-
<b>Total expenditures</b>	<b>30,462,048</b>	<b>606,281</b>	<b>697,233</b>	<b>387,259</b>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,522,017)	-	-	-
<b>Fund balance at beginning of the year</b>	<b>4,753,753</b>	-	-	-
<b>Fund balance at end of the year</b>	<b>\$ 3,231,736</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(cont'd; 1 of 2)

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

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

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

	Capital Improvements HB-33 <u>Fund #31600</u>	Capital Improvements SB-9 <u>Fund #31701</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ 4,075,466	\$ 1,569,807	\$ 2,345	\$ 6,024,589
Oil and gas	3,669,573	1,467,862	76	5,504,477
Intergovernmental - federal grants	-	-	2,074,678	3,421,054
Intergovernmental - state grants	-	-	419,379	28,313,940
Contributions - private grants	-	-	13,456	367,747
Charges for services	-	-	617,833	901,778
Investment and interest income	9,981	3,245	28	20,948
Miscellaneous	<u>5,323</u>	<u>61,845</u>	<u>684</u>	<u>67,852</u>
<b>Total revenues</b>	<u>7,760,343</u>	<u>3,102,759</u>	<u>3,128,479</u>	<u>44,622,385</u>
<b>Expenditures:</b>				
Current:				
Instruction	-	-	484,599	20,604,489
Support services:				
Students	-	-	212,945	2,800,264
Instruction	-	-	-	649,957
General Administration	39,561	15,231	9,592	590,902
School Administration	-	-	59,359	2,809,501
Central Services	-	-	-	803,287
Operation & Maintenance of Plant	1,636,583	2,724,924	86,859	7,718,534
Student transportation	-	-	-	1,294,552
Other Support services	-	-	-	1,167
Food services operations	-	-	1,749,710	1,767,630
Capital outlay	<u>15,062,092</u>	<u>349,489</u>	<u>300,000</u>	<u>15,843,482</u>
<b>Total expenditures</b>	<u>16,738,236</u>	<u>3,089,644</u>	<u>2,903,064</u>	<u>54,883,765</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(8,977,893)	13,115	225,415	(10,261,380)
<b>Fund balance at beginning of the year</b>	<u>25,540,501</u>	<u>6,572,620</u>	<u>248,108</u>	<u>37,114,982</u>
<b>Fund balance at end of the year</b>	<u>\$ 16,562,608</u>	<u>\$ 6,585,735</u>	<u>\$ 473,523</u>	<u>\$ 26,853,602</u>

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STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

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

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

Net change in fund balance - total governmental funds	\$ (10,261,380)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year</p>	
Capital outlay	15,843,482
Depreciation	(6,051,752)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
<p>Deferred property taxes at:</p>	
June 30, 2016	(95,703)
June 30, 2017	146,351
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
<p>Compensated absences at:</p>	
June 30, 2016	120,687
June 30, 2017	(135,473)
Loss on asset disposal	(281,911)
Deferred contributions to pension plan	2,915,024
Pension expense	<u>(5,189,279)</u>
Change in net position of governmental activities	<u>\$ (2,989,954)</u>

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ 356,641	\$ 356,641	\$ 370,814	\$ 14,173
Oil and gas	700,000	700,000	360,264	(339,736)
Intergovernmental - federal grants	29,000	29,000	42,862	13,862
Intergovernmental - state grants	28,351,371	27,226,983	27,507,302	280,319
Contributions - private grants	377,000	377,000	354,291	(22,709)
Charges for services	113,030	113,030	283,944	170,914
Investment and interest income	5,500	5,500	7,694	2,194
<b>Total revenues</b>	<u>29,932,542</u>	<u>28,808,154</u>	<u>28,927,171</u>	<u>119,017</u>
<b>Expenditures:</b>				
Current:				
Instruction	19,386,509	19,734,270	19,005,767	728,503
Support services:				
Students	2,487,151	2,639,651	2,475,690	163,961
Instruction	768,423	768,423	650,060	118,363
General Administration	953,948	603,948	497,142	106,806
School Administration	2,754,604	2,452,104	2,378,376	73,728
Central Services	1,144,840	931,348	801,470	129,878
Operation & Maintenance of Plant	4,270,419	4,892,753	3,269,841	1,622,912
Student transportation	1,265,579	1,262,118	1,245,982	16,136
Other Support services	219,309	119,309	1,167	118,142
Capital outlay	-	131,904	131,901	3
<b>Total expenditures</b>	<u>33,250,782</u>	<u>33,535,828</u>	<u>30,457,396</u>	<u>3,078,432</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(3,318,240)	(4,727,674)	(1,530,225)	3,197,449
<i>Beginning cash balance budgeted</i>	3,318,240	4,727,674	-	(4,727,674)
<b>Fund balance at beginning of the year</b>	-	-	4,753,753	4,753,753
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>3,223,528</u>	<u>\$ 3,223,528</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			8,423	
Change in due from other governments			7,681	
Change in payables			(4,651)	
Change in deferred property taxes			(3,245)	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 3,231,736</u>	

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

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 611,942	\$ 707,933	\$ 645,076	\$ (62,857)
<b>Expenditures:</b>				
Current:				
Instruction	428,117	523,583	429,948	93,635
Support services:				
General Administration	14,284	14,284	14,152	132
School Administration	169,541	170,066	162,181	7,885
<b>Total expenditures</b>	611,942	707,933	606,281	101,652
<i>Excess of revenues over expenditures</i>	-	-	38,795	38,795
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	38,795	\$ 38,795
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(38,795)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 785,795	\$ 1,345,457	\$ 832,733	\$ (512,724)
<b>Expenditures:</b>				
Current:				
Instruction	487,206	807,206	427,469	379,737
Support services:				
Students	138,385	297,545	113,786	183,759
General Administration	18,781	31,374	16,275	15,099
School Administration	140,423	208,332	139,703	68,629
Capital outlay	1,000	1,000	-	1,000
<b>Total expenditures</b>	785,795	1,345,457	697,233	648,224
<i>Excess of revenues over expenditures</i>	-	-	135,500	135,500
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	135,500	\$ 135,500
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(135,500)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

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

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

KINDERGARTEN 3-PLUS FUND - NO. 27166  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 315,458	\$ 422,758	\$ 459,292	\$ 36,534
<b>Expenditures:</b>				
Current:				
Instruction	211,763	270,955	250,886	20,069
Support services:				
School Administration	56,286	74,499	69,882	4,617
Student transportation	25,243	48,571	48,570	1
Food services operations	<u>22,166</u>	<u>28,733</u>	<u>17,920</u>	<u>10,813</u>
<b>Total expenditures</b>	<u>315,458</u>	<u>422,758</u>	<u>387,258</u>	<u>35,500</u>
<i>Excess of revenues over expenditures</i>	-	-	72,034	72,034
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	72,034	<u>\$ 72,034</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			<u>(72,034)</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

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

ASSETS

Pooled cash and investments	\$ <u>1,217,363</u>
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LIABILITIES

Deposits held for others	\$ <u>1,217,363</u>
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The notes to the financial statements are an integral part of this statement.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

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

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

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

#### 1. Blended Component Units

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

#### 2. Discretely Presented Component Units

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

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Artesia Public Schools' management who is responsible for their integrity and objectivity. The financial statements of the District conform to GAAP as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

### B. Implementation of New Accounting Principles

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

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



# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

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

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

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

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

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

- **GASB Statement No. 75**, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, this Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement will be effective for the year ended June 30, 2018.
- **GASB Statement No. 81**, *Irrevocable Split-Interest Agreements*, The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

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

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

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

- **GASB Statement No. 82**, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, the objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016 (FYE June 30, 2017), except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

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

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

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

Specifically, this Statement addresses the following topics:

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

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

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

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

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

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

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

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

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

The government reports the following major governmental funds:

#### ➤ GENERAL FUND

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

#### ➤ SPECIAL REVENUE FUNDS

**Title I** (Fund No. 24101) Minimum Balance: None  
To help local education agencies (LEAs) and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards. Funding authorization: Elementary and Secondary Education Act of 1965, Title I, Part A, 20 U.S.C. 6301 et seq.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

**Entitlement IDEA-B** (Fund No. 24106) Minimum Balance: None  
Program provides grants to states that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

**Kindergarten 3-Plus** (Fund No. 27166) Minimum Balance: None  
To account for funds received to provide the opportunity for the district to address early literacy. The full day kindergarten program is the first step in the implementation of a sequential early literacy approach to teaching reading.

#### ➤ CAPITAL PROJECTS FUNDS

**Capital Improvements HB – 33** (Fund No. 31600) Minimum Balance: None  
This fund provides financing for the purchase of equipment and capital improvements to School District property. Funding is received from a 5 mill property tax levy and interest earned on investments, under House Bill 33.

**Capital Improvements SB – 9** (Fund No. 31701) Minimum Balance: None  
This fund provides financing for the purchase of equipment and capital improvements to School District property. Funding is received from a 2 mill property tax levy and interest earned on investments, under New Mexico Senate Bill 9.

Additionally, the government reports the following fund types:

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

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

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

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

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

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

#### 1. Deposits and investments

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

#### 2. *Receivables and payables*

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

The District’s property taxes are levied each year on the assessed valuation of property located in the School District as of the preceding January 1st. Mill levy rates are set by the State of New Mexico each year for the General Fund, Capital Improvements HB-33 Fund, Capital Improvements SB – 9 Fund, and Debt Service Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days.

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

#### 3. *Inventories*

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

#### 4. *Capital assets*

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

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

#### 5. *Compensated absences*

It is the District's policy to permit employees to accumulate earned but unused vacation up to 20 days, which may be paid to employees upon separation from the District's service. Twelve-month employees that are full time are entitled to two weeks paid vacation per year.

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

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

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

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

#### 7. *Pensions*

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

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

#### 9. Fund balance

##### a. Non-Spendable

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

##### b. Restricted

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

##### c. Committed

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

##### d. Assigned

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

##### e. Unassigned

The remaining fund balance, after all other classifications, within the general fund is reported as unassigned fund balance. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, a negative fund balance will be reported as unassigned fund balance.

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

#### 10. *Net Position*

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

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

This component of Net Position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. That portion of the debt is included in restricted for capital projects.

##### b. Restricted Net Position

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

##### c. Unrestricted Net Position

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

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

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

#### 11. *Indirect Costs*

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

#### 12. *Estimates*

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

#### 14. Revenues

**State Equalization Guarantee:** School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to 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 Director of Public School Finance. The District received \$26,154,585 in state equalization guarantee distributions during the year ended June 30, 2017.

**Transportation Distribution:** School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$1,151,900 in transportation distributions during the year ended June 30, 2017.

**Instructional Materials:** The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the purchase of material listed on the PED 'Multiple List', while fifty percent of each allocation is available for purchases directly from vendors or transfer to the fifty percent account for purchase of material from the "Multiple List". Districts are allowed to carry forward unused textbook funds from year to year. The District received \$200,817 in instructional materials distributions during the year ended June 30, 2017.

#### 15. Tax Abatements

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

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. Budgetary Information

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

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

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

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

	ORIGINAL	FINAL
<b>Major Funds:</b>		
General Funds	\$ 33,250,782	\$ 33,535,828
<u>Special Revenue Funds:</u>		
Title I	611,942	707,933
Entitlement IDEA-B	785,795	1,345,457
Kindergarten 3-Plus	315,458	422,758
<u>Capital Projects Funds:</u>		
Capital Improvements HB-33	34,310,319	34,590,021
Capital Improvements SB-9	9,181,358	9,564,434
<b>Nonmajor Funds:</b>		
Special Revenue Funds	2,653,054	2,856,266
Capital Projects Funds	-	474,566
Debt Service Fund	3,922	3,922
<b>Total Budget</b>	<b>\$ 81,112,630</b>	<b>\$ 83,501,185</b>

### B. Budgetary Violations

The District did not have any budgetary violations during the year ended June 30, 2017.

### C. Deficit Fund Equity

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## III. DETAILED NOTES ON ALL FUNDS

### A. Cash and Temporary Investments

At June 30, 2017, the carrying amount of the District's deposits was \$26,937,141 and the bank balance was \$29,547,467 with the difference consisting of outstanding checks.

	BALANCE
Financial institution:	
Western Bank	\$ 6,602,164
First American Bank	22,940,047
Artesia Credit Union	5,256
Less agency cash	(1,217,363)
Less net reconciling items	<u>(2,610,326)</u>
Total cash and equivalents	<u>\$ 25,719,778</u>

Of this balance \$505,256 was covered by federal depository insurance and \$21,797,645 was covered by collateral held in joint safekeeping by a third party.

#### Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The District does not have a deposit policy for custodial credit risk, other than the following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The statement listed below will meet the State of New Mexico Office of the State Auditor's requirement in reporting the uninsured portion of the deposits. As of June 30, 2017, \$7,244,566 of the District's bank deposits was exposed to custodial risk as follows:

	INSURED	UNDER INSURED	TOTAL
<b>Bank deposits:</b>			
Uninsured and uncollateralized	\$ 7,244,566	\$ -	\$ 7,244,566
Uninsured and collateral held by pledging bank's trust dept not in the District's name	<u>21,797,645</u>	<u>-</u>	<u>21,797,645</u>
Total uninsured	29,042,211	-	29,042,211
Insured (FDIC)	<u>505,256</u>	<u>-</u>	<u>505,256</u>
Total deposits	<u>\$ 29,547,467</u>	<u>\$ -</u>	<u>\$ 29,547,467</u>
 <b>State of New Mexico collateral requirement:</b>			
50% of uninsured public fund bank deposits	\$ 14,521,107	\$ -	\$ 14,521,107
Pledged security	<u>21,797,645</u>	<u>-</u>	<u>21,797,645</u>
Over collateralization	<u>\$ 7,276,538</u>	<u>\$ -</u>	<u>\$ 7,276,538</u>

The collateral pledged is listed on Page 98 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the schools. Time deposits, savings deposits and interest bearing "Now" accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

#### B. Receivables

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

	RECEIVABLES		DUE FROM OTHER	
	Grant	Taxes	Governments	Funds
Major Funds:				
General Funds	\$ -	\$ 35,920	\$ 30,679	\$ 413,758
Title I	131,462	-	-	-
Entitlement IDEA-B	125,792	-	-	-
Kindergarten 3-Plus	84,354	-	-	-
Capital Improvements HB-33	-	372,121	313,524	-
Capital Improvements SB-9	-	147,326	124,210	-
Other Governmental Funds	74,353	2,735	-	-
Total	<u>\$ 415,961</u>	<u>\$ 558,102</u>	<u>\$ 468,413</u>	<u>\$ 413,758</u>

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

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

	UNAVAILABLE	UNEARNED
Delinquent property taxes		
General Fund	\$ 8,697	\$ -
Capital Improvements HB-33	99,055	-
Capital Improvements SB-9	37,812	-
Other Governmental Funds	787	-
Total deferred/unearned revenue for governmental funds	<u>\$ 146,351</u>	<u>\$ -</u>

#### C. Inter-Fund Receivables and Payables

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

	RECEIVABLES	PAYABLES
Major Funds:		
General Funds	\$ 413,758	\$ -
Title I	-	131,462
Entitlement IDEA-B	-	125,792
Kindergarten 3-Plus	-	84,354
Other Governmental Funds	-	72,150
Total	<u>\$ 413,758</u>	<u>\$ 413,758</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

#### D. Inter-Fund Transfers

The District did not have any transfers during the year ended June 30, 2017.

#### E. Capital Assets

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

	BEGINNING	INCREASES	DECREASES	ENDING
<b>Governmental activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land	\$ 215,439	\$ -	\$ -	\$ 215,439
<u>Capital assets being depreciated:</u>				
Land improvements	10,280,250	244,262	(367,734)	10,156,778
Buildings and improvements	92,271,628	14,082,358	-	106,353,986
Furniture, fixtures, and equipment	8,432,951	1,516,862	(341,436)	9,608,377
Total capital assets being depreciated	<u>110,984,829</u>	<u>15,843,482</u>	<u>(709,170)</u>	<u>126,119,141</u>
<u>Less accumulated depreciation for:</u>				
Land improvements	(3,406,644)	(530,373)	226,770	(3,710,247)
Buildings and improvements	(46,411,998)	(4,440,019)	-	(50,852,017)
Furniture, fixtures, and equipment	(3,198,344)	(1,081,360)	200,489	(4,079,215)
Total accumulated depreciation	<u>(53,016,986)</u>	<u>(6,051,752)</u>	<u>427,259</u>	<u>(58,641,479)</u>
Total capital assets being depreciated, net	<u>57,967,843</u>	<u>9,791,730</u>	<u>(281,911)</u>	<u>67,477,662</u>
Total capital assets, net	<u>\$ 58,183,282</u>	<u>\$ 9,791,730</u>	<u>\$ (281,911)</u>	<u>\$ 67,693,101</u>

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

DEPRECIATION ALLOCATION TO FUNCTIONS	
Instruction	\$ 3,211,817
Support Services - Students	436,504
Support Services - Instruction	82,502
Support Services - General Administration	92,109
Support Services - School Administration	437,943
Central Services	125,216
Operations & Maintenance of Plant	1,208,366
Student Transportation	201,794
Other Support Services	182
Food Services	255,319
Total Depreciation Expense	<u>\$ 6,051,752</u>

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

#### Construction commitments

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



# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

### F. Long-Term Debt

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

	BALANCE	ADDITIONS	RETIREMENTS	BALANCE	CURRENT
Compensated absences:					
Compensated vacation	\$ 120,687	\$ 146,063	\$ 131,277	\$ 135,473	\$ 135,473

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

## IV. OTHER INFORMATION

### A. Risk Management

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

### B. Employee Retirement Plan

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

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

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

*Benefits Provided* - The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. Benefits are based on three components: Final Average Salary (FAS), years of both earned and allowed service credits, and a 2.35% factor. The gross annual benefit is determined by multiplying the three components together. FAS is the higher of annual earnings for the previous 20 calendar quarters prior to retirement or the highest average annual earnings for any 20 consecutive calendar quarters.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## IV. OTHER INFORMATION (cont'd)

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

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

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## IV. OTHER INFORMATION (cont'd)

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

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

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

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

Employer Contributions – In fiscal year 2017, the District was required to contribute 13.9% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 13.9% of the gross covered salary for employees whose annual salary is more than \$20,000. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2017 were \$2,915,024, which equal the amount of the required contributions for each fiscal year.

#### Employers

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

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

At June 30, 2017, the District reported a liability of \$52,408,027 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2016, the District's proportion was 0.72825 percent, which was an increase of 0.00723 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$5,189,279.

PENSION EXPENSE CALCULATION	
Net pension liability - end of the year	\$ 52,408,027
Net pension liability - beginning of the year	(46,702,385)
Deferred outflows of resources during the year	(2,633,464)
Deferred inflows of resources during the year	(771,543)
Reductions to ending net pension liability due contributions paid	<u>2,888,644</u>
Total Pension Expense	<u>\$ 5,189,279</u>

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## IV. OTHER INFORMATION (cont'd)

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

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

	OUTFLOWS	INFLOWS
Difference between expected and actual experience	\$ 227,365	\$ 498,466
Change of assumptions	1,066,817	-
Net difference between projected and actual earnings on pension plan investments	3,128,323	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,375,134	170,694
District contributions subsequent to the measurement date	<u>2,915,024</u>	<u>-</u>
Total	<u>\$ 8,712,663</u>	<u>\$ 669,160</u>

Deferred outflows of resources related to pensions in the amount of \$2,915,024 resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

JUNE 30,	AMORTIZATION
2018	\$ 1,252,338
2019	1,537,478
2020	1,575,794
2021	762,869
2022	-
Thereafter	<u>-</u>
Total	<u>\$ 5,128,479</u>

#### Actuarial Assumptions

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## IV. OTHER INFORMATION (cont'd)

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

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

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

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

<u>Asset Class</u>	2016 <u>Long-Term Expected Real Rate of Return</u>	2015 <u>Long-Term Expected Real Rate of Return</u>
Cash	-0.25%	0.00%
U.S. Treasuries	0.00%	0.25%
IG Corp Credit	1.75%	1.50%
Mortgage Backed Securities	0.25%	0.50%
Core Bonds*	0.64%	0.73%
Treasury Inflation Protected Securities	0.75%	0.75%
High-Yield Bonds	2.50%	2.50%
Bank Loans	2.75%	2.75%
Global Bonds (Unhedged)	-0.50%	-1.00%
Global Bonds (Hedged)	-0.38%	-0.84%
Emerging Market Debt External	2.75%	2.75%
Emerging Market Debt Local Currency	3.25%	3.50%
Large Cap Equities	4.25%	4.25%
Small/ Mid Cap Equities	4.50%	4.50%
International Equities (Unhedged)	4.75%	4.75%
International Equities (Hedged)	5.14%	5.22%
Emerging International Equities	6.25%	6.00%
Private Equity	6.25%	6.25%
Private Debt	4.75%	4.75%
Private Real Assets	4.50%	4.50%
Real Estate	3.25%	3.25%
Commodities	2.25%	2.50%
Hedge Funds	3.25%	3.50%

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## IV. OTHER INFORMATION (cont'd)

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

#### Rate of Return

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

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

These items are developed for each major asset class.

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

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

		CURRENT SINGLE RATE		
		1% Decrease 6.75%	Assumption 7.75%	1% Increase 8.75%
ERB (All Employers)				
	2016	\$ 9,531,509,131	\$ 7,196,433,561	\$ 5,258,980,529
	2015	\$ 8,715,594,530	\$ 6,477,266,299	\$ 4,596,837,569
	2014	\$ 7,763,304,829	\$ 5,705,730,813	\$ 3,987,098,791
Artesia Public Schools				
	2016	\$ 69,413,215	\$ 52,408,027	\$ 38,298,526
	2015	\$ 62,841,180	\$ 46,702,385	\$ 33,144,118
	2014	\$ 53,375,040	\$ 39,228,602	\$ 27,412,491

### C. Post-Retirement Health Care Benefits

#### Plan Description

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

Eligible retirees are:

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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## IV. OTHER INFORMATION (cont'd)

### C. Post-Retirement Health Care Benefits (cont'd)

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to:

Retiree Health Care Authority  
4308 Carlisle NE, Suite 104  
Albuquerque, NM 87107

#### *Funding Policy*

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

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

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

The District's contributions to the RHCA for the years ended June 30, 2017 were \$419,445, which equal the required contributions for each year.

### D. Contingent Liabilities

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

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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## IV. OTHER INFORMATION (cont'd)

### E. Cash Flows

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

### F. Subsequent Events

Subsequent events were evaluated through October 6, 2017 which is the date the financial statements were available to be issued.



**REQUIRED SUPPLEMENTARY INFORMATION**

JUNE 30, 2017

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

	2017	2016	2015
District's proportion of the net pension liability	0.728250%	0.720102%	0.687530%
District's proportionate share of the net pension liability	\$ 52,408,027	\$ 46,702,385	\$ 39,228,602
District's covered-employee payroll	\$ 20,800,033	\$ 20,496,186	\$ 18,950,850
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	251.96%	227.86%	207.00%
Plan fiduciary net position as a percentage of the total pension liability	61.58%	63.97%	66.54%

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

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

	2017	2016	2015
Contractually required contribution	\$ 2,915,024	\$ 2,891,204	\$ 2,848,969
Contributions in relation to the contractually required	<u>(2,915,024)</u>	<u>(2,891,204)</u>	<u>(2,849,014)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (45)</u>
District's Covered-employee Payroll	\$ 20,971,987	\$ 20,800,033	\$ 20,496,186
Contribution as a percentage of covered-employee payroll	13.90%	13.90%	13.90%

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

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

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

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

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

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

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

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OPERATING FUND (Fund No. 11000)

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

TEACHERAGE FUND (Fund No. 12000)

Accounts for all financial resources used in the housing of teachers.

TRANSPORTATION FUND (Fund No. 13000)

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

INSTRUCTIONAL MATERIALS FUND (Fund No. 14000)

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

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

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

	Operational <u>Fund #11000</u>	Teacherage <u>Fund #12000</u>	Transportation <u>Fund #13000</u>	Instructional Materials <u>Fund #14000</u>	Total General <u>Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 2,440,368	\$ 281,454	\$ -	\$ 61,870	\$ 2,783,692
Receivables:					
Property taxes	35,920	-	-	-	35,920
Due from other governments	30,679	-	-	-	30,679
Due from other funds	<u>413,758</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>413,758</u>
<b>Total assets</b>	<b><u>\$ 2,920,725</u></b>	<b><u>\$ 281,454</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 61,870</u></b>	<b><u>\$ 3,264,049</u></b>
 <b>Liabilities, deferred inflows and fund balance</b>					
Liabilities:					
Accounts payable	\$ 6,877	\$ 400	\$ -	\$ 16,339	\$ 23,616
Deferred inflows of resources:					
Delinquent property taxes	8,697	-	-	-	8,697
Fund balance:					
Unassigned	<u>2,905,151</u>	<u>281,054</u>	<u>-</u>	<u>45,531</u>	<u>3,231,736</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b><u>\$ 2,920,725</u></b>	<b><u>\$ 281,454</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 61,870</u></b>	<b><u>\$ 3,264,049</u></b>

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

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

	Operational Fund #11000	Teacherage Fund #12000	Transportation Fund #13000	Instructional Materials Fund #14000	Total General Fund
<b>Revenues:</b>					
Taxes:					
Property	\$ 376,971	\$ -	\$ -	\$ -	\$ 376,971
Oil and gas	366,966	-	-	-	366,966
Intergovernmental - federal grants	42,862	-	-	-	42,862
Intergovernmental - state grants	26,154,585	-	1,151,900	200,817	27,507,302
Contributions - private grants	354,291	-	-	-	354,291
Charges for services	149,798	134,147	-	-	283,945
Investment and interest income	<u>7,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,694</u>
<b>Total revenue</b>	<u>27,453,167</u>	<u>134,147</u>	<u>1,151,900</u>	<u>200,817</u>	<u>28,940,031</u>
<b>Expenditures:</b>					
Current:					
Instruction	18,739,692	-	-	271,894	19,011,586
Support services:					
Students	2,473,533	-	-	-	2,473,533
Instruction	649,957	-	-	-	649,957
General Administration	496,091	-	-	-	496,091
School Administration	2,378,376	-	-	-	2,378,376
Central Services	803,287	-	-	-	803,287
Operation & Maintenance of Plant	3,176,075	94,093	-	-	3,270,168
Student transportation	94,082	-	1,151,900	-	1,245,982
Other Support services	1,167	-	-	-	1,167
Capital outlay	<u>131,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,901</u>
<b>Total expenditures</b>	<u>28,944,161</u>	<u>94,093</u>	<u>1,151,900</u>	<u>271,894</u>	<u>30,462,048</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,490,994)	40,054	-	(71,077)	(1,522,017)
<b>Fund balance at beginning of the year</b>	<u>4,396,145</u>	<u>241,000</u>	<u>-</u>	<u>116,608</u>	<u>4,753,753</u>
<b>Fund balance at end of the year</b>	<u>\$ 2,905,151</u>	<u>\$ 281,054</u>	<u>\$ -</u>	<u>\$ 45,531</u>	<u>\$ 3,231,736</u>

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ 356,641	\$ 356,641	\$ 370,814	\$ 14,173
Oil and gas	700,000	700,000	360,264	(339,736)
Intergovernmental - federal grants	29,000	29,000	42,862	13,862
Intergovernmental - state grants	26,870,501	25,907,547	26,154,585	247,038
Contributions - private grants	377,000	377,000	354,291	(22,709)
Charges for services	13,030	13,030	149,798	136,768
Investment and interest income	<u>5,500</u>	<u>5,500</u>	<u>7,694</u>	<u>2,194</u>
<b>Total revenues</b>	<u>28,351,672</u>	<u>27,388,718</u>	<u>27,440,308</u>	<u>51,590</u>
<b>Expenditures:</b>				
Current:				
Instruction	19,146,218	19,439,210	18,739,296	699,914
Support services:				
Students	2,487,151	2,639,651	2,475,690	163,961
Instruction	768,423	768,423	650,060	118,363
General Administration	953,948	603,948	497,142	106,806
School Administration	2,754,604	2,452,104	2,378,376	73,728
Central Services	1,144,840	931,348	801,470	129,878
Operation & Maintenance of Plant	4,020,819	4,551,753	3,176,149	1,375,604
Student transportation	-	110,218	94,082	16,136
Other Support services	219,309	119,309	1,167	118,142
Capital outlay	<u>-</u>	<u>131,904</u>	<u>131,901</u>	<u>3</u>
<b>Total expenditures</b>	<u>31,495,312</u>	<u>31,747,868</u>	<u>28,945,333</u>	<u>2,802,535</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(3,143,640)	(4,359,150)	(1,505,025)	2,854,125
<i>Beginning cash balance budgeted</i>	3,143,640	4,359,150	-	(4,359,150)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>4,396,145</u>	<u>4,396,145</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>2,891,120</u>	<u>\$ 2,891,120</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			8,423	
Change in due from other governments			7,681	
Change in payables			1,172	
Change in deferred property taxes			<u>(3,245)</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 2,905,151</u>	

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

TEACHERAGE FUND - NO. 12000  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Charges for services	\$ 100,000	\$ 100,000	\$ 134,146	\$ 34,146
<b>Expenditures:</b>				
Current:				
Support services:				
Operation & Maintenance of Plant	249,600	341,000	93,692	247,308
<i>Excess (deficiency) of revenues over expenditures</i>	(149,600)	(241,000)	40,454	281,454
<i>Beginning cash balance budgeted</i>	149,600	241,000	-	(241,000)
<b>Fund balance at beginning of the year</b>	-	-	241,000	241,000
<b>Fund balance at end of the year</b>	\$ -	\$ -	281,454	\$ 281,454
 RECONCILIATION TO GAAP BASIS:				
Change in payables			(400)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 281,054	

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 1,265,579	\$ 1,151,900	\$ 1,151,900	\$ -
<b>Expenditures:</b>				
Current:				
Support services:				
Student transportation	1,265,579	1,151,900	1,151,900	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	-	\$ -
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	



STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 215,291	\$ 167,536	\$ 200,817	\$ 33,281
<b>Expenditures:</b>				
Current:				
Instruction	240,291	295,060	266,471	28,589
<i>Excess (deficiency) of revenues over expenditures</i>	(25,000)	(127,524)	(65,654)	61,870
<i>Beginning cash balance budgeted</i>	25,000	127,524	-	(127,524)
<b>Fund balance at beginning of the year</b>	-	-	116,608	116,608
<b>Fund balance at end of the year</b>	\$ -	\$ -	50,954	\$ 50,954
 RECONCILIATION TO GAAP BASIS:				
Change in payables			(5,423)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 45,531	

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## MAJOR CAPITAL PROJECTS FUNDS

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

CAPITAL IMPROVEMENTS HB-33 FUND - NO. 31600

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ 3,500,000	\$ 3,500,000	\$ 4,011,379	\$ 511,379
Oil and gas	6,000,000	6,000,000	3,602,551	(2,397,449)
Investment and interest income	5,000	5,000	9,981	4,981
Miscellaneous	<u>-</u>	<u>-</u>	<u>5,323</u>	<u>5,323</u>
<b>Total revenues</b>	<u>9,505,000</u>	<u>9,505,000</u>	<u>7,629,234</u>	<u>(1,875,766)</u>
<b>Expenditures:</b>				
Current:				
Support services:				
General Administration	55,000	55,000	39,561	15,439
Operation & Maintenance of Plant	4,405,000	4,405,000	1,498,212	2,906,788
Capital outlay	<u>29,850,319</u>	<u>30,130,021</u>	<u>15,062,092</u>	<u>15,067,929</u>
<b>Total expenditures</b>	<u>34,310,319</u>	<u>34,590,021</u>	<u>16,599,865</u>	<u>17,990,156</u>
<i>Excess (deficiency) of revenues   over expenditures</i>	(24,805,319)	(25,085,021)	(8,970,631)	16,114,390
<i>Beginning cash balance budgeted</i>	24,805,319	25,085,021	-	(25,085,021)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>25,540,501</u>	<u>25,540,501</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>16,569,870</u>	<u>\$ 16,569,870</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			84,585	
Change in due from other governments			80,321	
Change in payables			(138,371)	
Change in deferred property taxes			<u>(33,797)</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 16,562,608</u>	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

CAPITAL IMPROVEMENTS SB-9 FUND - NO. 31701

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ 1,150,000	\$ 1,150,000	\$ 1,544,546	\$ 394,546
Oil and gas	2,000,000	2,000,000	1,441,055	(558,945)
Investment and interest income	1,500	1,500	3,245	1,745
Miscellaneous	<u>-</u>	<u>-</u>	<u>61,845</u>	<u>61,845</u>
<b>Total revenues</b>	<u>3,151,500</u>	<u>3,151,500</u>	<u>3,050,691</u>	<u>(100,809)</u>
<b>Expenditures:</b>				
Current:				
Support services:				
General Administration	40,000	40,000	15,231	24,769
Operation & Maintenance of Plant	6,651,358	7,034,434	2,766,145	4,268,289
Capital outlay	<u>2,490,000</u>	<u>2,490,000</u>	<u>316,096</u>	<u>2,173,904</u>
<b>Total expenditures</b>	<u>9,181,358</u>	<u>9,564,434</u>	<u>3,097,472</u>	<u>6,466,962</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(6,029,858)	(6,412,934)	(46,781)	6,366,153
<i>Beginning cash balance budgeted</i>	6,029,858	6,412,934	-	(6,412,934)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>6,572,620</u>	<u>6,572,620</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>6,525,839</u>	<u>\$ 6,525,839</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			33,634	
Change in due from other governments			31,264	
Change in payables			7,828	
Change in deferred property taxes			<u>(12,830)</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 6,585,735</u>	

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## NONMAJOR GOVERNMENTAL FUNDS

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

**Nonmajor Special Revenue Funds**

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

- Food Service** (Fund No. 21000) Minimum Balance: None  
This program provides financing for the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-4, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 stat. 889, as amended; 84 stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 stat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 stat. 3341; Public Law 100-71, 101 stat. 430.
- Athletics** (Fund No. 22000) Minimum Balance: None  
This fund provides financing for school athletic activities. Funding is provided by fees from patrons.
- Preschool IDEA-B** (Fund No. 24109) Minimum Balance: None  
The Preschool program is for the purpose of enhancing Special Education for handicapped children from ages 3 to 5. The program is funded by the United States government, under the Individuals With Disabilities Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, and 101-476.
- IDEA-B Student Success** (Fund No. 24132) Minimum Balance: None  
The purpose of this grant award is to support activities included in the school's Educational Plan for Student Success, or areas in need of improvement, identified through the instructional audit. The program is funded by the United States government, under the Individuals with Disabilities Act, Public Law 108-446 Part B.
- Title III English Language** (Fund No. 24153) Minimum Balance: None  
To ensure that limited English proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same standards as all children and youth are expected to meet; to provide assistance to Native American, Native Hawaiian, Native American Pacific Islander, and Alaskan native children with certain modifications relative to the unique status of native American language under Federal Law; to develop to the extent possible, the native language skills of such children. The fund is authorized through the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101,3129.
- Title II Teacher Quality** (Fund No. 24154) Minimum Balance: None  
To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in the academic achievement. Authorization is granted through the Elementary and Secondary Education Act of 1965, as amended, Title II, Part A, Public Law 107-110.
- Rural & Low-Income Schools** (Fund No. 24160) Minimum Balance: None  
To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act, Title VI, Part B.
- Title XIX Medicaid** (Fund No. 25153) Minimum Balance: None  
To provide financial assistance from the Federal government which flows-through the State of New Mexico to school districts, for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women and the aged who meet income and resource requirements, and other categorically-eligible groups. The program is funded by the U.S. government under the Social Security Act, Title XIX, as amended; Public Laws 92-223, 92-602, 93-66, 93-233, 96-499, 97-35, 97-2248, 98-369, 99-272, 99-509, 100-93, 100-202, 100-203, 100-360, 100-436, 100-485, 100-647, 101-166, 101-234, 101-239, 101-508, 101-517, 102-234, 102-170, 102-394, 103-66, 103-14, 103-333, 104-91, 104-191, 104-193, 104-208, and 104-134; Balanced Budget Act of 1997, Public Law 105-33.
- Dual Credit Instructional Materials** (Fund No. 27103) Minimum Balance: None  
To be used for courses approved by Higher Education Department (HED) and through a college/university for which the district has an approved agreement.
- Library Go Bonds 2012** (Fund No. 27107) Minimum Balance: None  
Funds to be used for library books and library resources for public school libraries statewide. Library resources include computers, software, projectors, televisions, other related hardware and software, shelving, desks, chairs, and book trucks/carts. Senate Bill 66, Laws of 2012, 2nd Session, Chapter 54, Section 10.B.(3).

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

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

- Reads To Lead** (Fund No. 27114) Minimum Balance: None  
Provides an aligned approach for districts and schools to ensure that children can read by the end of third grade—giving them essential skills for future career and college success. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators.
- Breakfast For Elementary Students** (Fund No. 27155) Minimum Balance: None  
To provide elementary students with the nutrition necessary to facilitate learning.
- NM Grown** (Fund No. 27183) Minimum Balance: None  
Funds under this award are to be used to purchase locally grown New Mexico fresh fruits and vegetables, to be made available at no charge to students. Funds have been received as appropriation through the General Appropriations Act to distribute to school districts and charter schools.
- STEM/HARD To Staff** (Fund No. 27195) Minimum Balance: None  
The purpose of these funds is to provide a \$5,000 stipend per year to 125 highly effective STEM teachers to teach Science, Technology, Engineering, or Mathematics (grades 7-12) for two years to serve in hard to staff (low performing CD/F), rural, urban) schools. These funds can be used as a stipend to recruit these hard-to-staff experts to teach in hard to staff schools or to attract and retain these teachers in low-performing schools. The New Mexico Public Education Department's (PED's) Math and Science and Licensure Bureaus are issuing this RFI to all New Mexico public school districts, state chartered schools and state-supported schools that have been determined as "hard to staff".

**Nonmajor Capital Projects Funds**

- Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.
- Special Capital Outlay – State** (Fund No. 31400) Minimum Balance: None  
This fund provides financing for special appropriation monies received from the State of New Mexico under Chapter 367, Laws of 1993.
- State SB-9 Match** (Fund No. 31700) Minimum Balance: None  
To account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico's State Equalization Matching as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).

**Nonmajor Debt Service Funds**

- Debt service funds are used to account for the payment of principal and interest on long-term debt. Debt Service revenues are from taxes and other operating revenues, some of which are pledged specifically to repay certain outstanding bond issues.
- Debt Service** (Fund No. 41000) Minimum Balance: None  
The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.



STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

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

	<b>Special Revenue Funds</b>					
	Dual Credit	Libraries GO	Reads to	Breakfast for	STEM/HARD	
	Instructional	Bond 2012	Leads	Elementary	to Staff	
	Materials	Fund #27107	Fund #27114	Students	Fund #27183	Fund #27195
	Fund #27103	Fund #27107	Fund #27114	Fund #27155	Fund #27183	Fund #27195
<b>Assets</b>						
Cash and cash equivalents	\$ 195,934	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:						
Property taxes	-	-	-	-	-	-
Grant	-	-	-	-	-	-
Food inventory	-	-	-	-	-	-
<b>Total assets</b>	\$ 195,934	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Liabilities, deferred inflows and fund balance</b>						
Liabilities:						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred inflows of resources:						
Delinquent property taxes	-	-	-	-	-	-
Fund balance:						
Non-spendable:						
Inventories	-	-	-	-	-	-
Restricted for:						
Special revenue funds	195,934	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total fund balance	195,934	-	-	-	-	-
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	\$ 195,934	\$ -	\$ -	\$ -	\$ -	\$ -

( cont'd; 2 of 3 )

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

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

	<u>Capital Project Funds</u>					
	Total Non-Major Special Revenue Funds	Special Capital Outlay - State Fund #31400	State SB-9 Match Fund #31700	Total Non-Major Capital Projects Funds	Debt Service Fund #41000	Total Nonmajor Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 451,140	\$ -	\$ -	\$ -	\$ 4,403	\$ 455,543
Receivables:						
Property taxes	-	-	-	-	2,735	2,735
Grant	74,353	-	-	-	-	74,353
Food inventory	<u>13,829</u>	-	-	-	-	<u>13,829</u>
<b>Total assets</b>	<u>\$ 539,322</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,138</u>	<u>\$ 546,460</u>
<b>Liabilities, deferred inflows and fund balance</b>						
Liabilities:						
Due to other funds	<u>\$ 72,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,150</u>
Deferred inflows of resources:						
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>787</u>	<u>787</u>
Fund balance:						
Non-spendable:						
Inventories	13,829	-	-	-	-	13,829
Restricted for:						
Special revenue funds	453,343	-	-	-	-	453,343
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,351</u>	<u>6,351</u>
Total fund balance	<u>467,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,351</u>	<u>473,523</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ 539,322</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,138</u>	<u>\$ 546,460</u>

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STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

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

Special Revenue Funds

	<u>Food Service Fund #21000</u>	<u>Athletics Fund #22000</u>	<u>Preschool IDEA-B Fund #24109</u>	<u>IDEA-B Student Success Fund #24132</u>	<u>Title III English Language Fund #24153</u>
<b>Revenues:</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	1,387,798	-	46,299	115,721	21,320
Intergovernmental - state grants	-	-	-	-	-
Contributions - private grants	-	13,456	-	-	-
Charges for services	384,539	233,294	-	-	-
Investment and interest income	28	-	-	-	-
Miscellaneous	<u>684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<u>1,773,049</u>	<u>246,750</u>	<u>46,299</u>	<u>115,721</u>	<u>21,320</u>
<b>Expenditures:</b>					
Current:					
Instruction	-	224,588	5,117	115,721	20,778
Support services:					
Students	-	-	1,265	-	-
General Administration	-	-	1,081	-	418
School Administration	-	-	38,836	-	124
Operation & Maintenance of Plant	-	-	-	-	-
Food services operations	1,729,215	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>1,729,215</u>	<u>224,588</u>	<u>46,299</u>	<u>115,721</u>	<u>21,320</u>
<i>Excess of revenues over expenditures</i>	43,834	22,162	-	-	-
<b>Fund balance at beginning of the year</b>	<u>12,586</u>	<u>192,656</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ 56,420</u>	<u>\$ 214,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

( cont'd; 1 of 4 )

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

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

**Special Revenue Funds**

	Title II Teacher Quality Fund #24154	Rural & Low- Income Schools Fund #24160	Title XIX Medicaid Fund #25153	Dual Credit Instructional Materials Fund #27103	Libraries GO Bond 2012 Fund #27107
<b>Revenues:</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	108,912	-	394,628	-	-
Intergovernmental - state grants	-	-	-	12,025	-
Contributions - private grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<u>108,912</u>	<u>-</u>	<u>394,628</u>	<u>12,025</u>	<u>-</u>
<b>Expenditures:</b>					
Current:					
Instruction	106,370	-	-	12,025	-
Support services:					
Students	-	-	211,680	-	-
General Administration	2,542	-	5,547	-	-
School Administration	-	-	20,399	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Food services operations	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<u>108,912</u>	<u>-</u>	<u>237,626</u>	<u>12,025</u>	<u>-</u>
<i>Excess of revenues over expenditures</i>	-	-	157,002	-	-
<b>Fund balance at beginning of the year</b>	-	-	<u>38,932</u>	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,934</u>	<u>\$ -</u>	<u>\$ -</u>

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STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

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

	<b>Special Revenue Funds</b>				Total Nonmajor Special Revenue Funds
	Reads to Leads Fund #27114	Breakfast for Elementary Students Fund #27155	NM Grown Fund #27183	STEM/HARD to Staff Fund #27195	
<b>Revenues:</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	-	-	-	-	2,074,678
Intergovernmental - state grants	-	19,722	773	-	32,520
Contributions - private grants	-	-	-	-	13,456
Charges for services	-	-	-	-	617,833
Investment and interest income	-	-	-	-	28
Miscellaneous	-	-	-	-	684
<b>Total revenues</b>	<u>-</u>	<u>19,722</u>	<u>773</u>	<u>-</u>	<u>2,739,199</u>
<b>Expenditures:</b>					
Current:					
Instruction	-	-	-	-	484,599
Support services:					
Students	-	-	-	-	212,945
General Administration	-	-	-	-	9,588
School Administration	-	-	-	-	59,359
Operation & Maintenance of Plant	-	-	-	-	-
Food services operations	-	19,722	773	-	1,749,710
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>19,722</u>	<u>773</u>	<u>-</u>	<u>2,516,201</u>
<i>Excess of revenues over expenditures</i>	-	-	-	-	222,998
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,174</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 467,172</u>

( cont'd; 3 of 4 )



STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

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

	Capital Project Funds				Total
	Special Capital Outlay - State Fund #31400	State SB-9 Match Fund #31700	Total Nonmajor Capital Projects Funds	Debt Service Fund #41000	Nonmajor Governmental Funds
<b>Revenues:</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ 2,345	\$ 2,345
Oil and gas	-	-	-	76	76
Intergovernmental - federal grants	-	-	-	-	2,074,678
Intergovernmental - state grants	300,000	86,859	386,859	-	419,379
Contributions - private grants	-	-	-	-	13,456
Charges for services	-	-	-	-	617,833
Investment and interest income	-	-	-	-	28
Miscellaneous	-	-	-	-	684
<b>Total revenues</b>	300,000	86,859	386,859	2,421	3,128,479
<b>Expenditures:</b>					
Current:					
Instruction	-	-	-	-	484,599
Support services:					
Students	-	-	-	-	212,945
General Administration	-	-	-	4	9,592
School Administration	-	-	-	-	59,359
Operation & Maintenance of Plant	-	86,859	86,859	-	86,859
Food services operations	-	-	-	-	1,749,710
Capital outlay	300,000	-	300,000	-	300,000
<b>Total expenditures</b>	300,000	86,859	386,859	4	2,903,064
<i>Excess of revenues over expenditures</i>	-	-	-	2,417	225,415
<b>Fund balance at beginning of the year</b>	-	-	-	3,934	248,108
<b>Fund balance at end of the year</b>	\$ -	\$ -	\$ -	\$ 6,351	\$ 473,523

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NONMAJOR GOVERNMENTAL FUNDS  
BUDGETARY PRESENTATION

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 1,173,000	\$ 1,273,000	\$ 1,259,901	\$ (13,099)
Charges for services	383,722	383,722	384,539	817
Investment and interest income	-	-	28	28
Miscellaneous	-	-	684	684
<b>Total revenues</b>	1,556,722	1,656,722	1,645,152	(11,570)
<b>Expenditures:</b>				
Current:				
Food services operations	1,556,722	1,656,722	1,604,776	51,946
<i>Excess of revenues over expenditures</i>	-	-	40,376	40,376
<b>Fund balance at beginning of the year</b>	-	-	12,586	12,586
<b>Fund balance at end of the year</b>	\$ -	\$ -	52,962	\$ 52,962
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in inventory			5,140	
Change in grant receivable			(1,809)	
Change in payables			127	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 56,420	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

ATHLETICS FUND - NO. 22000  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Contributions - private grants	\$ 2,000	\$ 2,000	\$ 13,456	\$ 11,456
Charges for services	165,000	165,000	233,294	68,294
<b>Total revenues</b>	167,000	167,000	246,750	79,750
<b>Expenditures:</b>				
Current:				
Instruction	364,217	362,612	227,544	135,068
<i>Excess (deficiency) of revenues over expenditures</i>	(197,217)	(195,612)	19,206	214,818
<i>Beginning cash balance budgeted</i>	197,217	195,612	-	(195,612)
<b>Fund balance at beginning of the year</b>	-	-	192,656	192,656
<b>Fund balance at end of the year</b>	\$ -	\$ -	211,862	\$ 211,862
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			2,956	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 214,818	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

PRESCHOOL IDEA-B FUND - NO. 24109  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 43,829	\$ 69,937	\$ 47,858	\$ (22,079)
<b>Expenditures:</b>				
Current:				
Instruction	5,477	5,684	5,117	567
Support services:				
Students	2,850	6,850	1,265	5,585
General Administration	1,039	1,640	1,081	559
School Administration	<u>34,463</u>	<u>55,763</u>	<u>38,836</u>	<u>16,927</u>
<b>Total expenditures</b>	<u>43,829</u>	<u>69,937</u>	<u>46,299</u>	<u>23,638</u>
<i>Excess of revenues over expenditures</i>	-	-	1,559	1,559
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	1,559	<u>\$ 1,559</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>(1,559)</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

IDEA-B STUDENT SUCCESS FUND - NO. 24132  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 150,000	\$ 150,000	\$ 115,711	\$ (34,289)
<b>Expenditures:</b>				
Current:				
Instruction	150,000	150,000	115,721	34,279
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(10)	(10)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	(10)	\$ (10)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			10	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

TITLE III ENGLISH LANGUAGE FUND - NO. 24153  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 16,458	\$ 30,302	\$ 23,412	\$ (6,890)
<b>Expenditures:</b>				
Current:				
Instruction	15,426	28,999	20,779	8,220
Support services:				
General Administration	323	594	418	176
School Administration	709	709	124	585
<b>Total expenditures</b>	16,458	30,302	21,321	8,981
<i>Excess of revenues over expenditures</i>	-	-	2,091	2,091
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	2,091	\$ 2,091
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(2,091)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	



STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 120,201	\$ 154,181	\$ 130,952	\$ (23,229)
<b>Expenditures:</b>				
Current:				
Instruction	117,396	150,583	106,370	44,213
Support services:				
General Administration	2,805	3,598	2,542	1,056
<b>Total expenditures</b>	120,201	154,181	108,912	45,269
<i>Excess of revenues over expenditures</i>	-	-	22,040	22,040
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	22,040	\$ 22,040
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(22,040)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 21,802	\$ 21,802	\$ 8,893	\$ (12,909)
<b>Expenditures:</b>				
Current:				
Instruction	21,802	21,802	-	21,802
<i>Excess of revenues over expenditures</i>	-	-	8,893	8,893
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	8,893	\$ 8,893
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(8,893)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

TITLE XIX MEDICAID FUND - NO. 25153  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 243,887	\$ 322,887	\$ 394,628	\$ 71,741
<b>Expenditures:</b>				
Current:				
Support services:				
Students	221,197	294,397	211,680	82,717
General Administration	5,702	7,502	5,547	1,955
School Administration	<u>142,068</u>	<u>59,920</u>	<u>20,399</u>	<u>39,521</u>
<b>Total expenditures</b>	<u>368,967</u>	<u>361,819</u>	<u>237,626</u>	<u>124,193</u>
<i>Excess (deficiency) of revenues     over expenditures</i>	(125,080)	(38,932)	157,002	195,934
<i>Beginning cash balance budgeted</i>	125,080	38,932	-	(38,932)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>38,932</u>	<u>38,932</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>195,934</u>	<u>\$ 195,934</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			<u>-</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u><u>\$ 195,934</u></u>	

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ 12,025	\$ 12,025	\$ -
<b>Expenditures:</b>				
Current:				
Instruction	-	12,025	12,025	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

LIBRARIES GO BOND 2012 FUND - NO. 27107

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 10,858	\$ 11,144	\$ 6,700	\$ (4,444)
<b>Expenditures:</b>				
Current:				
Support services:				
Instruction	10,858	11,144	-	11,144
<i>Excess of revenues over expenditures</i>	-	-	6,700	6,700
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	6,700	\$ 6,700
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(6,700)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

READS TO LEADS FUND - NO. 27114  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
 Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ -	\$ 17,354	\$ 17,354
<b>Expenditures:</b>				
Current:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	17,354	17,354
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	17,354	<u>\$ 17,354</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(17,354)	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

BREAKFAST FOR ELEMENTARY STUDENTS FUND - NO. 27155  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ 19,722	\$ 29,761	\$ 10,039
<b>Expenditures:</b>				
Current:				
Food services operations	-	<u>19,722</u>	<u>19,722</u>	-
<i>Excess of revenues over expenditures</i>	-	-	10,039	10,039
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	10,039	<u>\$ 10,039</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			<u>(10,039)</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

NM GROWN FUND - NO. 27183  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ 6,000	\$ 773	\$ (5,227)
<b>Expenditures:</b>				
Current:				
Food services operations	-	6,000	773	5,227
<i>Excess of revenues over expenditures</i>	-	-	-	-
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	



STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

STEM/HARD TO STAFF FUND - NO. 27195

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ -	\$ 21,537	\$ 21,537
<b>Expenditures:</b>				
Current:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	21,537	21,537
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	21,537	<u>\$ 21,537</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(21,537)	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

SPECIAL CAPITAL OUTLAY - STATE FUND - NO. 31400  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ 300,000	\$ 575,000	\$ 275,000
<b>Expenditures:</b>				
Capital outlay	-	300,000	300,000	-
<i>Excess of revenues over expenditures</i>	-	-	275,000	275,000
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	275,000	<u>\$ 275,000</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(275,000)	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ 174,566	\$ 86,859	\$ (87,707)
<b>Expenditures:</b>				
Current:				
Support services:				
Operation & Maintenance of Plant	-	174,566	86,859	87,707
<i>Excess of revenues over expenditures</i>	-	-	-	-
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
ARTESIA PUBLIC SCHOOLS

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ -	\$ -	\$ 397	\$ 397
Oil and gas	-	-	81	81
<b>Total revenues</b>	-	-	478	478
<b>Expenditures:</b>				
Current:				
Support services:				
General Administration	-	100	4	96
Debt service:				
Debt service reserves	3,922	3,822	-	3,822
<b>Total expenditures</b>	3,922	3,922	4	3,918
<i>Excess (deficiency) of revenues over expenditures</i>	(3,922)	(3,922)	474	4,396
<i>Beginning cash balance budgeted</i>	3,922	3,922	-	(3,922)
<b>Fund balance at beginning of the year</b>	-	-	3,934	3,934
<b>Fund balance at end of the year</b>	\$ -	\$ -	4,408	\$ 4,408
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			2,723	
Change in due from other governments			(4)	
Change in deferred property taxes			(776)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 6,351	

## STATE REQUIRED DISCLOSURES

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

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

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

Activity		Balance				Balance
<u>Fund</u>	<u>ASSETS</u>	<u>June 30, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>		<u>June 30, 2017</u>
23700	Interest on Investments	\$ 9,163	\$ 1	\$ -		\$ 9,164
23701	Red Ribbon Campaign	185	-	-		185
23704	Book Fund	6,356	2,400	49		8,707
23705	Elementary Art Program	123	-	-		123
23706	General Fund	1,674	-	180		1,494
23707	Gifted Programs	1,109	-	-		1,109
23708	Cafeteria General	-	4,191	3,200		991
23711	AIS PTO	8,804	10,565	12,647		6,722
23712	Summer School	42,695	(40,041)	350		2,304
23713	Snack Bar	740	-	-		740
23714	Yeso General	8,254	11,505	7,101		12,658
23715	Central Memorial	2,467	7,565	7,499		2,533
23716	Central General	7,503	2,036	606		8,933
23717	Central Special Account	239	60	-		299
23718	Grand Heights General	22,138	20,084	25,226		16,996
23719	Golf Boosters	1,359	9,982	10,614		727
23720	Hermosa General	1,906	6,752	5,368		3,290
23721	Hermosa PTO	14,800	33,996	32,452		16,344
23722	Penasco General	442	30	47		425
23723	AHS Paw Prowlers	516	647	340		823
23724	Roselawn General	5,184	15,442	12,679		7,947
23725	Elementary Science	320	-	-		320
23726	Yucca General	2,574	8,521	5,663		5,432
23728	AHS Boys A Club	13,947	14,118	12,594		15,471
23729	AHS Track Team	8,134	40,992	37,115		12,011
23730	AHS Girls A Club	223	-	-		223
23732	Lou Smith Scholarship	49	906	500		455
23733	J. Clark Bruce Scholarship	26	-	-		26
23734	Estell Yates Special	2,278	32,373	34,130		521
23735	Navajo Pie	495	20,601	13,180		7,916
23736	Mack Chase Scholarship	5,433	2,500	5,000		2,933
23737	AHS Arts and Crafts	2,301	65	-		2,366
23738	AHS Annual Fund	3,828	8,125	6,697		5,256
23739	AJHS Paw Prints	1	-	-		1
23740	AHS Band Fund	12,297	14,630	14,173		12,754
23741	AHS Baseball Boosters	5,661	7,086	5,162		7,585
23742	AHS Beacon	2,440	500	249		2,691
23743	AHS Girls Basketball	2,246	6,031	6,001		2,276
23744	AHS Tennis	7,226	-	1,263		5,963
23745	AHS Boys Basketball Camp	252	11,871	7,994		4,129
23746	AHS Cheerleaders	4,283	42,599	34,617		12,265
23747	Yeso Library	\$ 3,170	\$ 121	\$ 980		\$ 2,311

( cont'd; 1 of 4 )

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

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

Activity		Balance				Balance
<u>Fund</u>	<u>ASSETS</u>	<u>June 30, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>		<u>June 30, 2017</u>
23748	AHS Chorus	\$ 22,798	\$ 135,503	\$ 131,624		\$ 26,677
23749	AHS Night Classes	1,692	-	-		1,692
23750	Workbook Fees	5,147	-	-		5,147
23754	PY Foundation/Science Services	-	191,590	45,273		146,317
23752	Class Of 2014	7,999	-	2,909		5,090
23753	Class Of 2013	2,754	3,320	302		5,772
23755	RDC Scholarship	2,416	-	-		2,416
23756	Class of 2015	3,513	14,290	13,777		4,026
23757	Chase Special Projects	282,140	3,484	72,278		213,346
23758	AHS Rodeo	13,930	2,896	2,533		14,293
23759	AHS Cross Country	-	2,230	1,787		443
23760	AHS Girls Soccer	6,144	450	-		6,594
23761	Boys Soccer	3,149	11,970	6,965		8,154
23762	Drivers Education	24,703	(22,460)	776		1,467
23763	AHS DECA	1,895	21,034	18,266		4,663
23764	AHS FFA	15,658	89,629	91,522		13,765
23765	AHS Volleyball	1,408	18,655	17,460		2,603
23766	Grads Activity	3,927	953	586		4,294
23767	AHS Football Boosters	7,552	13,896	7,816		13,632
23768	AHS Football Playoffs	18,366	45,041	46,897		16,510
23769	AHS General	601	3,418	2,884		1,135
23772	AHS Honor Society	492	2,945	2,003		1,434
23773	Athletic General	31,512	10,538	27,204		14,846
23774	AHS Industrial Arts	3,891	3,456	1,978		5,369
23775	Grads Co-Pay	10,368	-	-		10,368
23776	AHS Library	7,367	10,049	7,666		9,750
23777	FCA	1,298	-	-		1,298
23778	AHS Drama Masques	17,732	6,277	6,520		17,489
23779	Kaci Houghtaling	1,088	-	-		1,088
23780	AHS Ideal NM	1,687	563	2,250		-
23781	Yeso Thunderbirds	1,500	5,000	-		6,500
23782	AHS BPA	679	2,845	3,108		416
23783	Scholarship Fund	18,194	39,575	48,500		9,269
23784	AHS International Club	62	-	-		62
23785	AHS Special Education	5,158	-	512		4,646
23786	AHS Student Council	2,706	825	302		3,229
23787	AHS Swimming Fund	8,239	10,478	12,227		6,490
23788	AHS Vocational Ag	145	2,971	1,945		1,171
23789	AHS Concessions	25,475	56,701	44,247		37,929
23790	AHS Auto Mechanics	2,527	3,250	3,673		2,104
23791	Girls Softball	5,095	20,307	17,291		8,111
23792	AHS Testing	\$ 2,912	\$ 12,752	\$ 12,925		\$ 2,739

( cont'd; 2 of 4 )

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

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

Activity		Balance				Balance
<u>Fund</u>	<u>ASSETS</u>	<u>June 30, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>		<u>June 30, 2017</u>
23793	AJHS Activity	\$ 34,554	\$ 25,000	\$ 9,859		\$ 49,695
23794	AJHS Annual	5,019	3,701	5,799		2,921
23795	AJHS Concessions	16,536	14,606	12,445		18,697
23796	AJHS Arts and Crafts	6,177	885	-		7,062
23797	AJHS Band	-	1,545	1,379		166
23798	AJHS Cheerleaders	12,106	18,198	16,854		13,450
23799	AJHS FACS	2,537	4,189	3,608		3,118
23800	AJHS General	11,119	5,512	6,408		10,223
23801	AJHS Football	5	-	-		5
23802	AJHS Honor Society	102	2,261	1,755		608
23803	AJHS Border Conference	40	4,280	4,320		-
23804	AJHS Industrial Arts	7,865	3,139	3,372		7,632
23805	AJHS Track	1,050	8	186		872
23806	AJHS Library	4,018	1,092	2,645		2,465
23807	AIS Boys Athletics	164	-	-		164
23808	AHS NM MESA	5,629	2,262	8		7,883
23809	APS Transportation	944	-	944		-
23810	AJHS Student Council	332	-	56		276
23812	AIS General	10,466	6,107	11,210		5,363
23813	AIS Library	579	751	181		1,149
23814	District 4-AAA	1,988	7,386	7,483		1,891
23815	AIS Grants	6	-	-		6
23816	AIS Vending	4,702	4,977	7,439		2,240
23817	AIS Band	6,752	24,411	20,821		10,342
23818	5th Grade Choir	5,885	9,900	6,965		8,820
23819	AIS Student Council	3,318	1,105	686		3,737
23821	AIS Chorus	20,458	41,522	39,302		22,678
23822	Children First	14	-	-		14
23823	AIS Art	3,088	2,113	3,397		1,804
23824	AIS Girls Athletics	731	-	-		731
23825	NMAA District Chair	7,048	8,850	9,153		6,745
23826	AHS Bowling	6,606	-	2,670		3,936
23829	Yeso PTO	33,188	36,605	34,155		35,638
23830	Roselawn PTO	3,910	7,406	1,513		9,803
23831	Yucca PTO	3,250	18,264	15,115		6,399
23832	Penasco PTO	8,369	5,876	5,039		9,206
23833	Rachel's Challenge	620	-	-		620
23834	LG Henerson	12,605	1,000	2,000		11,605
23835	Estel Yates II	2,862	-	-		2,862
23836	GH Morgan	47	-	-		47
23837	AIS Annual	3,863	5,900	1,950		7,813
23838	AHS Science	10	-	9		1
23839	Carol Tolle Scholarship	\$ 29,511	\$ 5,000	\$ 2,000		\$ 32,511

( cont'd; 3 of 4 )



STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

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

Activity		Balance			Balance
<u>Fund</u>	<u>ASSETS</u>	<u>June 30, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>June 30, 2017</u>
23840	PFS Activity	\$ 40	\$ -	\$ -	\$ 40
23841	Band All-State/Camp	642	16,850	3,051	14,441
23842	Masters Program	11,281	61,127	71,722	686
23843	Assets	-	257	-	257
23844	AJHS Navajo	7,822	-	1,924	5,898
23845	AHS Girls Soccer Booster	23,997	18,485	14,784	27,698
23846	AJHS Basketball Activity	355	1,686	2,041	-
23847	Tennis Booster	6,218	-	-	6,218
23900	NMPSIA	172	-	-	172
23920	Special Projects	1,742	-	-	1,742
23849	Educators Rising	-	1,250	-	1,250
		<u>-</u>	<u>1,250</u>	<u>-</u>	<u>1,250</u>
	Pooled cash and investments	<u>\$ 1,117,102</u>	<u>\$ 1,394,191</u>	<u>\$ 1,293,930</u>	<u>\$ 1,217,363</u>
 <u>LIABILITIES</u>					
	Deposits held for others	<u>\$ 1,117,102</u>	<u>\$ 1,394,191</u>	<u>\$ 1,293,930</u>	<u>\$ 1,217,363</u>

( 4 of 4 )

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

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

	<u>Western Bank</u>	<u>First American Bank</u>	<u>Artesia Credit Union</u>	<u>Total</u>
<b>Cash on deposit at June 30, 2017:</b>				
Checking and savings	\$ 6,602,164	\$ 22,940,047	\$ 5,256	\$ 29,547,467
Less: FDIC coverage	<u>(250,000)</u>	<u>(250,000)</u>	<u>(5,256)</u>	<u>(505,256)</u>
Uninsured funds	<u>\$ 6,352,164</u>	<u>\$ 22,690,047</u>	<u>\$ -</u>	<u>\$ 29,042,211</u>
<b>Amount requiring pledged collateral:</b>				
50% collateral requirement	\$ 3,176,082	\$ 11,345,024	\$ -	\$ 14,521,106
Pledged collateral	<u>6,258,749</u>	<u>15,538,896</u>	<u>-</u>	<u>21,797,645</u>
Excess (deficiency) of pledged collateral	<u>\$ 18,621,563</u>	<u>\$ 4,193,872</u>	<u>\$ -</u>	<u>\$ 7,276,539</u>

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

<u>Western Bank:</u>	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
Los Lunas, NM	7/15/2021	545562PH7	\$ 350,000
Los Lunas, NM	7/15/2021	545562PH7	195,000
Artesia, NM	6/1/2027	04310LAT7	353,250
UNM Gallup	10/15/2023	914684DW2	251,105
FNMA	3/1/2038	3138EHXR2	127,864
FNMA	6/27/2018	31412SKY0	700,363
FFCB	12/22/2021	3136G0QL8	2,009,686
FNMA	5/26/2021	3133EEFR6	1,000,229
FHLB	3/23/2018	3133G05J6	15,494
FHLB	6/11/2021	3133XEX79	1,148,974
FHLMC	10/1/2029	3128P7MW0	106,784
			<u>\$ 6,258,749</u>

The above securities are held at Bank of New York Mellon, New York City, NY.

<u>First American Bank:</u>	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
Albuquerque Met Flo Nm 17	8/1/2017	013572JD5	\$ 560,806
Artesia-Ref Nm 17	8/1/2017	04310KAT9	1,476,342
Gallup McKinley Sd#1 Nm 17	8/1/2017	364010NS3	200,570
San Juan Iso #22-Bldg Nm 18	8/1/2018	798359HQ1	902,034
Taos Sd #1-Ed Tech Nt Nm 19	9/1/2019	876014FE6	584,594
Albuquerque Sd #12-A Nm 19	8/1/2019	013595QN6	208,014
Grants Etc Co Sd 1-A Nm 20	11/15/2020	388240FZ1	813,304
Albuquerque Sd 12 Nm 22	8/1/2022	013595LM3	2,113,920
Alamogordo Muni Sd#1 Nm 2	8/1/2023	011464HL 1	817,592
Torrance Etc Cntys Nm 23	9/1/2023	891400NS8	365,255
FNMA	7/1/2024	31418BFN1	1,108,082
Clovis Mun Sd #1 Nm 24	8/1/2024	189414JA4	662,155
Ruidoso-Ref Nm 25	6/1/2025	781346DP3	273,856
Belen Sd #2-Bldg Nm 25	8/1/2025	077581PT7	739,858
FNMA	12/1/2029	3138ENYB9	1,169,348
Mc Kinley Gross Rcpts Nm ::	6/1/2030	581615DR9	520,072
Dona Ana Co Nm 30	9/1/2030	257579DC3	480,497
FNMA	1/1/2032	31410LQE5	1,153,601
FNMA	8/1/2036	3138ELZ97	966,024
GNMA	2/20/2042	36225FLV9	422,972
			<u>\$ 15,538,896</u>

The above securities are held at Federal Home Loan Bank in Dallas, TX.

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

CASH RECONCILIATION  
Year Ended June 30, 2017

	Beginning Cash	Receipts	Distributions	Other	Net Cash End of Period	Adjustments to the report	Total Cash on Report
Operations	\$ 4,359,150	\$ 27,440,308	\$ 28,945,332	\$ -	\$ 2,854,126	\$ (413,758) <sup>(2)</sup>	\$ 2,440,368
Teacherage	241,000	134,146	93,692	-	281,454	-	281,454
Transportation	-	1,151,900	1,151,900	-	-	-	-
Instructional Materials	127,524	200,817	266,471	-	61,870	-	61,870
Food Services	13	1,645,151	1,604,776	-	40,388	-	40,388
Athletics	195,612	246,750	227,544	-	214,818	-	214,818
Federal Flowthrough Funds	(538,274)	1,804,636	1,595,766	-	(329,404)	329,404 <sup>(1)</sup>	-
Federal Direct Funds	38,932	394,628	237,626	-	195,934	-	195,934
State Flowthrough Funds	(212,018)	547,443	419,779	-	(84,354)	84,354 <sup>(1)</sup>	-
Special Capital Outlay - State	(275,000)	575,000	300,000	-	-	-	-
Capital Improvements HB-33	25,085,021	7,629,234	16,599,865	-	16,114,390	-	16,114,390
State SB-9 Match	-	86,859	86,859	-	-	-	-
Capital Improvements SB-9	6,412,934	3,050,692	3,097,473	-	6,366,153	-	6,366,153
Debt Service	3,928	479	4	-	4,403	-	4,403
Agency Funds	1,117,102	1,394,176	1,293,915	-	1,217,363	-	1,217,363
<b>Total</b>	<b>\$ 36,555,924</b>	<b>\$ 46,302,219</b>	<b>\$ 55,921,002</b>	<b>\$ -</b>	<b>\$ 26,937,141</b>	<b>\$ -</b>	<b>\$ 26,937,141</b>

  

Account Name	Account Type	Bank Name	Bank Amount	Adjustments to report:
Operational	Checking - Interest	Western Bank	\$ 6,574,874	Interfund loans payable - pooled cash <sup>(1)</sup> \$ 413,758
Operational	Money Market - Interest	Western Bank	27,290	Interfund loans receivable - pooled cash <sup>(2)</sup> (413,758)
Operational	Checking - Interest	First American Bank	33,087	Total adjustment to the report \$ -
Operational	Money Market - Interest	First American Bank	1,022	Adjustments to cash:
Cafeteria	Checking - Interest	First American Bank	130,160	Bank Balance \$ 29,547,467
Activities	Checking - Interest	First American Bank	1,223	Cash on hand -
Activities	Checking - Interest	Artesia Credit Union	5,256	Outstanding deposits 295
AP Clearing	Checking - Interest	First American Bank	1,072	Outstanding checks (2,610,621)
Capital improvement	Checking - Interest	First American Bank	22,271,552	Errors -
HB-33	Checking - Interest	First American Bank	1,931	Total adjusted cash \$ 26,937,141
Capital projects	Certificate of deposit	First American Bank	500,000	
			<u>\$ 29,547,467</u>	

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# 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

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

§

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

§

Summary Schedule of Prior Year Audit Findings

§

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

§

Required Disclosure

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

INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor  
The Board of Education and Audit Committee of  
Artesia Public Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Artesia Public Schools as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Artesia Public Schools' basic financial statements, and the combining and individual funds and related budgetary comparisons of Artesia Public Schools, presented as supplemental information, and have issued our report thereon dated October 6, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit, of the financial statements, we considered Artesia Public Schools' 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 Artesia Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Artesia Public Schools' 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 Artesia Public Schools' financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a *material weakness*, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and other matters**

As part of obtaining reasonable assurance about whether Artesia Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. We also noted a certain other matter that is required to be reported pursuant to *Government Auditing Standards* and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as finding 2017-001.

Tim Keller, State Auditor  
The Board of Education and Audit Committee of  
Artesia Public Schools

### Artesia Public Schools' Response to Findings

Artesia Public Schools responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Artesia Public Schools' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

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

*Accounting & Financial Solutions, LLC*  
Farmington, New Mexico  
October 6, 2017





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

INDEPENDENT AUDITOR'S REPORT

Tim Keller, State Auditor,  
The Board of Education and Audit Committee of  
Artesia Public Schools

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

We have audited Artesia Public Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Artesia Public Schools' major federal programs for the year ended June 30, 2017. Artesia Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

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

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

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

In our opinion, Artesia Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Tim Keller, State Auditor,  
The Board of Education and Audit Committee of  
Artesia Public Schools

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

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

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

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

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

*Accounting & Financial Solutions, LLC*  
Farmington, New Mexico  
October 6, 2017

SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS

STATE OF NEW MEXICO  
**ARTESIA PUBLIC SCHOOLS**

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

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed To Subrecipients</u>	<u>Cluster Programs</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Agriculture:</b>					
Direct Program:					
Forest Reserve	10.665	11000	\$ -		\$ 1,733
Pass-Through Program From:					
New Mexico Department of Education:					
<u>Child Nutrition Cluster:</u>					
USDA National School Lunch Program	10.555	21000	- \$	797,199	
USDA School Breakfast Program	10.553	21000	-	460,893	
Total Child Nutrition Cluster					1,258,092
New Mexico Human Service Department:					
USDA Commodities Program	10.565	21000	-		129,706
<i>Subtotal Pass-Through Programs</i>					1,387,798
<i>Total U.S. Department of Agriculture</i>					1,389,531
<b>U.S. Department of Education:</b>					
Pass-Through Programs From:					
New Mexico Department of Education:					
<u>Special Education (IDEA) Cluster:</u>					
Entitlement IDEA-B	84.027	24106	- \$	697,233	
Preschool IDEA-B	84.173	24109	-	46,299	
IDEA-B Student Success	84.276A	24132	-	115,721	
Total Special Education (IDEA) Cluster					859,253
Title I	84.010	24101	-		606,281
Title III English Language	84.365	24153	-		21,320
Title II Teacher Quality	84.367	24154	-		108,912
Rural & Low-Income Schools	84.358	24160	-		-
<i>Subtotal Pass-Through Programs</i>					1,595,766
<i>Total U.S. Department of Education</i>					1,595,766
<b>U.S. Department of Health and Human Services:</b>					
Pass-Through Program From:					
New Mexico Department of Health:					
Title XIX Medicaid	93.778	25153	-		237,626
Total Expenditures of Federal Awards			\$ -		\$ 3,222,923

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

**NOTES THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 YEAR ENDED JUNE 30, 2017

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

All federal grant operations of Artesia Public Schools (the “District”) are included in the scope of the Office of Management and Budget (“OMB”) Uniform Grant Guidance audit (the “Single Audit”). The Single Audit was performed in accordance with the provisions of the OMB Circular Compliance Supplement (Revised August 2017 the “Compliance Supplement”). Compliance testing of all requirements are described in the Compliance Supplement, was performed for the grants programs noted below. These programs represent all federal award programs and other grants with fiscal year 2017 cash and non-cash expenditures to ensure coverage of at least 20% (LOW risk auditee) of federally granted funds. Actual coverage is approximately 58% of total cash and non-cash federal award program expenditures. Total cash expenditures were in the amount of \$3,093,217 and all non-cash expenditures amounted to \$129,706.

<u>MAJOR FEDERAL PROGRAM</u>	<u>EXPENDITURE</u>
Cash Assistance:	
Child Nutrition (USDA) Cluster	\$ 1,258,092
Title I	<u>606,281</u>
Total	<u>\$ 1,864,373</u>

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

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

**2. Summary of significant accounting policies**

Basis of presentation

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

Accrued and deferred reimbursements

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

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

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

Federal Sources	\$ 3,421,054
Indirect costs from federal programs	(41,129)
Unexpended federal sources from current year	(195,934)
Prior year federal sources expended	<u>38,932</u>
Total Expenditures of Federal Awards	<u>\$ 3,222,923</u>

**NOTES THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 YEAR ENDED JUNE 30, 2017

**4. Unexpended Federal Awards**

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

	<u>CFDA #</u>	<u>FUND #</u>	Unexpended Awards			Total
			<u>Carryover</u> From PY	<u>2017</u> Awards	<u>Expended</u>	
Title XIX Medicaid	93.778	25153	<u>\$ 38,932</u>	<u>\$ 394,628</u>	<u>\$ (237,626)</u>	<u>\$ 195,934</u>

**5. Federal Awards Receivable**

There are federal programs that have not received reimbursement for expenditures made within those programs. The District expects to receive all reimbursement of federal awards in the following year. The following programs reported a receivable for the expenditures that had not been reimbursed as of June 30, 2017.

	<u>CFDA #</u>	<u>Fund #</u>	<u>Receivable</u>
Title I	84.010	24101	\$ 131,462
Entitlement IDEA-B	84.027	24106	125,792
Preschool IDEA-B	84.173	24109	13,379
IDEA-B Student Success	84.027A	24132	28,838
Title III English Language	84.365	24153	7,484
Title II Teacher Quality	84.367	24154	22,449
			<u>\$ 329,404</u>

**6. Indirect Costs**

The District has not elected to use the 10% de minimis indirect cost.

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

I. SUMMARY OF AUDIT RESULTS

	<u>Yes</u>	<u>No</u>	<u>Occurrences</u>
<b>FINANCIAL STATEMENTS:</b>			
Type of auditor's report issued: <u>Unmodified</u>			
Internal control over financial reporting:			
Material weakness(es) identified?	—	✓	—
Significant Deficiency(ies) identified?	—	✓	—
Noncompliance material to financial statements noted?	—	✓	—
<b>FEDERAL AWARDS:</b>			
Internal control over major programs:			
Material weakness(es) identified?	—	✓	—
Significant Deficiency(ies) identified?	—	✓	—
Type of auditor's report issued on compliance with major programs: <u>Unmodified</u>			
Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance?	—	✓	—
The programs treated as major programs include:			
<b><u>Name of Federal Program or Cluster</u></b>	<b><u>CFDA Number</u></b>		
Child Nutrition (USDA) Cluster	10.553 & 10.555		
Title I	84.010		
The threshold for distinguishing types A and B programs: <u>\$750,000</u>			
Auditee qualified as low-risk auditee?	✓	—	

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

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II. FINDINGS RELATED TO FINANCIAL STATEMENTS

2017 – 001 LATE DEPOSIT OF RECEIPTS

*Other matters*

Condition: During the review of cash receipts three, totaling \$4,290, of the thirty tested were not deposited into the bank within one banking day from the time of receipt. Two of the deposits were held 14 and 11 days before being deposited. The third could not be determined due to the receipt not being dated.

Criteria: NMAC 6.20.2.14(c) states that money received and receipted shall be deposited in the bank within 24 hours or one banking day.

Effect of condition: The District is in violation of NMAC 6.20.2.14(c). Cash retained by management for extended periods of time are susceptible to misuse or fraud.

Cause: Deposits at times were taking more than 24 hours to be deposited in the bank.

Recommendation: All staff involved in the collection of cash should be reminded periodically of the state law regarding cash deposits being deposited within one banking day.

Management's response: We are doing 2 trainings (fall & spring) with all of our activity club sponsors, coaches, secretaries and all staff that handle money. We go over the state law regarding timely cash deposits and all internal controls. Also, our Assistant Business Manager who handles the posting of revenue into our Accounting system is double checking that all deposits went into the bank on time. If we discover any that have not, we call that employee into the Central office and go over the state law regarding 24 hour deposits with them.

Responsible party(ies) for corrective action(s): Business Manager and Assistant Business Manager

Corrective action(s) timeline: Implemented.

III. AUDIT FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

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



## SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2017

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### I. NOT RESOLVED

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

### II. RESOLVED

2015 – 001 CONTROLS OVER CAPITAL ASSETS

*Current Status:* Resolved. Not repeated in the current year.

## REQUIRED DISCLOSURE

YEAR ENDED JUNE 30, 2017

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

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

### ARTESIA PUBLIC SCHOOLS

David Conklin	Member, Board of Education / Audit Committee / Finance Committee
Dr. Crit Caton	Superintendent; Member, Audit Committee, /Finance Committee
Thad Phipps	Assistant Superintendent; Member, Audit Committee / Finance Committee
J.R. Null	Assistant Superintendent; Member, Audit Committee / Finance Committee
Danny parker	Assistant Superintendent; Member, Audit Committee / Finance Committee
Janet Grice	Business Manager; Member, Audit Committee
Janet Grice	Business Manager; Member, Audit Committee

### ACCOUNTING & FINANCIAL SOLUTIONS, LLC

Terry Ogle, CPA	Partner
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