

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

INTRODUCTORY SECTION

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2017
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STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2017
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STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
OFFICIAL ROSTER
JUNE 30, 2017

<u>Name</u>		<u>Title</u>
	<u>Board of Education</u>	
Wayne Ritter		President
Roger R. Collins		Vice-President
Jimmy Dusenbery		Secretary
Ryan Lane		Member
Fran Dobey		Member
	<u>Administrative Officials</u>	
Kirk Carpenter		Superintendent
Gary Martinez		Business Manager

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Tim Keller
New Mexico State Auditor
The Office of Management and Budget
To the Board of Education
Aztec Municipal School District
Gallina, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general funds and major special revenue funds of Aztec Municipal School District, New Mexico, as of and for the year ended June 30, 2017, and related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 these financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is the express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Other Matters

Required Supplemental Information

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 44 be represented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standard 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.

Management has omitted *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America requires 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 Government Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

The combining and individual fund financial statements are the responsibility of management and were derived from and directly relate to the underlying accounting and other records used to prepare the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code Federal regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. The additional schedules listed as "Other Supplemental Information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2017 on our consideration of Aztec Municipal School District, New Mexico's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Albuquerque, New Mexico
November 10, 2017

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2017

Exhibit A-1
(Page 1 of 2)

	Governmental Activities	Component Unit
ASSETS		
Cash and cash equivalents	\$ 18,473,196	\$ 639,191
Receivables (net of allowance for uncollectibles)	1,087,292	6,640
Inventory	36,232	-
Capital assets (net of accumulated depreciation):		
Land and land improvements	6,574,447	-
Buildings and building improvements	103,094,764	297,466
Furniture, fixtures and equipment	13,239,264	65,561
Construction in Progress	53,213	-
Less: accumulated depreciation	(59,262,098)	(189,464)
Total assets	83,296,310	819,394
<i>Deferred Outflow of Resources</i>		
Related to pension	3,453,920	240,896
Total assets	86,750,230	1,060,290

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2017

Exhibit A-1
(Page 2 of 2)

	Governmental Activities	Component Unit
LIABILITIES		
Accounts payable	\$ 285,899	\$ 5,046
Accrued expenses	645,036	38,348
Accrued interest	263,414	-
Due within one year - compensated absences	52,490	-
Noncurrent liabilities:		
Due in more than one year - compensated absences	209,959	-
Net pension	37,165,261	2,175,482
Bond underwriter premiums	1,090,781	-
Due within one year - bonds payable	4,450,000	-
Due in more than one year - bonds payable	32,250,000	-
<i>Deferred Inflow of Resources</i>		
Property taxes	375,240	4,337
Related to pension	1,197,092	20,692
Total liabilities	77,985,172	2,243,905
NET POSITION		
Net investment in capital assets	25,908,809	173,563
Restricted for:		
Debt service	6,117,769	-
Capital projects	8,783,973	205,534
Special revenue funds	1,213,622	-
Unrestricted	(33,259,115)	(1,562,712)
Total net position	8,765,058	(1,183,615)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>
Primary Government		Charges for Service
Governmental activities:		
Instruction	\$ 19,808,803	\$ 113,326
Support services:		
Students	2,255,332	-
Instruction	496,125	-
General Administration	493,231	-
School Administration	2,178,467	-
Other Support Services	1,783	-
Central Services	1,054,158	-
Operation & Maintenance of Plant	5,024,297	-
Student Transportation	1,649,913	-
Food Services Operation	1,379,916	326,201
Community Services	133,169	-
Interest on long-term debt	1,018,094	-
Capital outlay:		
Depreciation - unallocated	-	-
Total Primary Government	\$ 35,493,288	\$ 439,527
Component Unit		
Mosaic Academy Charter School	1,754,700	-

The accompanying notes are an integral part of these financial statements

Program Revenues			Net (Expenses) Revenues and Changes in Net Position	Component Unit
Operating Grants and Contributions	Capital Grants and Contributions			
\$ 1,740,355	\$ -		\$ (17,955,122)	\$ -
-	-		(2,255,332)	-
42,137	-		(453,988)	-
-	-		(493,231)	-
814,634	-		(1,363,833)	-
-	-		(1,783)	-
-	-		(1,054,158)	-
-	4,302		(5,019,995)	-
857,159	-		(792,754)	-
1,112,291	-		58,576	-
-	-		(133,169)	-
-	-		(1,018,094)	-
-	-		-	-
<u>\$ 4,566,576</u>	<u>\$ 4,302</u>		(30,482,883)	-
<u>70,708</u>	<u>118,118</u>			<u>\$ (1,565,874)</u>
General Revenues:				
Property taxes:				
Levied for general purposes		\$ 143,105	\$ -	
Levied for debt service		4,064,547	-	
Levied for capital projects		736,564	39,444	
Oil and gas taxes		2,352,749	19,066	
State Equalization Guarantee		20,392,010	1,397,591	
Interest income		84,814	1,123	
Miscellaneous		120,046	-	
Total general revenues		<u>27,708,217</u>	<u>1,457,224</u>	
Change in net assets		(2,774,666)	(108,650)	
Net position - beginning		11,539,724	(1,074,965)	
Net position - ending		<u>\$ 8,765,058</u>	<u>\$ (1,183,615)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund			Title I IASA 24101	Entitlement IDEA-B 24106
	Operational 11000	Transportation 13000	Instructional Materials 14000		
ASSETS					
<i>Current Assets</i>					
Cash and temporary investments	2,336,784	\$ 49,861	\$ 46,631	\$ -	\$ -
Accounts receivable					
Taxes	15,380	-	-	-	-
Due from other governments	-	-	-	52,091	186,880
Other receivables	18,147	-	-	-	-
Interfund receivables	399,914	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>2,770,225</u>	<u>49,861</u>	<u>46,631</u>	<u>52,091</u>	<u>186,880</u>
LIABILITIES AND FUND BALANCES					
<i>Current Liabilities:</i>					
Accounts payable	34,668	-	-	-	3,215
Accrued liabilities	645,036	-	-	-	-
Interfund payables	-	-	-	52,091	183,665
Deferred revenue - property taxes	11,832	-	-	-	-
<i>Total liabilities</i>	<u>691,536</u>	<u>-</u>	<u>-</u>	<u>52,091</u>	<u>186,880</u>
<i>Fund balances</i>					
Fund Balance:					
Nonspendable	-	-	-	-	-
Restricted	1,200,000	49,861	46,631	-	-
Committed	1,100,000	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(221,311)	-	-	-	-
<i>Total fund balance</i>	<u>2,078,689</u>	<u>49,861</u>	<u>46,631</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balance</i>	<u>\$ 2,770,225</u>	<u>\$ 49,861</u>	<u>\$ 46,631</u>	<u>\$ 52,091</u>	<u>\$ 186,880</u>

The accompanying notes are an integral part of these financial statements

Bond Building 31100	Capital Improvements SB-9 31700	Debt Service 41000	Other Governmental Funds	Total Primary Government
\$ 4,738,922	\$ 4,212,212	\$ 5,881,010	\$ 1,207,776	\$ 18,473,196
-	76,101	396,273	-	487,754
-	-	-	169,878	408,849
-	27,194	145,348	-	190,689
-	-	-	-	399,914
-	-	-	36,232	36,232
<u>4,738,922</u>	<u>4,315,507</u>	<u>6,422,631</u>	<u>1,413,886</u>	<u>19,996,634</u>
211,910	-	-	36,106	285,899
-	-	-	-	645,036
-	-	-	164,158	399,914
-	58,546	304,862	-	375,240
<u>211,910</u>	<u>58,546</u>	<u>304,862</u>	<u>200,264</u>	<u>1,706,089</u>
-	-	-	36,232	36,232
4,527,012	4,256,961	6,117,769	535,507	16,733,741
-	-	-	-	1,100,000
-	-	-	-	-
-	-	-	641,883	420,572
<u>4,527,012</u>	<u>4,256,961</u>	<u>6,117,769</u>	<u>1,213,622</u>	<u>18,290,545</u>
<u>\$ 4,738,922</u>	<u>\$ 4,315,507</u>	<u>\$ 6,422,631</u>	<u>\$ 1,413,886</u>	<u>\$ 19,996,634</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS

Exhibit B-1
 (Page 2 of 2)

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2017

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the statement of net assets are different because:	
Fund balances - total governmental funds	\$ 18,290,545
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	63,699,590
Pension Liability	(37,165,261)
Deferred Outflow of Resources - Related to Pension	3,453,920
Deferred Inflow of Resources - Related to Pension	(1,197,092)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	(262,449)
Bond underwriter premium	(1,090,781)
Accrued interest payable	(263,414)
General obligation bonds	<u>(36,700,000)</u>
Net Assets-total Governmental Activities	<u><u>\$ 8,765,058</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund			Title I IASA 24101	Entitlement IDEA-B 24106
	Operational 11000	Transportation 13000	Instructional Materials 14000		
<i>Revenues:</i>					
Taxes	\$ 236,197	\$ -	\$ -	\$ -	\$ -
State grants	20,481,647	857,159	71,096	-	-
Federal grants	87,655	-	-	306,798	814,634
Charges for services	7,469	-	-	-	-
Miscellaneous	98,130	27	610	-	-
<i>Total revenues</i>	<u>20,911,098</u>	<u>857,186</u>	<u>71,706</u>	<u>306,798</u>	<u>814,634</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	13,489,551	-	479,330	245,642	404,699
Support Services					
Students	2,016,107	-	-	-	20,134
Instruction	420,281	-	-	931	-
General Administration	348,590	-	-	10,840	28,649
School Administration	1,865,860	-	-	49,498	202,314
Central Services	945,005	-	-	-	55,259
Operation & Maintenance of Plant	2,709,003	-	-	-	-
Student Transportation	16,497	1,105,933	-	91	99,901
Other Support Services	1,783	-	-	-	-
Food Services Operations	-	-	-	-	-
Community Service	73,169	-	-	-	-
Capital outlay	677,354	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>22,563,200</u>	<u>1,105,933</u>	<u>479,330</u>	<u>307,002</u>	<u>810,956</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(1,652,102)</u>	<u>(248,747)</u>	<u>(407,624)</u>	<u>(204)</u>	<u>3,678</u>
<i>Other financing sources (uses):</i>					
Operating transfers	(460,630)	300,630	160,000	-	-
<i>Total other financing sources (uses)</i>	<u>(460,630)</u>	<u>300,630</u>	<u>160,000</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(2,112,732)	51,883	(247,624)	(204)	3,678
<i>Fund balances - beginning of year</i>	4,191,421	(2,022)	294,255	204	(3,678)
<i>Fund balances - end of year</i>	<u>\$ 2,078,689</u>	<u>\$ 49,861</u>	<u>\$ 46,631</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Bond Building 31100	Capital Improvements SB-9 31700	Debt Service 41000	Other Governmental Funds	Total Primary Government
\$ -	\$ 1,088,393	\$ 6,286,590	\$ -	\$ 7,611,180
-	4,302	-	965,982	22,380,186
-	-	-	1,373,615	2,582,702
-	1,899	-	536,252	545,620
-	-	-	-	98,767
-	<u>1,094,594</u>	<u>6,286,590</u>	<u>2,875,849</u>	<u>33,218,455</u>
-	-	1,985	453,638	15,074,845
-	-	-	218,536	2,254,777
-	-	-	74,913	496,125
-	7,377	35,000	62,775	493,231
-	-	-	20,429	2,138,101
-	-	-	60,078	1,060,342
-	-	-	-	2,709,003
-	-	-	264,566	1,486,988
-	-	-	-	1,783
-	-	-	1,373,349	1,373,349
-	-	-	60,000	133,169
573,208	1,108,782	-	-	2,359,344
-	-	4,325,000	-	4,325,000
-	-	1,047,283	-	1,047,283
<u>573,208</u>	<u>1,116,159</u>	<u>5,409,268</u>	<u>2,588,284</u>	<u>34,953,340</u>
<u>(573,208)</u>	<u>(21,565)</u>	<u>877,322</u>	<u>287,565</u>	<u>(1,734,885)</u>
-	-	-	-	-
-	-	-	-	-
(573,208)	(21,565)	877,322	287,565	(1,734,885)
5,100,220	4,278,526	5,240,447	926,057	20,025,430
<u>\$ 4,527,012</u>	<u>\$ 4,256,961</u>	<u>\$ 6,117,769</u>	<u>\$ 1,213,622</u>	<u>18,290,545</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit B-2
(Page 2 of 2)

	Governmental Funds
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ (1,734,885)
Change in pension expense	(3,277,291)
Capital Outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period.	
Depreciation expense	(3,452,889)
Capital Outlays	1,461,718
The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:	
Bonds principal payments	4,325,000
Accrued interest expense	(29,189)
Amortization of underwriter premiums	(83,152)
Decrease in accrued compensated absences	<u>16,022</u>
Change in Net Assets-total Governmental Activities	<u><u>\$ (2,774,666)</u></u>

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
GENERAL FUND (11000)

Exhibit C-1

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ 345,252	\$ 345,252	\$ 236,699	\$ (108,553)
State grants	21,104,381	20,363,672	20,529,533	165,861
Federal grants	41,000	41,000	87,655	46,655
Miscellaneous	68,600	68,600	158,740	90,140
Interest	-	-	-	-
<i>Total revenues</i>	<u>21,559,233</u>	<u>20,818,524</u>	<u>21,012,627</u>	<u>194,103</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	14,978,048	14,123,865	13,542,688	581,177
Support Services				
Students	2,575,115	1,903,292	1,997,856	(94,564)
Instruction	379,206	379,204	420,281	(41,077)
General Administration	318,809	318,809	348,590	(29,781)
School Administration	1,799,073	1,706,181	1,865,860	(159,679)
Central Services	911,246	904,374	945,005	(40,631)
Operation & Maintenance of Plant	2,738,883	2,738,881	2,692,586	46,295
Student Transportation	314,184	314,184	16,497	297,687
Other Support Services	1,271,105	850,176	1,783	848,393
Food Services Operations	-	-	-	-
Community Services	-	80,908	73,169	7,739
Capital outlay	-	1,159,092	677,354	481,738
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>25,285,669</u>	<u>24,478,966</u>	<u>22,581,669</u>	<u>1,897,297</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(3,726,436)</u>	<u>(3,660,442)</u>	<u>(1,569,042)</u>	<u>2,091,400</u>
<i>Other financing sources (uses):</i>				
Designated cash	3,726,436	3,660,442	-	(3,660,442)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,726,436</u>	<u>3,660,442</u>	<u>-</u>	<u>(3,660,442)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(1,569,042)</u>	<u>(1,569,042)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>4,743,950</u>	<u>4,743,950</u>
<i>Fund balance restatement</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year - restated</i>			<u>4,743,950</u>	
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,174,908</u>	<u>\$ 3,174,908</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(101,529)	
Adjustments to expenditures			18,469	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ (1,652,102)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
TRANSPORTATION FUND (13000)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 2017

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	857,159	857,159	857,159	-
Federal grants	-	-	-	-
Miscellaneous	-	-	27	27
Interest	-	-	-	-
<i>Total revenues</i>	<u>857,159</u>	<u>857,159</u>	<u>857,186</u>	<u>27</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	857,159	1,157,159	1,107,326	49,833
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>857,159</u>	<u>1,157,159</u>	<u>1,107,326</u>	<u>49,833</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(300,000)</u>	<u>(250,140)</u>	<u>49,860</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	300,000	-	(300,000)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>(300,000)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(250,140)</u>	<u>(250,140)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>45,507</u>	<u>45,507</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (204,633)</u>	<u>\$ (204,633)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			1,393	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (248,747)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
INSTRUCTIONAL MATERIALS FUND (14000)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 2017

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	167,232	25,075	71,096	46,021
Federal grants	-	-	-	-
Miscellaneous	-	-	610	610
Interest	-	-	-	-
<i>Total revenues</i>	<u>167,232</u>	<u>25,075</u>	<u>71,706</u>	<u>46,631</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	167,232	479,330	479,330	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>167,232</u>	<u>479,330</u>	<u>479,330</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(454,255)</u>	<u>(407,624)</u>	<u>46,631</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	454,255	-	(454,255)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>454,255</u>	<u>-</u>	<u>(454,255)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(407,624)</u>	<u>(407,624)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>294,255</u>	<u>294,255</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (113,369)</u>	<u>\$ (113,369)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ (407,624)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
TITLE I - IASA SPECIAL REVENUE FUND (24101)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 2017

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	364,403	359,997	381,788	21,791
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>364,403</u>	<u>359,997</u>	<u>381,788</u>	<u>21,791</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	259,820	259,820	245,642	14,178
Support Services				
Students	-	-	-	-
Instruction	75,892	58,148	931	57,217
General Administration	-	13,338	10,840	2,498
School Administration	28,691	28,691	49,498	(20,807)
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	91	(91)
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>364,403</u>	<u>359,997</u>	<u>307,002</u>	<u>52,995</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>74,786</u>	<u>74,786</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>74,786</u>	<u>74,786</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(126,877)</u>	<u>(126,877)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (52,091)</u>	<u>\$ (52,091)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(74,990)	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ (204)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
 ENTITLEMENT IDEA-B SPECIAL REVENUE FUND (24106)
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDING JUNE 30, 2017

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	699,049	898,764	968,503	69,739
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>699,049</u>	<u>898,764</u>	<u>968,503</u>	<u>69,739</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	305,145	436,343	408,377	27,966
Support Services				
Students	48,067	48,067	16,919	31,148
Instruction	-	-	-	-
General Administration	25,586	32,895	28,649	4,246
School Administration	203,553	206,553	202,314	4,239
Central Services	55,024	68,544	55,259	13,285
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	61,674	106,362	99,901	6,461
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>699,049</u>	<u>898,764</u>	<u>811,419</u>	<u>87,345</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>157,084</u>	<u>157,084</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>157,084</u>	<u>157,084</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(340,749)</u>	<u>(340,749)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (183,665)</u>	<u>\$ (183,665)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(153,869)	
Adjustments to expenditures			463	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 3,678</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
AGENCY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2017

Exhibit D-1

	<u>Agency Funds</u>
ASSETS	
<i>Current Assets</i>	
Cash	<u>\$ 302,307</u>
<i>Total assets</i>	<u><u>302,307</u></u>
 LIABILITIES	
<i>Current Liabilities</i>	
Deposits held in trust for others	<u>302,307</u>
<i>Total liabilities</i>	<u><u>\$ 302,307</u></u>

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. Summary of Significant Accounting Policies

Aztec Municipal Public Schools (the “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 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.

This 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 Aztec Municipal Public School’s management that is responsible for the financial statements. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting financial reporting principles.

During the year ended June 30, 2017, the District adopted GASB Statements No. 72, *Fair Value Measurement and Application*, No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, No. 79, *Certain External Investment Pools and Pool Participants*, and a portion of 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*. GASB Statements Nos. 72, 76, and 79, as well as the implemented portion of Statement No. 73, are required to be implemented for the fiscal year ending June 30, 2017.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government’s financial position.

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement is effective for June 30, 2017 year end and a portion is effective for June 30, 2017 year end. Effective for June 30, 2017 are the amendments for Statement No.s 67 and 68 and assets accumulated for pensions not administered as trusts. The amendments of this pronouncement clarifies application of certain provisions of GASB 67 and 68 with regards to the following issues: (1) Information that is required to be presented as notes to the 10-year schedules of RSI about investment-related factors that significantly affect trends in reported amounts; (2) Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions; and (3) Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

In addition, effective for June 30, 2017 year ends, the requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that, for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. Summary of Significant Accounting Policies - (Continued)

The objective of GASB Statement No. 77 is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess (a) whether current year revenues were sufficient to pay for current year services, (b) compliance with financial-related legal or contractual requirements, (c) where a government's financial resources come from and how it uses them and (d) financial position and economic condition and how they have changed over time. The pronouncement is effective as of June 30, 2017. The District is a recipient of property tax revenues assessed, calculated and collected by San Juan County. The County is responsible and makes the determination of all individual tax abatements, if any; therefore, the District's current and future revenues that may be affected by any such abatement agreements entered by the County. The District has made sufficient attempts to obtain abatement information required by GASB 77 entered by the County. As of June 30, 2017, the District is not aware of tax abatement entered by the County which would have a financial effect on the property tax revenue received and due the District.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool for measuring all of its investments at amortized cost for financial reporting purposes. Professional judgement is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. This Statement will enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide for qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

GASB Statement No. 82 objective 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

A. *Financial Reporting Entity*

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. Summary of Significant Accounting Policies - (Continued)

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

The District's Board of Education approved Mosaic Academy Charter School for operations in accordance with the criteria listed above. The charter school is deemed to be fiscally dependent upon the District and has been deemed to be a separate legal entity based on state statute and is presented as a discrete component unit.

B. Government-wide and fund financial statements

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

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

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

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

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

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. Summary of Significant Accounting Policies - (Continued)

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

GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB No. 65, *Items Previously Reported as Assets and Liabilities*, amend GASB No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments*, to incorporate deferred outflows of resources and deferred inflows of resources in the financial reporting model.

Deferred outflows of resources – a consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

Deferred inflows of resources – an acquisition of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

Net position – the residual of the net effects of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Ad valorem taxes (property taxes), and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

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

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. Summary of Significant Accounting Policies - (Continued)

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

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

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

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

The *Transportation Fund* accounts for State Equalization – Transportation funds authorized by Section 22-8-26, NMSA, 1978 designated for the costs of transporting school-age children who are students within the District. This fund is considered by PED to be a sub-fund of the General Fund.

The *Instructional Materials Fund* accounts for Funding designated for instructional materials purchases as authorized by Sections 22-15-1 through 22-15-14, NMSA, 1978 for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students. This is considered by PED to be a sub-fund of the General Fund.

The *Title I Fund* is used to provide supplemental education opportunity for academically disadvantaged children. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965. As amended, Public Law 103-383.

The *IDEA-B Entitlement Fund* is used to account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100,639, and 101-476, 20 U.S.C. 1411-1420.

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

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

Additionally, the government reports the following fund types:

The fiduciary funds account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The fiduciary funds are for student activities.

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities and Net Position or Equity

Cash and Temporary Investments: The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Restricted Assets: The Debt Service Fund is used to report resources set aside as restricted to make up potential future deficiencies in the revenue bond current debt service account.

Receivables and Payables: Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

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

The District receives monthly income from a tax levy in San Juan County. The funds are collected by the County Treasurer and are remitted to the School District the following month. Under the modified accrual method of accounting, the amount remitted by the San Juan County Treasurer in July and August 2012 is considered 'measurable and available' and, accordingly, is recorded as revenue during the year ended June 30, 2017.

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

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

Inventory: The District accounts for its inventories under the consumption method, reporting inventories purchased as an asset. The recognition of the expenditures is deferred until the period in which the inventories are actually consumed. Inventory in the Cafeteria Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. 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. Information Technology Equipment, including software, is being capitalized and included in furniture and equipment in accordance with NMAC 2.20.1.9 C (5). Capital expenditures made by the NM Public Schools Facilities Authority are appropriately included in the District's capital assets.

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. The District expenses the cost of library books when purchased because their estimated useful life is less than one year.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. Summary of Significant Accounting Policies - (Continued)

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

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

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

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

Deferred Revenues: There are two types of deferred revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue (commonly referred to as unearned revenue). The other type of deferred revenue is "unavailable revenue." Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). 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 off-set by a corresponding liability for deferred revenue.

Compensated Absences: District employees earn various types of leave based on the category of employee and the length of service. All employees earn personal leave while 12 month employees earn additional vacation days.

The specific amount of personal leave earned each year is based on the length of the contract, and the accumulated balance of personal and sick leave.

Annually, unused personal leave is converted to sick leave and remains available to the employee. The accumulated balance on unused sick leave is paid to the employee upon ending employment with the District provided the employee has met the following eligibility criteria; ten years of service with the District and an accumulated sick leave balance of at least 75 days. Eligible employees will receive \$25 per day for each day up to 150 days and \$10 per day for every day of unused personal leave over 150 days up to 200 days.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the district-wide statement of net position.

Long-term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. For bonds issued after the fiscal year ended June 30, 2004, bond premiums and discounts, as well as issuance costs, will be 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 discount. Bond issuance costs will be reported as deferred charges and amortized over the term of the related debt.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. Summary of Significant Accounting Policies - (Continued)

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

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the 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 debt service expenditures.

Net Position or Fund Equity: Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the

specific purposes for which amounts in those funds can be spent. The detail of the District's fund balances is presented in Note 16.

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

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

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

Unrestricted Net Position: All other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The District maintains a policy which requires it to maintain a minimum fund balance of \$1,200,000 to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies.

E. Revenues

Reclassifications: Certain amounts included in the financial statements have been reclassified to conform to the current year presentation.

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

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

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

estimates. Significant estimates affecting the District's financials include management's estimate of the useful lives of capital assets.

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. Summary of Significant Accounting Policies - (Continued)

E. Revenues - (continued)

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$20,392,010 in state equalization guarantee distributions during the year ended June 30, 2017.

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1 of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. In the government-wide financial statements, the District recognizes property tax revenues in the period for which they are levied, net of estimated refunds and uncollectible amounts. The District records only the portion of the taxes considered to be 'measurable' and 'available' in the government fund financial statements. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

In the financial statements, the mill levy and ad-valorem taxes are broken out into two types: property taxes – residential and commercial and property taxes – oil and gas. Amounts collected from residential and commercial property taxes at June 30, 2017 were \$4,944,216. Amounts collected from oil and gas taxes were \$2,352,749.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$857,159 in transportation distributions during the year ended June 30, 2017.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2017 totaled \$71,096.

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

improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

The District received \$4,302 in state SB-9 matching during the year ended June 30, 2017.

Public School Capital Outlay: Under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program per Section 22-24-4.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. Summary of Significant Accounting Policies - (Continued)

E. Revenues - (continued)

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

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

The council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district has complied with the provisions of this section. The council shall list all applications in order of priority and all allocations shall be made on a priority basis.(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L).

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

During the year ended June 30, 2017, the District received no special capital outlay funds.

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

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

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are prepared by management and are approved by the local Board of Education and the School Budget and Planning Unit of the Public Education Department. Auxiliary student activity accounts are not budgeted. Public School Capital Outlay Council expenditures in the Public School Capital Outlay fund are not budgeted at the District level, so there is no budgetary comparison presented.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2. Stewardship, Compliance and Accountability - (Continued)

Budgetary Information (Continued)

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 ending cash balance be appropriated in the budget of the subsequent fiscal year.

Actual expenditures may not exceed the budget at the function level. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a '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 School District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (100%) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the State of New Mexico Public Education Department.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.
4. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

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

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information (Continued)

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2017, is presented on each funds' Statement of Revenue, Expenditures and Changes in Fund Balance – Budget (non-GAAP Budgetary Basis) and Actual.

NOTE 3. Cash and temporary Investments

Deposits

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

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateralized as required by the statute. The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. Additionally, until December 31, 2017, all deposits in non-interest bearing transaction accounts (such as non-interest bearing checking accounts) at participating institutions are fully guaranteed, regardless of dollar amount.

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

	Wells Fargo	Citizen's Bank	Total
Total amounts of deposits	\$ 1,637,706	\$ 5,206,974	\$ 6,844,680
FDIC coverage	<u>(250,000)</u>	<u>(250,000)</u>	<u>(500,000)</u>
Total uninsured public funds	<u>\$ 1,387,706</u>	<u>\$ 4,956,974</u>	<u>\$ 6,344,680</u>
Collateral requirement (50% of uninsured public funds)	\$ 693,853	\$ 2,478,487	\$ 3,172,340
Pledged security	<u>763,592</u>	<u>9,280,300</u>	<u>10,043,892</u>
Total under (over) collateralized	<u>\$ (69,739)</u>	<u>\$ (6,801,813)</u>	<u>\$ (6,871,552)</u>

The types of collateral allowed are limited by the section 6-10-16, NMSA 1978.
Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2017, \$6,344,680 of the District's bank balance of \$6,844,680 was exposed to custodial credit risk as the entirety of the District's balance was held in non-interest bearing accounts and as such was covered by the FDIC.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3. Cash and Temporary Investments - (Continued)

Investments Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk. New Mexico State Statutes require collateral pledged to be delivered for securities underlying an overnight repurchase agreement, or a joint safekeeping receipt be issued to the District for at least one hundred two percent of the fair value of the securities underlying overnight repurchase accounts invested with the institution. At June 30, 2017, The District’s investment balances were expected to custodial credit risk as follows:

	Citizens Bank
Total amounts of deposits	\$ 12,048,195
FDIC coverage	(250,000)
Total uninsured public funds	<u>11,798,195</u>
Collateral requirement (102% of uninsured public funds)	\$ 12,034,159
Pledged security	<u>12,048,845</u>
Total under (over) collateralized	<u>\$ (14,686)</u>

<u>Investment Types</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. Treasury MM Mutual Funds	>365 days	\$ 12,047,886	Aaa*

*Based on Moody’s Rating

Interest Rate Risk – Investments. The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Custodial credit risk - Investments. For an investment, concentration credit risk is when any one issuer is 5% or more of the investment portfolio of the District. The investments in US Treasury Money Market Mutual Funds represent 100% of the District’s investment portfolio. Since the District only purchases investments with the highest credit rating, the additional concentration is not viewed to be an additional risk by the District. The District’s policy related to concentration credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10 to 6-10-63, NMSA 1978).

NOTE 4. Receivables

Receivables as of June 30, 2017 are as follows:

	<u>Operational</u>	<u>Title I</u>	<u>Entitlement IDEA-B</u>	<u>Capital Improvement SB-9</u>
Property taxes	\$ 15,380	\$ —	\$ —	\$ 76,101
Intergovernmental grants	—	52,091	179,987	—
Other	18,147	—	—	27,194
Totals by fund	<u>\$ 33,527</u>	<u>\$ 52,091</u>	<u>\$ 179,987</u>	<u>\$ 103,295</u>

	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Total</u>
Property taxes	\$ 396,273	\$ —	\$ 487,754
Intergovernmental grants	—	169,878	508,849
Other	145,348	—	190,689
Totals by fund	<u>\$ 541,621</u>	<u>\$ 169,878</u>	<u>\$ 1,087,292</u>

The above receivables are deemed 100% collectible. In accordance with GASB No. 33, property tax receivables are presented net of deferred revenues in the governmental balance sheet. The District recorded deferred revenue for property taxes in the amount of \$375,240.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5. Interfund Receivables, Payables, and Transfers

“Interfund balances” have primarily been recorded when funds overdraw their share of pooled cash when the District is waiting for grant reimbursements. Interfund balances due to overdrawn cash balances by fund are equal to the amounts of funds with negative cash listed in Note 3. Balances in excess of the amounts in Note 3 are due to prior year interfund loans remaining unpaid. The composition of interfund balances at June 30, 2017 is as follows:

Governmental Activities:	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 399,914	\$ —
Title I - IASA	—	52,091
Entitlement IDEA-B	—	183,665
Nonmajor Funds:		
Nonmajor Funds	<u>—</u>	<u>164,158</u>
Total Governmental Activities	<u>\$ 399,914</u>	<u>\$ 399,914</u>

All interfund balances are expected to be repaid within one year.

NOTE 6. Capital Assets

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

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance June 30, 2017</u>
Capital Assets used in Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 6,105,691	\$ —	\$ —	\$ —	\$ 6,105,691
Construction in progress	173,800	53,212	(163,435)	(10,364)	53,213
Land improvements	385,372	83,384	—	—	468,756
Buildings and building improvements	102,779,090	315,674	—	—	103,094,764
Furniture, fixtures & equipment	<u>12,625,275</u>	<u>1,009,448</u>	<u>(395,459)</u>	<u>—</u>	<u>13,239,264</u>
Total assets being depreciated	<u>115,789,737</u>	<u>1,408,506</u>	<u>(395,459)</u>	<u>—</u>	<u>116,802,784</u>
Total assets	<u>\$ 122,069,228</u>	<u>\$ 1,461,718</u>	<u>\$ (558,894)</u>	<u>\$ (10,364)</u>	<u>\$ 122,961,688</u>
Less Accumulated Depreciation:					
Land improvements	113,434	20,399	—	—	133,833
Buildings / building improvements	49,017,374	2,405,740	—	—	51,423,114
Furniture, fixtures & equipment	<u>7,062,041</u>	<u>1,026,750</u>	<u>(383,640)</u>	<u>—</u>	<u>7,705,151</u>
Total accumulated depreciation	<u>\$ 56,192,849</u>	<u>\$ 3,452,889</u>	<u>\$ (383,640)</u>	<u>—</u>	<u>\$ 59,292,098</u>
Net Capital Assets	<u>\$ 65,876,379</u>	<u>\$ (1,991,171)</u>	<u>\$ (175,254)</u>	<u>\$ (10,364)</u>	<u>\$ 63,699,590</u>

STATE OF NEW MEXICO
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NOTE 6. Capital Assets (continued)

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

Instruction	\$ 2,952,038
Support Services: Instruction	938
Support Services: Administration	68,176
Central Services	66,041
Operations & Maintenance of Plant	79,429
Transportation	275,174
Foo Services	<u>11,094</u>
Total	<u>\$ 3,452,889</u>

NOTE 7. Long-term Debt

During the year ended June 30, 2017 the following changes occurred in the liabilities reported in the government-wide statement of net position:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due within</u> <u>One Year</u>
General Obligation Bonds \$	41,025,000	\$ —	\$ 4,325,000	—	\$ 36,700,000	\$ 4,450,000
Compensated Absences	<u>278,471</u>	<u>107,809</u>	<u>123,831</u>	<u>—</u>	<u>262,449</u>	<u>52,490</u>
Total	<u>\$ 41,303,471</u>	<u>\$ 107,809</u>	<u>\$ 4,448,831</u>	<u>\$ —</u>	<u>\$ 36,962,449</u>	<u>\$ 4,502,490</u>

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

General Obligations Bonds

The District's general obligation bonds were issued for the purposes of creating, remodeling, making additions to and furnishing school buildings, and purchasing and improving school grounds and are payable solely from general property taxes that are levied against all taxable property in the District. The bonds are payable out of the Debt Service Fund (Fund 41000). Interest payments are due semi-annually dependent on maturity dates. Interest rates on the bonds range from 3.00 % to 5.69%. Principal payments in varying amounts are due annually through August 2027.

The annual requirements to amortize the General Obligation Bonds as of June 30, 2017, including interest payments are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2018	\$ 4,450,000	\$ 915,974	\$ 5,365,974
2019	4,750,000	763,974	5,513,974
2020	5,150,000	602,974	5,752,974
2021	4,950,000	443,974	5,393,974
2022	3,000,000	346,474	3,346,474
2023-2027	11,000,000	1,212,370	12,212,370
2028-2032	<u>3,400,000</u>	<u>113,237</u>	<u>3,513,237</u>
Totals	<u>\$ 36,700,000</u>	<u>\$ 4,398,977</u>	<u>\$ 41,098,977</u>

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2017, compensated absences increased \$827 over the prior year accrual. See Note 1 for more details.

Operating Leases – The District leases office equipment, including copy machines and postage meter machines, under short-term cancelable operating leases.

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NOTE 9. Deferred Revenue

In accordance with the terms of the various grant agreements within the Special Revenue Funds, revenues received in excess of expenditures carry over to the subsequent years, unless such excess revenues are requested to be returned to the grantor.

NOTE 10. Risk Management

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

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible to each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery and Money Orders. A limit of \$100,000 applies to Money and Security, which includes a \$750 deductible.

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

NOTE 11. Other Required Individual Fund Disclosures

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

A. Deficit fund balance of individual funds. The following funds reported a deficit fund balance at June 30, 2017:

Breakfast for Elementary Students	\$ 522
College Counselor Initiative	<u>6,113</u>
Total	<u>\$ 6,635</u>

B. Excess of expenditures over appropriations. There were no funds that exceeded approved budgetary authority for the year ended June 30, 2017.

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NOTE 12. Pension Plan – Educational Retirement Board

Plan Description. Substantially all of Aztec Municipal School District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978.) The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities, and some state agency employees) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at 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 146,089 active, retired and inactive members in fiscal year 2015; there were 140,008 active, retired and inactive members in fiscal year 2014.

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: the member's final average salary (FAS), the number of years of service credit, and a 2.35% factor. The gross annual benefit is determined by multiplying the three components together. The FAS is the average of the member's salaries for the previous 20 quarters of service prior to retirement or the highest average annual earnings for any 20 consecutive calendar quarters.

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member's age and earned service credit add up to the sum of 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more. Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date is as follows: the member's age and earned service credit add up to the sum of 80 or more; the member is at least sixty-seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

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

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

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NOTE 12. Pension Plan – Educational Retirement Board – (Continued)

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

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

Option A – If the member elects option A there is no reduction to the monthly benefit other than any "Rule of 75" deduction 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 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 to Option A benefit amount. The IRS prohibits the selection of Option B for a non-spouse beneficiary more than 10 years younger than the member.

Option C – If the member elects Option C, the monthly benefit is reduced to provide 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 will be adjusted by returning to Option A benefit amount.

Under the provisions of Option B and Option 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.

Contributions. The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2017 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. For fiscal year ended June 30, 2017 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District for the year ended June 30, 2017 and 2016 were \$2,068,485 and \$2,050,211.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2016. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2016. At June 30, 2017, the District reported a liability of \$37,165,261 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2015. At June 30, 2016, the District's proportion was .51644 percent, which was an increase of .0240576% from its proportion measured as of June 30, 2015.

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NOTE 12. Pension Plan – Educational Retirement Board – (Continued)

For the year ended June 30, 2017, the District recognized pension expense of \$2,068,485. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 161,237	\$ 353,489
Changes of assumptions	756,536	—
Net difference between projected and actual Earnings on pension plan investments	2,218,457	—
Changes in proportion and differences between the District’s contributions and proportionate Share of contributions	317,690	843,604
District’s contributions subsequent to the measurement date	<u>—</u>	<u>—</u>
Total	<u>\$ 3,453,920</u>	<u>\$ 1,197,092</u>

\$3,453,920 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	
2018	\$ 229,050
2019	596,194
2020	890,590
2021	540,992
2022	—

Actuarial assumptions. As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2016. The total ERB 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, 2017. Specifically, the liabilities measured as of June 30, 2015 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 10.7% thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on June 14, 2016 in conjunction with the six-year experience study period ending June 30, 2016.

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NOTE 12. Pension Plan – Educational Retirement Board – (Continued)

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

Actuarial Cost Method	Normal
Entry Age	Level Percentage of Payroll
Amortization Method	Amortized – closed 30 years from June 30, 2012 to June 30, 2042
Remaining Period	5 year smoothed market for funding valuation (fair value for financial valuation)
Asset Valuation Method	3.00%
valuation)	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Inflation	7.75%
Salary Increases	Investment Rate of Return
	Experience based table of age and service rates
	70% of RP-2000 Combined Mortality Table with White Collar
	Adjustment projected to 2015 using Scale AA (one year setback for females)

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 2014 and 2013 for 30-year return assumptions are summarized in the following table:

<u>Asset Class</u>	<u>2016 Long-term Expected Real Rate of Return</u>	<u>2015 Long-term Expected Real Rate of Return</u>
Cash	-0.25%	0.00%
Treasuries	0.00%	0.25%
IG Corp Credit	1.75%	1.50%
MBS	0.25%	0.50%
Core Bonds	0.64%	0.73%
TIPS	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%
EMD External	2.75%	2.75%
EMD Local Currency	3.25%	3.50%
Large Cap Equities	4.25%	4.25%
Small/Mid Cap	5.50%	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%

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AZTEC MUNICIPAL SCHOOL DISTRICT
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NOTE 12. Pension Plan – Educational Retirement Board – (Continued)

Discount rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2016 and June 30, 2015. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB’s defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history. Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.

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

Fiscal Year <u>Ending June 30,</u>	1% Decrease <u>(6.75%)</u>	Current Discount <u>Rate (7.75%)</u>	1% Increase <u>(8.75%)</u>
District’s proportionate share of the net pension liability	\$ 49,224,526	\$ 37,165,261	\$ 27,159,479

Component Unit, Mosaic Academy Charter School – Pension Plan – Educational Retirement Board

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2016. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2016. At June 30, 2017, the School reported a liability of \$2,175,482 for its proportionate share of the net pension liability. The School’s proportion of the net pension liability is based on the employer contributing entity’s percentage of total employer contributions for the fiscal year ended June 30, 2016. At June 30, 2015, the School’s proportion was .03023 percent, which was an increase of .00101% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School recognized pension expense of \$219,716. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

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NOTE 12. Pension Plan – Educational Retirement Board – (Continued)

Component Unit, Mosaic Academy Charter School – Pension Plan – Educational Retirement Board

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 9,438	\$ 20,692
Changes of assumptions	44,284	—
Net difference between projected and actual Earnings on pension plan investments	129,858	—
Changes in proportion and differences between the School’s contributions and proportionate Share of contributions	57,316	—
School’s contributions subsequent to the measurement date	—	—
Total	<u>\$ 240,896</u>	<u>\$ 20,692</u>

\$240,896 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	
2018	\$ 54,399
2019	59,442
2020	74,697
2021	31,667
2022	—

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

<u>Fiscal Year Ending June 30,</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
School’s proportionate share of the net pension liability	\$ 2,881,375	\$ 2,175,482	\$ 1,589,790

NOTE 13. Post-Employment Benefits – State Retiree Health Care Plan

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

STATE OF NEW MEXICO
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13. Post-Employment Benefits – State Retiree Health Care Plan (continued)

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

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

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

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 plans 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, 2017, 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, 2017, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2017, 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, 2016 and 2015 were \$299,086, \$295,108, and \$300,327, respectively, which equal the required contributions for each year.

NOTE 14. Contingent Liabilities

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

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 15. Subsequent Accounting Standard Pronouncements

In August 2015, GASB Statement No. 77 *Tax Abatement Disclosures*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The District will implement this standard during the fiscal year ended June 30, 2017.

In November 2016, GASB Statement No. 83 *Certain Asset Retirement Obligations*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In January 2017, GASB Statement No. 84 *Fiduciary Activities*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after December 15, 2018. This pronouncement will not affect the District's financial statements.

In March 2017, GASB Statement No. 85 *Omnibus 2017*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2017.

In May 2017, GASB Statement No. 86 *Certain Debt Extinguishment Issues*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2017. Earlier application is encouraged.

In June 2017, GASB Statement No. 87 *Leases*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

NOTE 16. Governmental Fund Balance

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

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

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

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

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

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

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Aztec Municipal Schools					
	General Fund				
	Operational	Transportation	Instructional Materials	Title I IASA	Entitlement IDEA-B
<i>Fund balance:</i>	11000	13000	14000	24101	24106
Nonspendable	-	-	-	-	-
Restricted:					
Instruction	1,200,000	49,861	46,631	-	-
Special Revenue	-	-	-	-	-
Capital Projects	-	-	-	-	-
Debt Service	-	-	-	-	-
Committed	1,100,000	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(221,311)	-	-	-	-
<i>Total fund balance</i>	<u>2,078,689</u>	<u>49,861</u>	<u>46,631</u>	<u>-</u>	<u>-</u>
		Capital			
	Bond Building	Improvements SB-9	Debt Service	Other Governmental Funds	Total Primary Government
<i>Fund balance:</i>	31100	31700	41000		
Nonspendable	-	-	-	36,232	36,232
Restricted					
Instruction	-	-	-	-	1,296,492
Special Revenue	-	-	-	535,507	535,507
Capital Projects	4,527,012	4,256,961	-	-	8,783,973
Debt Service	-	-	6,117,769	-	6,117,769
Committed	-	-	-	-	1,100,000
Assigned	-	-	-	-	-
Unassigned	-	-	-	641,883	420,572
<i>Total fund balance</i>	<u>4,527,012</u>	<u>4,256,961</u>	<u>6,117,769</u>	<u>1,213,622</u>	<u>\$ 18,290,545</u>
Mosaic Academy Charter School - Component Unit					
	General Fund			Capital	
	Operational	Instructional Materials	Special Revenue Funds	Improvements SB-9	Total
<i>Fund Balance:</i>	11000	14000		31700	
Nonspendable	-	-	-	-	-
Restricted					
Student Instruction	-	26,517	-	-	26,517
Capital Projects	-	-	-	205,534	205,534
Committed	206,808	-	-	-	206,808
Assigned	-	-	-	-	-
Unassigned	159,241	-	-	-	159,241
<i>Total fund balance</i>	<u>366,049</u>	<u>26,517</u>	<u>-</u>	<u>205,534</u>	<u>598,100</u>

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 17. Component Unit, Mosaic Academy Charter School

Mosaic Academy Charter School (MACS) is a dependent charter school formed under NMSA 22-8A and as such is presented here as a discrete component unit of Aztec Municipal School District. MACS is presented as a component unit since its operating budget and charter are annually presented and approved by the District's board. The New Mexico State Auditor has determined that charter schools are major component units of their respective Districts. Refer to Notes 1 through 13 for significant policies of MACS, as the charter school is subject to the same State and Federal regulations and follows the same policies as the District. The following are summarized details of the charter school's balances and transactions as of June 30, 2017 and for the year then ended:

A. Revenues

State Equalization Guarantee: MACS received \$1,397,638 in state equalization guarantee distributions during the year ended June 30, 2017.

Instructional Materials: Allocations received by MACS from the State for the year ended June 30, 2017 totaled \$12,711.

B. Cash and Temporary Investment

Deposits:

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

	Citizens Bank
Total amounts of deposits	\$ 668,472
FDIC coverage	(470,000)
Total uninsured public funds	198,472
Collateral requirement (50% of uninsured public funds)	\$ 99,236
Pledged security	580,000
Total under (over) collateralized	\$ (480,765)

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Mosaic Academy School's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). State law limits deposits of public monies to certain banks or credit unions. In addition, the depository must pledge eligible collateral to the extent of 50% of the balance of uninsured funds. At June 30, 2017, \$418,472 of the Charter's bank balance of \$668,472 was exposed to custodial credit risk.

Reconciliation of Cash and Temporary Investments

The carrying amount of deposits and investments shown above are included in the District's statement of net position as follows:

Reconciliation to Statement of Net Position

Governmental Funds – Balance Sheet	
Cash and cash equivalents per Exhibit A-1	\$ 639,191
Statement of Fiduciary Net Position – cash per Statement E-13	21,242
Total per financial statements	660,433
Add outstanding checks and other reconciling items	8,039
Bank balance of deposits	\$ 668,472

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 17. Component Unit, Mosaic Academy Charter School – (Continued)

C. Receivables

MACS had receivables of \$2,264 in the (\$741) Student Library and (\$1,523) Public School Capital Outlay funds. The receivable was due to reimbursements outstanding.

D. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2017 follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Capital Assets used in Governmental Activities:				
Buildings and improvements	297,466	—	—	297,466
Furniture, fixtures & equipment	57,336	8,225	—	65,561
Total assets	<u>\$ 354,802</u>	<u>\$ 8,225</u>	<u>\$ —</u>	<u>\$ 363,027</u>
Less Accumulated Depreciation:				
Buildings and improvements	122,668	14,172	—	136,840
Furniture, fixtures & equipment	49,438	3,186	—	52,624
Total accumulated depreciation	<u>\$ 172,106</u>	<u>\$ 17,358</u>	<u>\$ —</u>	<u>\$ 189,464</u>
Net Capital Assets	<u>\$ 182,696</u>	<u>\$ 9,133</u>	<u>\$ —</u>	<u>\$ 173,563</u>

Depreciation expense for the year ended June 30, 2017 was:

Instruction	\$ 3,186
Operations and Maintenance	14,172
Total	<u>\$ 17,358</u>

E. Other Required Individual Fund Disclosures

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

1. There were no deficit fund balance of individual funds at June 30, 2017.
2. Excess of expenditures over appropriations at June 30, 2017, no funds exceeded budgetary authority.

G. Post-Employment Benefits

The School's contributions to Retiree Healthcare for the year ended June 30, 2017 was \$15,421.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Educational Retirement Board (ERB) Plan
Last 10 Fiscal Years*
JUNE 30, 2017

	District		
	2017	2016	2015
Proportion of the net pension liability	0.51644%	0.52870%	0.51840%
Proportionate share of the net pension liability	37,165,261	34,242,716	29,577,358
Covered-employee payroll	15,478,052	15,025,705	14,285,439
Proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	240%	228%	207%
Plan fiduciary net position as a percentage of the total pension liability	63.97%	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 present information for those years for which information is available.

SCHEDULE OF DISTRICT'S CONTRIBUTIONS
Educational Retirement Board (ERB) Plan

	Last 10 Fiscal Years**		
Contractually required contribution	2,068,485	2,050,211	2,088,885
Contributions in relation to the contractually required contribution	2,068,485	2,050,211	2,088,885
Contribution deficiency (excess)	-	-	-
County's covered-employee payroll	15,478,052	15,025,705	14,285,439
Contributions as a percentage of covered-employee payroll	13.36%	13.64%	14.62%

** 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.

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 assumption for fiscal years 2015. 1) Fiscal year 2015 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 IV (B) Actuarial Assumptions of the financial statement disclosure on the Pension Plan

Charter		
2017	2016	2015
0.03023%	0.02922%	0.02894%
2,175,482	1,892,657	1,651,229
789,063	830,698	797,569
276%	228%	207%
63.97%	63.97%	66.54%
107,137	119,992	115,467
107,137	119,992	115,467
-	-	-
789,063	830,698	797,569
13.58%	14.44%	14.48%

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Food Services (21000) - This fund is utilized to account for Federal and Local sources of income relating to the food service programs. The Food Service Fund is segregated into two categories, one being the Federal funds and the other being Non-Federal funds. Federal funds consist of National School Lunch Program, which is administered by the State of New Mexico for the purpose of making breakfast and lunch available to all school children and to encourage the domestic consumption of agricultural commodities and other food components. Authority for the creation of this fund is NMSA 22-13-13.

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

New Mexico Autism Project (24108) – The purpose of this fund is to support the implementation of the NMAP’s researched based model to improve outcomes for students with Autism Spectrum Disorders (ASD). Authority for creation of this fund is New Mexico State Autism Spectrum Disorder Project.

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

IDEA-B Risk Pool (24120) – Funding for students with disabilities who are parentally placed in private elementary and secondary schools (“equitable participation services”) located in the school district.

IDEA-B Results Plan (24132) – This account is to support the individual school site’s Educational Plan for Student Success, or areas of need of improvement as identified through an instructional audit. This is a pilot program for the New Mexico Real Results program required by US Dept. of Education of Special Education Programs. Authority for creation of this fund is New Mexico Public Education Department.

Teacher II Teacher Quality (24154) – To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students.

Teacher / Principal Training / Recruiting (24183) – To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principle quality and increasing the number of highly qualified teachers in the classroom and highly qualified principles and assistant principals in schools. Authorization is granted through the Elementary and Secondary Education Act of 1965, as amended, Title II, Part A, Public Law 107-110.

Johnson O’Malley (25131) – To provide funding for supplemental programs in special education and the other needs of eligible Native American Indian children. Funding is provided by the Johnson-O’Malley Act of 1934 as amended, Public Law 930638.

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

BP Educational Grants (26150) - To account for funds received from British Petroleum supporting education programs/activities. Authority for creation of this fund is NMPED.

Conoco Phillips Education Grant (26200) - To account for funds received from Conoco Phillips supporting education programs/activities. Authority for creation of this fund is NMPED.

Dual Credit Instructional Materials/HB2 (27103) –To account for House Bill2, 2009 which makes an appropriation for Dual Credit Instructional materials. The dual credit instructional materials must be for a course approved by Higher Education department and through a college-university for which the District has an approved agreement.

2012 GO Bonds – Student Library Fund (SB66) (27107) – Funds used to purchase library books and library supplies for all school sites. Program is authorized by state statute.

Instructional Materials Adoption Support (27113) – To account for financial activity associated with contract between the NMPED supporting the annual review of instructional material submitted to the NMPED for acceptance in use for public schools in New Mexico.

NM Reads Lead K-3 Reading Initiative (27114) – Provides an aligned approach for districts and schools to ensure that children read by the end of the third grade – giving them essential skills for future career and college success. It also provides regional and district reading coaches, support for intervention and professional development for parents, teachers, reading coaches and administrators.

Indian Education Act (27150) - To increase academic achievement and provide culturally relevant learning experiences for American Indian students, to establish collaborative partnerships that engage active participation of American Indian parents, students, tribes, community based organizations, universities, private sector and/or other entities who work with American Indian Students; to establish a parent community advisory committee to participate in the development of an Indigenous curriculum framework and the profile Indigenous best practices.

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

2013 School Bus (27178) –Funds to public school districts to replace public school buses. Authority for the creation of the fund is Senate Bill 60, Severance Tax Bond Projects 2013.

STEM Teacher Initiative (27181) - The purpose of this fund is to provide a \$5,000 stipend per year to 15 highly effective STEM teachers to teach science, technology engineering or mathematics (grades 7-12) for two year to serve in hard to staff schools.

College Counselor Initiative (27189) – The fund establishes a cohort of high school advisors whose role is dedicated to college and career readiness.

Teachers Hard to Staff (27195) –Funds to public school districts to incentivize teacher in rural areas. Authority for the creation of the fund is the New Mexico Public Education Department.

Youth Conservation Corp NMEMNR (28133) - The Youth Conservation Corps (YCC) is administratively attached to the Energy, Minerals and Natural Resources Department. YCC was created in 1992 to provide a process to employ the youth in public projects. Participants learn employment skills, work ethics, as well as self-discipline and self-esteem.

Medicaid Support - HSD (28144) – To assist schools in offering key health and health-related services that are designed to integrate and maintain active learning for Medicaid-eligible children with disabilities and special health care needs.

Private Dir. Grants (29102) –To provide additional classroom time at Gallup Central High for seniors to meet graduation requirements. Funding authority is the New Mexico Public Education Department.

CAPITAL PROJECTS FUNDS

Charter School Capital Project Funds

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

Public School Capital Outlay (31200) – To account for the 20 percent of the operational property tax revenues that have been set aside for capital outlay projects. Funding authority is the New Mexico Public Education Department.

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR FUNDS
JUNE 30, 2017

	Food Services 21000	Athletics 22000	NM Autism Project 24108	Preschool IDEA-B 24109
ASSETS				
<i>Current Assets</i>				
Cash and temporary investments	\$ 599,880	\$ 47,329	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	12,302	-	3,323	5,909
Interfund receivables	-	-	-	-
Inventory	36,232	-	-	-
	<u>648,414</u>	<u>47,329</u>	<u>3,323</u>	<u>5,909</u>
<i>Total assets</i>	<u>648,414</u>	<u>47,329</u>	<u>3,323</u>	<u>5,909</u>
LIABILITIES AND FUND BALANCES				
<i>Current Liabilities:</i>				
Accounts payable	36,106	-	-	-
Accrued expenses	-	-	-	-
Accrued compensated absences	-	-	-	-
Interfund payables	-	-	3,323	5,909
	<u>36,106</u>	<u>-</u>	<u>3,323</u>	<u>5,909</u>
<i>Total liabilities</i>	<u>36,106</u>	<u>-</u>	<u>3,323</u>	<u>5,909</u>
<i>Fund Balance:</i>				
Fund Balance:				
Nonspendable	36,232	-	-	-
Restricted	-	47,329	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	576,076	-	-	-
	<u>612,308</u>	<u>47,329</u>	<u>-</u>	<u>-</u>
<i>Total fund balance</i>	<u>612,308</u>	<u>47,329</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balance</i>	<u>\$ 648,414</u>	<u>\$ 47,329</u>	<u>\$ 3,323</u>	<u>\$ 5,909</u>

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

IDEA-B "Risk Pool" 24120	IDEA-B Plan Results 24132	Teacher / Principal Training & Recruiting 24154	Teacher/Principal Training/ Recruiting 24183	Johnson O'Malley 25131	Indian Ed Formula Grant 25184
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	3,383	16,410	8,554	14,780	15,850
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>3,383</u>	<u>16,410</u>	<u>8,554</u>	<u>14,780</u>	<u>15,850</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	3,383	16,409	8,554	14,780	15,850
-	3,383	16,409	8,554	14,780	15,850
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1	-	-	-
-	-	1	-	-	-
<u>\$ -</u>	<u>\$ 3,383</u>	<u>\$ 16,410</u>	<u>\$ 8,554</u>	<u>\$ 14,780</u>	<u>\$ 15,850</u>

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR FUNDS
JUNE 30, 2017

	<u>BP</u> <u>Educational</u> <u>26150</u>	<u>Conoco</u> <u>Phillips</u> <u>26200</u>	<u>Dual Credit</u> <u>Inst. Materials</u> <u>27103</u>	<u>2012 GO Bonds -</u> <u>Student Library</u> <u>Fund (SB66)</u> <u>27107</u>
ASSETS				
<i>Current Assets</i>				
Cash and temporary investments	\$ 41,179	\$ 31,262	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
	<u>41,179</u>	<u>31,262</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>41,179</u>	<u>31,262</u>	<u>-</u>	<u>-</u>
LIABILITIES AND FUND BALANCES				
<i>Current Liabilities:</i>				
Accounts payable	-	-	-	-
Accrued expenses	-	-	-	-
Accrued compensated absences	-	-	-	-
Interfund payables	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance:</i>				
Fund Balance:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	41,179	31,262	-	-
	<u>41,179</u>	<u>31,262</u>	<u>-</u>	<u>-</u>
<i>Total fund balance</i>	<u>41,179</u>	<u>31,262</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balance</i>	<u>\$ 41,179</u>	<u>\$ 31,262</u>	<u>\$ -</u>	<u>\$ -</u>

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

Instructional Material Adoption to Lead K-3 Reading Support 27113	NM Reads Initiative 27114	Indian Education Act 27150	Breakfast for Elementary Students 27155	2013 School Buses 27178	STEM Teacher Initiative 27181
\$ 19,408	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	10,485	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>19,408</u>	<u>-</u>	<u>10,485</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	10,485	522	-	-
-	-	10,485	522	-	-
-	-	-	-	-	-
19,408	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(522)	-	-
<u>19,408</u>	<u>-</u>	<u>-</u>	<u>(522)</u>	<u>-</u>	<u>-</u>
<u>\$ 19,408</u>	<u>\$ -</u>	<u>\$ 10,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR FUNDS
JUNE 30, 2017

	College Counselor Initiative 27183	College Counselor Initiative 27189	Teachers Hard to Staff Stipends 27195	Youth Conservation Corp 28133
ASSETS				
<i>Current Assets</i>				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	5,868	73,014
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
	-	-	5,868	73,014
<i>Total assets</i>	-	-	5,868	73,014
LIABILITIES AND FUND BALANCES				
<i>Current Liabilities:</i>				
Accounts payable	-	-	-	-
Accrued expenses	-	-	-	-
Accrued compensated absences	-	-	-	-
Interfund payables	-	6,113	5,868	72,962
<i>Total liabilities</i>	-	6,113	5,868	72,962
<i>Fund Balance:</i>				
Fund Balance:				
Nonspendable	-	-	-	-
Restricted	-	-	-	52
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	(6,113)	-	-
	-	(6,113)	-	52
<i>Total fund balance</i>	-	(6,113)	-	52
<i>Total liabilities and fund balance</i>	\$ -	\$ -	\$ 5,868	\$ 73,014

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

Medicaid Support HSD 28144	Private Dir. Grants 29102	Total Special Revenue Funds
\$ 468,718	\$ -	\$ 1,207,776
-	-	-
-	-	169,878
-	-	-
-	-	36,232
<u>468,718</u>	<u>-</u>	<u>1,413,886</u>
-	-	36,106
-	-	-
-	-	-
-	-	164,158
<u>-</u>	<u>-</u>	<u>200,264</u>
-	-	36,232
468,718	-	535,507
-	-	-
-	-	-
-	-	641,883
<u>468,718</u>	<u>-</u>	<u>1,213,622</u>
<u>\$ 468,718</u>	<u>\$ -</u>	<u>\$ 1,413,886</u>

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDING JUNE 30, 2017

	Food Services 21000	Athletics 22000	Preschool IDEA-B 24108	NM Autism Project 24109
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	1,131,228	-	3,323	12,137
Charges for services	326,201	105,857	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>1,457,429</u>	<u>105,857</u>	<u>3,323</u>	<u>12,137</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	123,036	3,071	9,331
Support Services				
Students	-	-	132	2,377
Instruction	-	-	-	-
General Administration	41,087	-	-	429
School Administration	-	-	120	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	1,353,685	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,394,772</u>	<u>123,036</u>	<u>3,323</u>	<u>12,137</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>62,657</u>	<u>(17,179)</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>62,657</u>	<u>(17,179)</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	549,651	64,508	-	-
<i>Fund balances - end of year</i>	<u>\$ 612,308</u>	<u>\$ 47,329</u>	<u>\$ -</u>	<u>\$ -</u>

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

IDEA-B "Risk Pool" 24120	IDEA-B Plan Results 24132	Teacher / Principal Training & Recruiting 24154	Teacher/Principal Training/ Recruiting 24183	Johnson O'Malley 25131	Indian Ed Formula Grant 25184
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	30,000	77,655	8,554	24,042	86,676
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>30,000</u>	<u>77,655</u>	<u>8,554</u>	<u>24,042</u>	<u>86,676</u>
-	30,000	-	-	-	58,389
-	-	-	-	23,193	16,625
-	-	74,913	-	-	-
-	-	2,742	-	849	3,060
-	-	-	-	-	8,602
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	8,554	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>30,000</u>	<u>77,655</u>	<u>8,554</u>	<u>24,042</u>	<u>86,676</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDING JUNE 30, 2017

	BP Educational 26150	Conoco Phillips 26200	Dual Credit Inst. Materials 27103	2012 GO Bonds - Student Library Fund (SB66) 27107
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	8,744	-
Federal grants	-	-	-	-
Charges for services	-	44,194	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>44,194</u>	<u>8,744</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	21,713	16,658	8,480	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	8,032	-	-	-
School Administration	3,645	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>33,390</u>	<u>16,658</u>	<u>8,480</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(33,390)</u>	<u>27,536</u>	<u>264</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>(33,390)</u>	<u>27,536</u>	<u>264</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	74,569	3,726	(264)	-
<i>Fund balances - end of year</i>	<u>\$ 41,179</u>	<u>\$ 31,262</u>	<u>\$ -</u>	<u>\$ -</u>

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

Instructional Material Adoption to Support 27113	NM Reads Lead K-3 Reading Initiative 27114	Indian Education Act 27150	Breakfast for Elementary Students 27155	2013 School Buses 27178	STEM Teacher Initiative 27181
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
67,285	-	20,720	9,588	263,310	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>67,285</u>	<u>-</u>	<u>20,720</u>	<u>9,588</u>	<u>263,310</u>	<u>-</u>
-	-	7,330	-	-	-
-	-	11,402	-	-	-
-	-	-	-	-	-
5,844	-	732	-	-	-
-	-	-	-	-	-
60,078	-	-	-	-	-
-	-	-	-	-	-
-	-	1,256	-	263,310	-
-	-	-	-	-	-
-	-	-	10,110	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>65,922</u>	<u>-</u>	<u>20,720</u>	<u>10,110</u>	<u>263,310</u>	<u>-</u>
<u>1,363</u>	<u>-</u>	<u>-</u>	<u>(522)</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,363</u>	<u>-</u>	<u>-</u>	<u>(522)</u>	<u>-</u>	<u>-</u>
18,045	-	-	-	-	-
<u>\$ 19,408</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (522)</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDING JUNE 30, 2017

	College Counselor Initiative 27183	College Counselor Initiative 27189	Teachers Hard to Staff Stipends 27195	Youth Conservation Corp 28133
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	1,000	26,388	24,300	147,391
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>1,000</u>	<u>26,388</u>	<u>24,300</u>	<u>147,391</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	24,300	147,365
Support Services				
Students	-	32,501	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	1,000	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,000</u>	<u>32,501</u>	<u>24,300</u>	<u>147,365</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(6,113)</u>	<u>-</u>	<u>26</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>(6,113)</u>	<u>-</u>	<u>26</u>
<i>Fund balances - beginning of year</i>	-	-	-	26
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ (6,113)</u>	<u>\$ -</u>	<u>\$ 52</u>

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

Medicaid Support HSD 28144	Private Dir. Grants 29102	Total Special Revenue Funds
\$ -	\$ -	\$ -
397,256	-	965,982
-	-	1,373,615
-	60,000	536,252
-	-	-
-	-	-
<u>397,256</u>	<u>60,000</u>	<u>2,875,849</u>
3,965	-	453,638
132,306	-	218,536
-	-	74,913
-	-	62,775
8,062	-	20,429
-	-	60,078
-	-	-
-	-	264,566
-	-	-
-	-	1,373,349
-	60,000	60,000
-	-	-
-	-	-
<u>144,333</u>	<u>60,000</u>	<u>2,588,284</u>
<u>252,923</u>	<u>-</u>	<u>287,565</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>252,923</u>	<u>-</u>	<u>287,565</u>
215,795	-	926,057
<u>\$ 468,718</u>	<u>\$ -</u>	<u>\$ 1,213,622</u>

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

COMPONENT UNIT

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
MOSAIC ACADEMY CHARTER SCHOOL
COMBINING BALANCE SHEET
JUNE 30, 2017

	General Fund			2012 GO Bonds - Student Library Fund (SB66) 27107
	Operational 11000	Instructional Materials 14000	IDEA-B Entitlement 24106	
ASSETS				
<i>Current Assets</i>				
Cash and temporary investments	\$ 406,808	\$ 26,709	\$ 179	\$ -
Accounts receivable				
Property taxes	-	-	-	-
Due from other governments	-	-	-	741
Interfund receivables	2,264	-	-	-
Other	-	-	-	-
Prepaid assets	-	-	-	-
<i>Total assets</i>	<u>409,072</u>	<u>26,709</u>	<u>179</u>	<u>741</u>
LIABILITIES AND FUND BALANCES				
<i>Current Liabilities:</i>				
Accounts payable	4,854	192	-	-
Accrued expenses	38,169	-	179	-
Interfund payables	-	-	-	741
Deferred revenue - other	-	-	-	-
Other liabilities	-	-	-	-
<i>Total liabilities</i>	<u>43,023</u>	<u>192</u>	<u>179</u>	<u>741</u>
<i>Fund balances</i>				
Fund Balance:				
Nonspendable	-	-	-	-
Restricted	-	26,517	-	-
Committed	206,808	-	-	-
Assigned	-	-	-	-
Unassigned	159,241	-	-	-
<i>Total fund balance</i>	<u>366,049</u>	<u>26,517</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balance</i>	<u>\$ 409,072</u>	<u>\$ 26,709</u>	<u>\$ 179</u>	<u>\$ 741</u>

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

New Mexico Leads to Read 27114	Robot Systems for Math Competitions 27115	Public School Capital Outlay 31200	Capital Improvements SB-9 31700	Total
\$ -	\$ -	\$ -	\$ 205,495	\$ 639,191
-	-	-	4,376	4,376
-	-	1,523	-	2,264
-	-	-	-	2,264
-	-	-	-	-
-	-	-	-	-
-	-	1,523	209,871	648,095
-	-	-	-	5,046
-	-	-	-	38,348
-	-	1,523	-	2,264
-	-	-	4,337	4,337
-	-	-	-	-
-	-	1,523	4,337	49,995
-	-	-	-	-
-	-	-	205,534	232,051
-	-	-	-	206,808
-	-	-	-	-
-	-	-	-	159,241
-	-	-	205,534	598,100
\$ -	\$ -	\$ 1,523	\$ 209,871	\$ 648,095

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
MOSAIC ACADEMY CHARTER SCHOOL
GOVERNMENTAL FUNDS

Statement E-1
 (Page 2 of 2)

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2017

		Governmental Funds
Amounts reported for governmental activities in the statement of net assets are different because:		
Fund balances - total governmental funds	\$	598,100
Capital Assets		173,563
Long-term liabilities, including bonds payable, are not due and payable in		
Net pension liability		(2,175,482)
Deferred inflows		(20,692)
Deferred outflows		240,896
Net Assets-total Governmental Activities	\$	(1,183,615)

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT
MOSAIC ACADEMY CHARTER SCHOOL
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDING JUNE 30, 2017

	General Fund			2012 GO Bonds - Student Library Fund (SB66) 27107
	Operational 11000	Instructional Materials 14000	IDEA-B Entitlement 24106	
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	1,397,638	12,711	-	741
Federal grants	1,951	-	55,258	-
Miscellaneous	-	-	-	-
Interest	1,123	-	-	-
<i>Total revenues</i>	<u>1,400,712</u>	<u>12,711</u>	<u>55,258</u>	<u>741</u>
<i>Expenditures:</i>				
Current:				
Instruction	828,989	10,732	53,307	-
Support Services				
Students	71,615	-	-	-
Instruction	8,753	-	-	741
General Administration	6,111	-	1,951	-
School Administration	228,205	-	-	-
Central Services	67,822	-	-	-
Operation & Maintenance of Plant	117,458	-	-	-
Student Transportation	128	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	3,613	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,332,694</u>	<u>10,732</u>	<u>55,258</u>	<u>741</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>68,018</u>	<u>1,979</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	<u>298,031</u>	<u>24,538</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 366,049</u>	<u>\$ 26,517</u>	<u>\$ -</u>	<u>\$ -</u>

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

New Mexico Leads to Read 27114	Robot Systems for Math Competitions 27115	Public School Capital Outlay 31200	Capital Improvements SB-9 31700	Total
\$ -	\$ -	\$ -	\$ 61,897	\$ 61,897
-	-	118,118	-	1,529,208
-	-	-	-	57,209
-	-	-	-	-
-	-	-	-	1,123
-	-	118,118	61,897	1,649,437
-	-	-	-	893,028
-	-	-	-	71,615
-	-	-	-	9,494
-	-	-	548	8,610
-	-	-	-	228,205
-	-	-	-	67,822
-	-	-	-	117,458
-	-	-	-	128
-	-	-	-	-
-	-	-	-	3,613
-	-	-	-	-
-	-	118,118	8,422	126,540
-	-	-	-	-
-	-	-	-	-
-	-	118,118	8,970	1,526,513
-	-	-	52,927	122,924
-	-	-	152,607	475,176
\$ -	\$ -	\$ -	\$ 205,534	\$ 598,100

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT
MOSAIC ACADEMY CHARTER SCHOOL

Statement E-2
(Page 2 of 2)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2017

	Governmental Funds
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ 122,924
Change in pension expense	(257,157)
Capital additions	8,225
Depreciation	<u>17,358</u>
Change in Net Assets-total Governmental Activities	<u>\$ (108,650)</u>

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

AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT

MOSAIC ACADEMY CHARTER SCHOOL

GENERAL FUND (11000)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 2017

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	1,445,079	1,423,397	1,399,830	(23,567)
Federal grants	-	-	1,951	1,951
Miscellaneous	-	-	-	-
Interest	-	-	1,123	1,123
<i>Total revenues</i>	<u>1,445,079</u>	<u>1,423,397</u>	<u>1,402,904</u>	<u>(20,493)</u>
<i>Expenditures:</i>				
Current:				
Instruction	917,496	917,496	831,173	86,323
Support Services				
Students	89,916	94,066	70,457	23,609
Instruction	26,928	26,944	8,753	18,191
General Administration	26,407	31,407	6,111	25,296
School Administration	244,099	254,862	228,205	26,657
Central Services	93,452	82,166	67,822	14,344
Operation & Maintenance of Plant	257,200	250,943	113,762	137,181
Student Transportation	2,200	2,200	128	2,072
Other Support Services	30,000	30,000	-	30,000
Food Services Operations	5,000	5,000	3,613	1,387
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,692,698</u>	<u>1,695,084</u>	<u>1,330,024</u>	<u>365,060</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(247,619)</u>	<u>(271,687)</u>	<u>72,880</u>	<u>344,567</u>
<i>Other financing sources (uses):</i>				
Designated cash	247,619	271,687	-	(271,687)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>247,619</u>	<u>271,687</u>	<u>-</u>	<u>(271,687)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>72,880</u>	<u>72,880</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>336,192</u>	<u>336,192</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 409,072</u>	<u>\$ 409,072</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(2,192)	
Adjustments to expenditures			(2,670)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 68,018</u>	

The accompanying notes are an integral part of these financial statements

AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT
MOSAIC ACADEMY CHARTER SCHOOL
INSTRUCTIONAL MATERIALS FUND (14000)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	9,949	8,394	12,711	4,317
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>9,949</u>	<u>8,394</u>	<u>12,711</u>	<u>4,317</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	33,603	32,932	8,986	23,946
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>33,603</u>	<u>32,932</u>	<u>8,986</u>	<u>23,946</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(23,654)</u>	<u>(24,538)</u>	<u>3,725</u>	<u>28,263</u>
<i>Other financing sources (uses):</i>				
Designated cash	23,654	24,538	-	(24,538)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>23,654</u>	<u>24,538</u>	<u>-</u>	<u>(24,538)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>3,725</u>	<u>3,725</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>22,984</u>	<u>22,984</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,709</u>	<u>\$ 26,709</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			(1,746)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 1,979</u>	

The accompanying notes are an integral part of these financial statements

AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT
MOSAIC ACADEMY CHARTER SCHOOL
ENTITLEMENT IDEA-B (24106)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 2017

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	55,024	68,544	72,912	4,368
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>55,024</u>	<u>68,544</u>	<u>72,912</u>	<u>4,368</u>
<i>Expenditures:</i>				
Current:				
Instruction	53,081	66,124	53,307	12,817
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	1,943	2,420	1,951	469
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>55,024</u>	<u>68,544</u>	<u>55,258</u>	<u>13,286</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>17,654</u>	<u>17,654</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>17,654</u>	<u>17,654</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(17,475)</u>	<u>(17,475)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179</u>	<u>\$ 179</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(17,654)	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT

MOSAIC ACADEMY CHARTER SCHOOL

2012 GO BONDS - STUDENT LIBRARY FUND (SB66) SPECIAL REVENUE FUND (27107)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 2017

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	491	742	5,963	5,221
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>491</u>	<u>742</u>	<u>5,963</u>	<u>5,221</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	491	742	741	1
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>491</u>	<u>742</u>	<u>741</u>	<u>1</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>5,222</u>	<u>5,222</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>5,222</u>	<u>5,222</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(5,963)</u>	<u>(5,963)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (741)</u>	<u>\$ (741)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(5,222)	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement E-7

AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT
MOSAIC ACADEMY CHARTER SCHOOL
NEW MEXICO LEADS TO READ SPECIAL REVENUE FUND (27114)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 2017

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

The accompanying notes are an integral part of these financial statements

AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT
MOSAIC ACADEMY CHARTER SCHOOL
ROBOT SYSTEMS FOR MATH COMPETITIONS SPECIAL REVENUE FUND (27115)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 2017

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement E-9

AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT
MOSAIC ACADEMY CHARTER SCHOOL
PUBLIC CAPITAL OUTLAY CAPITAL PROJECTS FUND (31200)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 2017

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	118,260	142,908	24,648
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>118,260</u>	<u>142,908</u>	<u>24,648</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	118,260	118,118	142
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>118,260</u>	<u>118,118</u>	<u>142</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>24,790</u>	<u>24,790</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>24,790</u>	<u>24,790</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(26,313)</u>	<u>(26,313)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,523)</u>	<u>\$ (1,523)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(24,790)	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement E-10

AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT

MOSAIC ACADEMY CHARTER SCHOOL

CAPITAL IMPROVEMENTS SB-9 CAPITAL PROJECTS FUND (31700)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 2017

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ 88,663	\$ 88,663	\$ 64,235	\$ (24,428)
State grants	-	3,999	4,038	39
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>88,663</u>	<u>92,662</u>	<u>68,273</u>	<u>(24,389)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	926	926	548	378
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	231,090	211,193	8,422	202,771
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>232,016</u>	<u>212,119</u>	<u>8,970</u>	<u>203,149</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(143,353)</u>	<u>(119,457)</u>	<u>59,303</u>	<u>178,760</u>
<i>Other financing sources (uses):</i>				
Designated cash	143,353	119,457	-	(119,457)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>143,353</u>	<u>119,457</u>	<u>-</u>	<u>(119,457)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>59,303</u>	<u>59,303</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>146,192</u>	<u>146,192</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,495</u>	<u>\$ 205,495</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(6,376)	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 52,927</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT
MOSAIC ACADEMY CHARTER SCHOOL
CASH RECONCILIATION
JUNE 30, 2017

Statement E-12

	Operational Account 11000	Instructional Materials 14000	School Lunch 21000	Federal Flowthrough 24000	Federal Direct 25000	State Flowthrough 27000	Capital Outlay 31200	Cap. Improv. SB 9 31700	Total
Cash, June 30, 2016	298,023	24,538	-	(17,654)	-	(23,930)	(26,313)	146,192	\$ 400,856
Add:									
2016-17 revenues	1,402,904	12,711	-	72,912	-	23,930	142,908	68,273	1,723,638
Permanent cash transfers	-	-	-	-	-	-	-	-	-
Loans from other funds	-	-	-	-	-	741	1,523	-	2,264
Total cash available	1,700,927	37,249	-	55,258	-	741	118,118	214,465	2,126,758
Less:									
2016-17 expenditures	(1,330,024)	(8,986)	-	(55,258)	-	(741)	(118,118)	(8,970)	(1,522,097)
Permanent cash transfers	-	-	-	-	-	-	-	-	-
Adjustments	-	(1,554)	-	-	-	-	-	-	(1,554)
Loans to other funds	(2,264)	-	-	-	-	-	-	-	(2,264)
Cash, June 30, 2017	<u>\$ 368,639</u>	<u>\$ 26,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,495</u>	<u>\$ 600,843</u>
Held checks for accrued liabilities	38,169	-	-	179	-	-	-	-	38,348
Cash, June 30, 2017 per financial statements	<u>\$ 406,808</u>	<u>\$ 26,709</u>	<u>\$ -</u>	<u>\$ 179</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,495</u>	<u>\$ 639,191</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT
MOSAIC ACADEMY CHARTER SCHOOL
AGENCY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2017

Statement E-12

	<u>Total Agency Funds</u>
ASSETS	
<i>Current Assets</i>	
Cash	<u>21,242</u>
<i>Total assets</i>	<u><u>21,242</u></u>
 LIABILITIES	
<i>Current Liabilities</i>	
Deposits held in trust for others	<u>21,242</u>
<i>Total liabilities</i>	<u><u>\$ 21,242</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS - COMPONENT UNIT
MOSAIC ACADEMY CHARTER SCHOOL
AGENCY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2017

Statement E-13

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
Activities	17,121	17,738	13,617	\$ 21,242
Total Agency Funds	<u>\$ 17,121</u>	<u>\$ 17,738</u>	<u>\$ 13,617</u>	<u>\$ 21,242</u>

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

OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017

Activity	Balance June 30, 2016	Additions	Adjustments	Deletions	Balance June 30, 2017
District Administration	\$ 73,162	\$ 73,701	\$ -	\$ 66,706	\$ 80,157
Vista Nueva High School	1,731	1,106	-	739	2,098
Koogler Middle School	54,266	8,090	-	4,834	57,522
Aztec High School	81,502	136,374	-	130,844	87,032
McCoy Elementary	30,115	25,924	-	25,641	30,398
Park Elementary	36,262	46,249	-	43,233	39,278
Lydia Rippey Elementary	18,391	15,633	-	28,202	5,822
Total All Schools	<u>\$ 295,429</u>	<u>\$ 307,077</u>	<u>\$ -</u>	<u>\$ 300,199</u>	<u>\$ 302,307</u>

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
FOR PUBLIC FUNDS
JUNE 30, 2017

Schedule II

Name of Depository	Description of Pledged Collateral	Cusip Number	Maturity	Fair Market Value June 30, 2017	Name and Location of Safekeeper
District:					
Wells Fargo	FMAC FGPC 3.5%	31294MBPS	11/1/2025	457	Bank of New York Mellon
Wells Fargo	FNMA FNMS 2.5%	31417CRT4	8/1/2022	2,276	Bank of New York Mellon
Wells Fargo	FNMA FNMS 3.0%	31417DGG2	10/1/1942	760,859	Bank of New York Mellon
				<u>763,592</u>	
The Citizens Bank	FHLB NOTE	3136A3KNO	10/25/2040	5,149,500	Federal Home Loan Bank
The Citizens Bank	FHLB NOTE	3137AMMY0	6/15/2040	4,130,800	Federal Home Loan Bank
				<u>9,280,300</u>	
The Citizens Bank	FNM 12017VQ, 4.00%	3136A4F20	2/25/2031	7,125,198	Federal Home Loan Bank
The Citizens Bank	FHLB NOTE. 1.50%	3130A6AL1	8/14/2018	2,994,480	Federal Home Loan Bank
The Citizens Bank	FNMA #MA1379	31418AQ92	3/1/2043	1,929,167	Federal Home Loan Bank
				<u>12,048,845</u>	
				<u>22,092,737</u>	
Component Unit:					
The Citizens Bank	FHLB NOTE	098104KA9	8/1/2038	580,000	Federal Home Loan Bank
				<u>580,000</u>	

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
SCHEDULE OF DEPOSITS
JUNE 30, 2017

Schedule III

Bank Account Type/Name	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Wells Fargo Bank				
Checking - Accounts Payable	\$ 98,016	\$ -	\$ -	\$ 98,016
Checking - General Account	1,539,690	-	117,372	1,422,318
Total Wells Fargo Bank	<u>1,637,706</u>	<u>-</u>	<u>117,372</u>	<u>1,520,334</u>
Citizens Bank				
Checking - Activity Account	\$ (309)	\$ -	\$ -	\$ (309)
Checking - General Account	2,193,125	-	-	2,193,125
Checking - Repo Account	12,048,195	-	-	12,048,195
Certificate of Deposit	3,014,158	-	-	3,014,158
Total Citizens Bank	<u>17,255,169</u>	<u>-</u>	<u>-</u>	<u>17,255,169</u>
Total cash in bank	<u>\$ 18,892,875</u>	<u>\$ -</u>	<u>\$ 117,372</u>	<u>\$ 18,775,503</u>
Cash per financial statements				
Cash and cash equivalents-Governmental Activities Exhibit A-1				18,473,196
Fiduciary funds - Exhibit D-1				<u>302,307</u>
Total cash and cash equivalents				<u>\$ 18,775,503</u>

Component Unit:

Wells Fargo Bank

Bank Account Type/Name	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Checking - Operational Account	\$ 402,086	\$ -	\$ -	\$ 402,086
Checking - Payroll	43,523	-	5,176	38,347
Checking - Accounts Payable	2,863	-	2,863	-
Certificate of Deposit - 5128	110,000	-	-	110,000
Certificate of Deposit - 5129	110,000	-	-	110,000
Total cash in bank	<u>\$ 668,472</u>	<u>\$ -</u>	<u>\$ 8,039</u>	<u>\$ 660,433</u>
Cash per financial statements				
Cash and cash equivalents-Governmental Activities Exhibit A-1				639,191
Fiduciary funds - Exhibit D-1				<u>21,242</u>
Total cash and cash equivalents				<u>\$ 660,433</u>

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
CASH RECONCILIATION
JUNE 30, 2017

	Operational Account 11000	Teacherege Account 12000	Transportation Account 13000	Instructional Materials 14000	Food Services Account 21000
Cash, June 30, 2016	4,120,842	-	1	294,255	522,862
Add:					
2016-17 revenues	21,012,627	-	857,186	71,706	1,331,834
Permanent Cash Transfers	-	-	300,000	160,000	-
Loans from other funds	-	-	-	-	-
Total cash available	25,133,469	-	1,157,187	525,961	1,854,696
Less:					
2016-17 expenditures	(22,581,670)	-	(1,107,326)	(479,330)	(1,254,816)
Adjustments	(139)	-	-	-	-
Permanent Cash Transfers	(460,000)	-	-	-	-
Loans to other funds	-	-	-	-	-
Cash, June 30, 2017	<u>\$ 2,091,660</u>	<u>\$ -</u>	<u>\$ 49,861</u>	<u>\$ 46,631</u>	<u>\$ 599,880</u>
Held checks for accrued liabilities	645,036	-	-	-	-
Cash, June 30, 2017 per financial statement	<u><u>\$ 2,736,696</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 49,861</u></u>	<u><u>\$ 46,631</u></u>	<u><u>\$ 599,880</u></u>

The accompanying notes are an integral part of these financial statements

Athletics Account 22000	Non-Instructional Fund 23000	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000	State Flowthrough 27000
64,519	-	(491,662)	(23,135)	78,295	(193,463)
105,857	-	1,468,418	103,223	44,194	616,490
-	-	-	-	-	-
-	-	-	-	-	-
170,376	-	976,756	80,088	122,489	423,027
(123,040)	-	(1,250,090)	(110,718)	(50,048)	(426,607)
(7)	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 47,329</u>	<u>\$ -</u>	<u>\$ (273,334)</u>	<u>\$ (30,630)</u>	<u>\$ 72,441</u>	<u>\$ (3,580)</u>
-	-	-	-	-	-
<u>\$ 47,329</u>	<u>\$ -</u>	<u>\$ (273,334)</u>	<u>\$ (30,630)</u>	<u>\$ 72,441</u>	<u>\$ (3,580)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
CASH RECONCILIATION
JUNE 30, 2017

	State Direct 28000	Local / State 29000	Bond Building Account 31100	Spec. Capital Outlay-State 31400	Federal Capital Outlay 31500
Cash, June 30, 2016	110,193	-	5,130,015	-	-
Add:					
2016-17 revenues	577,392	60,000	-	-	-
Permanent Cash Transfers	-	-	-	-	-
Loans from other funds	-	-	-	-	-
Total cash available	687,585	60,000	5,130,015	-	-
Less:					
2016-17 expenditures	(291,829)	(60,000)	(391,093)	-	-
Permanent Cash Transfers	-	-	-	-	-
Permanent Cash Transfers	-	-	-	-	-
Loans to other funds	-	-	-	-	-
Cash, June 30, 2017	<u>\$ 395,756</u>	<u>\$ -</u>	<u>\$ 4,738,922</u>	<u>\$ -</u>	<u>\$ -</u>
Held checks for accrued liabilities	-	-	-	-	-
Cash, June 30, 2017 per financial statements	<u><u>\$ 395,756</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,738,922</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements

Cap. Improv. SB 9 31700	Cap. Improv. SB 9 31701	Energy Efficiency 31800	Educational Tech Equip 31900	Debt Service Fund 41000	Education Tech Debt Service Fund 43000	Total
-	4,197,912	-	-	5,027,980	-	\$ 18,838,614
68,364	1,102,444	-	-	6,262,298	-	33,682,033
-	-	-	-	-	-	460,000
-	-	-	-	-	-	-
68,364	5,300,356	-	-	11,290,278	-	52,980,647
-	(1,156,508)	-	-	(5,409,268)	-	(34,692,343)
-	-	-	-	-	-	(146)
-	-	-	-	-	-	(460,000)
-	-	-	-	-	-	-
<u>\$ 68,364</u>	<u>\$ 4,143,848</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,881,010</u>	<u>\$ -</u>	<u>\$ 17,828,158</u>
-	-	-	-	-	-	645,036
<u>\$ 68,364</u>	<u>\$ 4,143,848</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,881,010</u>	<u>\$ -</u>	<u>\$ 18,473,194</u>

The accompanying notes are an integral part of these financial statements

COMPLIANCE SECTION



Griego Professional Services, LLC
Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

Tim Keller
New Mexico State Auditor
The Office of Management and Budget
To the Board of Education
Aztec Municipal School District
Gallina, New Mexico

We have audited, 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, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general funds and major special revenue funds of the Aztec Municipal School District, New Mexico, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Aztec Municipal School District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Aztec Municipal School District, presented as supplemental information, and have issued our report thereon dated November 10, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Responses to Findings

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

Purpose of the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Grigo Professional Services, LLC

Albuquerque, New Mexico
November 10, 2017

FEDERAL FINANCIAL ASSISTANCE



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

Tim Keller
New Mexico State Auditor
The Office of Management and Budget
To the Board of Education
Aztec Municipal School District
Aztec, New Mexico

Report on Compliance for Each Major Federal Program

We have audited Aztec Municipal School District (the District) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Arigo Professional Services, LLC

Albuquerque, New Mexico
November 10, 2017

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2017

Federal Grantor or Pass-Through Grantor / Program Title	Passthrough Number	Federal CFDA	Federal Expenditures
U.S. Department of Agriculture			
<i>Pass-through State of New Mexico Department of Education</i>			
School Lunch Program (1)	21000	10.555	939,960
<i>Subtotal - Pass-through State of New Mexico Department of Education</i>			<u>939,960</u>
 <i>Pass-through State of New Mexico Department of Health and Human Services</i>			
Food Distribution (Commodities)	21000	10.550	132,458
<i>Subtotal - Pass-through State of New Mexico Department of Health and Human Services</i>			<u>132,458</u>
 Total U.S. Department of Agriculture			<u>1,072,418</u>
 U.S. Department of Education			
Indian Ed Formula Grant	25184	84.060	86,676
 <i>Subtotal - U.S. Department of Education Direct</i>			<u>86,676</u>
 <i>Passthrough State of New Mexico Department of Education</i>			
Title I - IASA	24101	84.010	307,002
Entitlement IDEA B (1)	24106	84.027	810,956
Entitlement IDEA B - Charter School (1)	24106	84.027	55,259
Preschool IDEA-B (1)	24108	84.173	3,323
NM Autism Project (1)	24109	84.173	12,137
IDEA-B Plan Results (1)	24132	84.027	30,000
IDEA-B Risk Pool	24183	84.181	8,554
Teacher / Principal Training / Recruiting	24154	84.367A	77,655
 Total U.S. Department of Education			<u>1,391,562</u>
 U.S. Department of the Interior - Bureau of Indian Affairs Direct			
Johnson O'Malley	25131	10.582	24,042
 Total U.S. Department of the Interior - Bureau of Indian Affairs Direct			<u>24,042</u>
 Total Federal Financial Assistance			<u><u>\$ 2,488,022</u></u>

(1) Denotes Major Federal Financial Assistance Program

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2017

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Aztec Municipal School District and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Subrecipients

The District did not provide any federal awards to subrecipients during the year

3. Non-Cash Federal Assistance

The District received \$132,458 in non-cash federal assistance in the form of commodities assistance.

4. Indirect Cost Rate

The District has not elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 2,488,022
Total expenditures funded by other sources	<u>32,465,318</u>
Total expenditures	<u><u>\$ 34,953,340</u></u>

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

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section I – Summary of Audit Results

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiency identified not considered to be a material weaknesses? | No |
| c. Control deficiency identified not considered to be a significant deficiency? | No |
| d. Noncompliance material to financial statements noted? | No |

Federal Awards:

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiency identified not considered to be material weaknesses? | No |
| c. Control deficiency identified not considered to be a significant deficiency? | No |
| 2. Type of auditors’ report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No |
| 4. Identification of major programs: | |

CFDA Number	Federal Program
10.555/10.550	School Lunch Program
84.027/84.173	IDEA-B

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

STATE OF NEW MEXICO
AZTEC MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section II – Financial Statement Findings

None

B. Findings-Financial Statement Audit- Component Unit

None

Section III – Findings – Federal Awards

None

Section IV – Prior Year Audit Findings

FS 2016-001 – Violation of Internal Control Policy – Resolved

Component Unit:

None

Federal Award Findings:

None

Section V – Other Disclosures

Auditor Prepared Financials

Griego Professional Services, LLC assisted in the preparation of the financial statements presented in this report. The District’s management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.

Exit Conference

The contents of this report were discussed on November 14, 2017. The following individuals were in attendance.

Aztec Municipal School District

Kirk Carpenter, Superintendent
Evelyn Garcia, Business Manager
Jimmy Dusenbery, Secretary
Wayne Witter, Board Member

Griego Professional Services, LLC

JJ Griego, CPA

Mosaic Academy Charter School

C.J Spencer, Board Member
Nancy Ross, Business Manager