

**STATE OF NEW MEXICO
BERNALILLO PUBLIC
SCHOOLS**

**FINANCIAL
STATEMENTS
June 30, 2017**

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOLS**

Table of Contents	1
Official Roster.....	4
Independent Auditor's Report	5
Management's Discussion and Analysis	8

BASIC FINANCIAL STATEMENTS

Government Wide Financial Statements:

Statement of Net Position	17
Statement of Activities.....	19
Balance Sheet — Governmental Funds	20
Reconciliation of the Balance Sheet to the Statement of Net Position – Government Funds.....	22
Statement of Revenues and Expenditures, and Changes in Fund Balance - Government Funds.....	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds to the Statement of Activities	25
Statement of Revenues, Expenditures, and Changes in Fund Balances — Budget (Non-GAAP Budgetary Basis) and Actual: General Fund 11000 (Operational — Instruction).....	26
General Fund 12000 (Support Services).....	27
General Fund 13000 (Pupil Transportation).....	28
General Fund 14000 (Instructional Materials).....	29
Title I Special Revenue Fund 24101.....	30
Entitlement Idea-3 Special Revenue Fund 24106.....	31
Statement of Fiduciary Assets Liabilities	32
Notes to the Financial Statements.....	33

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOLS**

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Districts Proportionate Share of the Net Pension Liability.....	71
Schedule of District Contributions.....	72
Notes to Required Supplementary Information	73

SUPPLEMENTARY INFORMATION

Nonmajor Fund Descriptions	74
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet- Nonmajor Governmental Funds	81
Combining Statement of Revenues, Expenditures and Changes in Fund Balances — Nonmajor Governmental Funds	82
Combining Balance Sheet — Nonmajor Special Revenue Funds.....	83
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds	97
Combining Balance Sheet — General Fund	111
Combining Statement of Revenues, Expenditures and Changes in Fund Balances — General Fund	112
Capital Projects Fund Descriptions	113
Capital Projects — Combining Balance Sheet	114
Capital Projects — Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Non-Major Capital Project Funds	116

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOLS**

SUPPORTING SCHEDULES

Schedule of Changes in Fiduciary Assets and Liabilities	118
Schedule of Collateral Pledged by Depository for Public Funds.....	119
Schedule of Cash Deposits.....	120
Cash Reconciliation.....	122

COMPLIANCE SECTION

Report on internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	126
---	-----

FEDERAL FINANCIAL ASSISTANCE

Report on Compliance for each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	128
Schedule of Expenditures of Federal Awards	131
Schedule of Findings and Questioned Costs	133
Summary Schedule of Prior Audit Findings	140
Exit Conference	141

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOLS**

Official Roster

June 30, 2017

Name	<u>Board of Education</u>	Title
Ramona Salazar		President
Vincent Montoya		Vice President
Olivia Calabaza		Secretary
Isaac Herrera		Member
Jodilynn Ortiz		Member
	<u>School Officials</u>	
Allan Tapia		Superintendent
Elaine Dryer		Finance Director



Service plus value, it all adds up.

6200 Uptown Blvd., NE, Suite 400
Albuquerque, NM 87110
505 338 0800 office www.riccicpa.com

INDEPENDENT AUDITOR'S REPORT

To Wayne Johnson
New Mexico State Auditor
The Office of Management and Budget
The Board of Education
Bernalillo Public School District
Bernalillo, New Mexico

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of District and Proportionate Share of Net Pension Liability and Schedule of District Contributions on pages 8-16, and 72-73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the District's basic financial statements, the combining and individual fund financial statements, and budgetary comparison. The Schedule of Expenditures of federal awards as required by Office of Management and Budget, Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations, and the other schedules required by Section 2.2.2. NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2017 on our consideration of the District's internal control over financial reporting and on our test 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 financing reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Ricci & Company, LLC
Albuquerque, New Mexico
November 14, 2017

Bernalillo Public Schools

Mr. Allan Tapia, Superintendent
Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2017

Our discussion and analysis of the Bernalillo Public School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the District's financial statements, which are listed in the table of contents.

The discussion and analysis, as well as the Statement of Net Position and Statement of Activities, provide a review of the District's overall financial activities, using the accrual basis of accounting, for the year ending June 30, 2017. Fund financial statements are reported on a modified accrual basis of accounting. Rather than looking at specific areas of performance, this discussion and analysis focuses on the financial performance of the District as a whole. Whenever possible this discussion and analysis will provide the reader multi-year pictures of financial performance and other pertinent information through the use of tables and other graphics information.

In addition to the new reporting, this annual report consists of a series of detailed, audited financial statements and the notes to those statements. Also included is the [Independent Auditors' Report, The Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance , and a Schedule of Findings and Questioned Costs.](#)

About BERNALILLO PUBLIC SCHOOLS

To completely understand the financial discussion of BERNALILLO PUBLIC SCHOOLS, it is important to understand the nature of the District. The Town of Bernalillo is located immediately off of I-25 Highway. Approximately 15 miles South is the City of Albuquerque and 45 miles North is our State Capitol Santa Fe. The school district encompasses 648 square miles with 9 school sites including Santo Domingo, Placitas, Cochiti, Algodones, W.D.Carroll, Bernalillo Elem, Bernalillo Middle and Bernalillo High and La Escuelita Pre-K. Approximately 42% of the student enrollment is Native American and 49% Hispanic.

For parents choosing a public education for their children, Bernalillo Public School District offers elementary and secondary instruction for approximately 3000 students residing within the District's boundaries. At the Bernalillo Public School District, we are pledged to academic achievement.

OUR MISSION - Bernalillo Public Schools is dedicated to student achievement and the graduation of all students.

OUR VISION - Bernalillo Public Schools instills a rigorous and relevant curriculum that challenges our diverse student population in preparing them for the 21st Century.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2017**

OUR SLOGAN - "EDUCATE AND GRADUATE"

To accomplish this mission the district has developed and implemented an Educational Plan for Student Success (EPSS) that utilizes curriculum, instruction, and assessments that enable all students to demonstrate: 1) Literacy--Clear and accurate reading, writing, speaking, and interpersonal communication. 2) Math Skills--Clear and accurate use of mathematics in communications, reasoning, making connections, and problem solving. 3) Technology Skills--Clear and accurate use of computers and other technology in cross-curricular applications. Parent involvement is a component of the EPSS plan which includes parent and family institutes, parent teacher organizations and parent advisory groups. Communication tools used are the District Newsletter, Bernalillo Public Schools website, Skyalert, and Week At A Glance.

The District has implemented common core standards and has aligned best practices to address a rigorous instruction program. Bernalillo Public Schools offers a wide variety of educational programs, many of which are fully articulated with several post secondary institutions. After school tutoring and enrichment are at all school sites. Students have opportunities to enroll in Pre-AP and AP courses and are continuously challenged to meet the goals of the 21st Century and the Global Economy. The district provides free breakfast and lunch for all students. Due to the diverse student population, there are Memoranda of Agreement with all of the five Pueblos within the school district to facilitate a language program in their Native Language. The district also has a recognized Dual Language Program beginning with the Kindergarten program. The district is participating with several partners to implement professional development in the areas of literacy, science, and mathematics to enhance the learning for students.

The Career & Technical Education Academy at the high school provides an opportunity for students to become fully licensed in a trade (e.g. Welding) and enter the workforce upon graduation.

We currently have Early Childhood Education (Pre-K), physical education program for all school sites, as well as integrated arts. After school tutoring and enrichment are at all school sites.

Significant Financial Highlights for the Year Ending June 30, 2017

* The overall adjusted Fund Balance decreased from \$20,426,223 for the year ending June 30, 2016 to \$15,508,789 for the year ending June 30, 2017. This represents a decrease in the fund balance of \$4,917,434, which is a result of the decrease in investments expended on the BHS and Santo Domingo construction projects. Total cash and cash equivalents decreased by \$3,737,218 primarily resulting from cash outflows for BHS and Santo Domingo construction projects during the year and a cash balance claw back of \$850,000 by the State of New Mexico. Property tax receivables increased by \$15,842 as a result of more delinquent County tax payments. Total liabilities increased by \$3,944,833 resulting from an increase in Net Pension Liability. Overall, the balance sheet remained constant between years.

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOLS
 MANAGEMENT DISCUSSION AND ANALYSIS
 JUNE 30, 2017

DISTRICT WIDE FINANCIAL STATEMENTS

Statement of Net Position

The Statement of Net Position is prepared using the accrual method of accounting. This statement shows that the District has total net position of \$33,310,009. The District has \$8,924,773 of cash and cash equivalents on hand as of June 30, 2017 compared to \$6,840,717 in accounts payable and other current liabilities. Net Position totaling \$13,152,382 are "restricted" for debt service, capital projects and special revenue funds (\$6,579,559, \$3,422,799 and \$ 3,125,878 respectively). Due to the implementation of GASB 68 the Net Pension liability for the District on June 30, 2017 was \$50,739,174. The District's overall financial position remained stable. Capital assets increased by \$11,319,134 which is a result of the completion of phase one of the Santo Domingo construction project.

	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Assets		
Cash and Cash Equivalents	\$ 12,661,991	\$ 8,924,773
Investments	\$ -	\$ -
Other Assets	\$ 9,483,421	\$ 8,176,937
Capital Assets, net of depreciation	\$ 87,730,975	\$ 98,482,538
Total Assets	<u>\$ 109,876,387</u>	<u>\$ 115,584,248</u>
 Deferred Outflows		
Pension related	<u>\$ 4,045,510</u>	<u>\$ 7,057,325</u>
Total Deferred outflows	<u>\$ 4,045,510</u>	<u>\$ 7,057,325</u>
 Liabilities		
Current Liabilities	\$ 6,823,771	\$ 6,840,717
Long Term Liabilities	\$ 31,745,000	\$ 30,872,429
Net Pension liability	\$ 45,938,716	\$ 50,739,174
Total Liabilities	<u>\$ 84,507,487</u>	<u>\$ 88,452,320</u>
 Deferred Inflows		
Pension related	<u>\$ 1,486,667</u>	<u>\$ 879,244</u>
Total deferred inflows	<u>\$ 1,486,667</u>	<u>\$ 879,244</u>
 Net Position		
Net investment in capital assets	\$ 50,985,975	\$ 62,305,109
Restricted	\$ 16,699,424	\$ 13,128,236
Unrestricted	\$ (39,397,656)	\$ (42,123,336)
Total Net Position	<u>\$ 28,287,743</u>	<u>\$ 33,310,009</u>

GASB 34 rules now require public entities to depreciate capital assets. This statement includes an adjusted accumulated depreciation of the District's capital assets in the amount of \$31,865,391. The District utilized a "straight line" depreciation method in all cases and standardized lifetime tables in calculating this depreciation.

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOLS
 MANAGEMENT DISCUSSION AND ANALYSIS
 JUNE 30, 2017

Statement of Activities

The Statement of (Governmental) Activities is prepared using the accrual method of accounting. This report compliments the Statement of Net Position by showing the overall change in the District's net position for the fiscal year ending June 30, 2017. As of June 30, 2017 the District had net position of \$33,310,009. The beginning year total net position is \$31,877,041 reflecting an increase in total net position of \$1,432,968 for the year ending June 30, 2017.

	June 30, 2016	June 30, 2017
Expenses for Governmental Activities	39,528,308	43,433,108
Less Charges for Services	505,040	425,964
Less Operating Grants and Contributions	11,360,313	9,980,074
Less Capital Grants and Contributions	0	1,150,827
Net (Expenses) Revenues and Changes in Net Position	(27,662,955)	(31,876,243)
General Revenues		
Taxes - general, debt service, capital projects	7,173,721	7,486,778
Federal and State Aid not restricted to specific purpose	31,167,999	29,189,094
Interest and Earnings on Investments	14,589	217,372
Miscellaneous	1,485,148	137,099
Bond Premium	225,510	0
Loss on disposal on capital assets	0	72,219
Subtotal, General Revenues	40,066,967	37,102,562
Changes in Net Position	12,404,012	5,081,853
Net Position Beginning - as previously stated	19,473,029	28,287,743
Prior Period Adjustment	-	(59,587)
Net Positions Beginning - as restated	-	28,228,156
Net Position - Ending	31,877,041	33,310,009

FUND FINANCIAL STATEMENTS

Fund financial statements are based on a modified accrual basis of accounting. The Statement of Revenues and Expenditures and Changes in Fund Balances, guides the reader to a meaningful overall view for the District revenue, expenditures and changes to the fund balance. Total revenues from state, local and Federal sources were \$47,550,949. Total expenditures for the District were \$57,457,941. The District also had bond proceeds of \$4,432,429 during FY 2017. The total ending fund balance was \$14,805,774; a decrease of \$5,620,448 from the prior year. The primary reason for the decrease was \$6,723,985 that was expended on the BHS, (Bernalillo High School) and Santo Domingo, construction projects.

Multi-Year District Revenues and Expenditures

A multi-year view of overall District revenues and expenditures indicates growth in both areas. The growth of both revenues and expenditures are commensurate with legislative initiatives to improve funding for teacher salaries, student needs and other educational programs as well as state and local increases in expenditures for capital outlay purposes.

Year	Total Revenues *	Increase %	Total Expenses *	Increase %
2006-2007	47,656,461	18%	45,826,633	15%
2007-2008	55,023,754	15%	48,011,101	5%
2008-2009	58,583,865	6%	55,266,175	15%
2009-2010	53,409,368	-9%	54,111,953	-2%
2010-2011	56,876,474	6%	55,844,353	3%
2011-2012	56,787,555	0%	55,647,294	0%
2012-2013	50,151,489	-12%	46,697,868	-16%
2013-2014	50,688,453	1%	48,871,182	5%
2014-2015	50,516,711	0%	57,490,858	18%
2015-2016	57,811,633	14%	63,259,384	10%
2016-2017	51,983,378	-12%	57,457,941	-9%

* Note: Revenues include proceeds from General Obligation Bonds and exclude cash carryovers, it also includes \$5,225,812 in PSCOC state match for BHS and Santo Domingo construction projects; Expenditures include capital outlays.

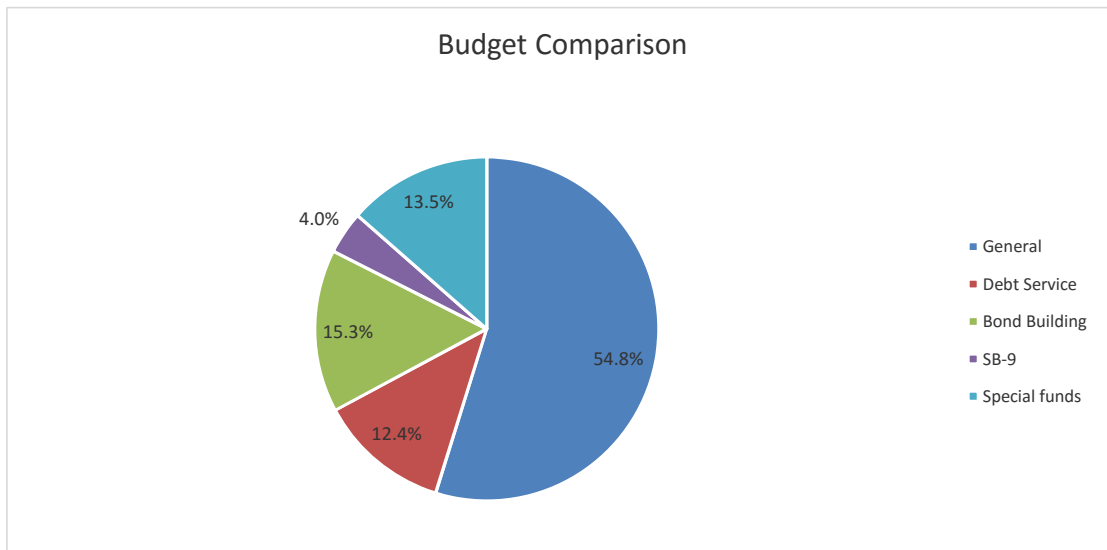
**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2017**

The Budget

The State of New Mexico school budget process is defined under state law and regulation. To enhance the process of developing a budget at the school district level, the District utilizes goals and objectives defined by the District's Board, community input meetings, long term plans including the Master Facilities Plan and input from various staff groups to develop to the District's budget. District priorities are well defined through this process.

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

Major budgetary funds in these reports are; The General Fund (Operational, Teacherage, Transportation, Instructional Materials Funds), Food Service, Impact Aid Indian Education, Title I and IDEAB. In addition, thirty eight (37) non-major Special Revenue Funds, six (6) non-major Capital Projects Funds and one (1) non-major Debt Service Funds are also reported for their budgetary performance. The following graphics and tables show the fiscal relationship of the major funds and the combined non-major funds.



The reader will note that the General Fund represents 54.8% of the total fund dollar amount. This fund provides the salary and benefits for the significant majority of the Direct Instruction, Instructional Support, Administration, Business Support and Maintenance staff as well as classroom materials, special education consulting staff and fixed utility costs.

Revenue from this fund is substantially derived from the State Equalization Guarantee, which is the funding formula appropriated for education by the State Legislature. The General Fund is explored later in the Management Discussion and Analysis.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2017**

The following table examines the summary budget performance of the major and combined non-major funds for the fiscal year ending June 30, 2017. Detailed budget performance is examined through the Budgetary Comparison Statement for each major fund and the Schedule of Revenues and Expenditures Budget and Actual for the combined Special Revenue Funds, Capital Projects Funds, and Debt Service.

MAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE

Fund Type	Final Budget	Actual	Variance
General	27,814,679	26,869,973	944,706
Title I	1,324,387	941,344	383,043
Bond Building	9,587,441	7,492,947	2,094,494
Debt Service	11,901,899	6,054,783	5,847,116

COMBINED NON-MAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE

Fund Type	Final Budget	Actual	Variance
Special Funds	8,777,258	6,624,068	2,153,190
Capital Projects	3,063,216	1,967,426	1,095,790

The General Fund expenditures were unfavorable to the final budget by \$816,917 or approximately 3.1%. This difference was primarily a result of the State of New Mexico cash clawback.

All funds fell within the regulatory criteria set by the Public Education Department and New Mexico Statute. Both the Manual of Procedures for Public School Accounting and NMSA 8-22-5, Annotated require that budget expenditures be within the authorization of the approved budget.

The General Fund

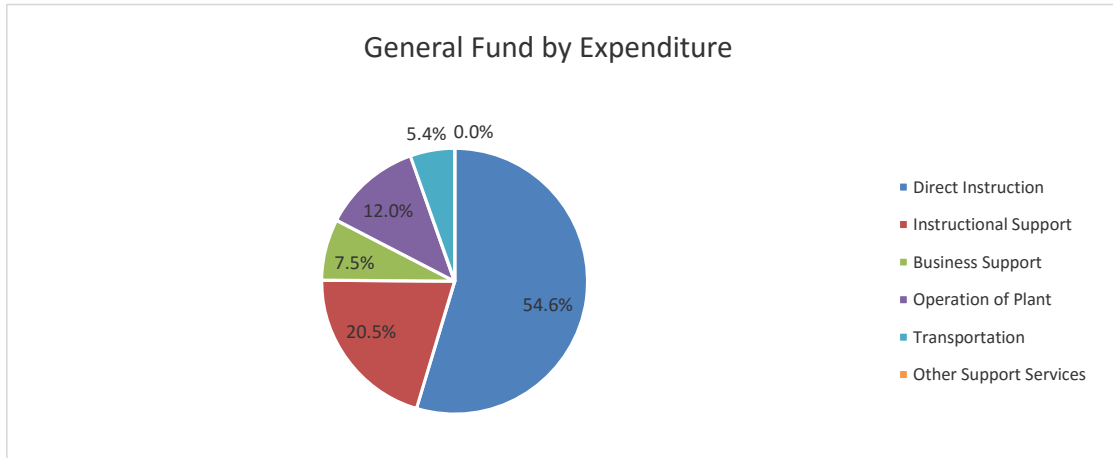
The General Fund revenues represents \$25,412,153 of the total \$57,811,633 in overall District revenues.

The General Fund is predominately funded by revenues from the State of New Mexico Equalization Guarantee Formula. This fund pays for teaching staff, teaching support staff, special education support staff, maintenance staff and administration staff. The General Fund provides the predominant funding for instructional and athletic salaries, transportation, maintenance and district office expenditures.

Year	Revenues	Increase %
2006-2007	26,503,788	8%
2007-2008	28,923,924	9%
2008-2009	30,680,173	6%
2009-2010	26,983,516	-12%
2010-2011	27,410,436	2%
2011-2012	26,924,448	-2%
2012-2013	26,956,160	0%
2013-2014	27,426,470	2%
2014-2015	27,189,062	-1%
2015-2016	26,826,808	-1%
2016-2017	25,412,153	-5%

**STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOLS
 MANAGEMENT DISCUSSION AND ANALYSIS
 JUNE 30, 2017**

Because the General Fund is the main fund whose expenditures are significantly related to the educational process, \$26,837,102 was expended in the year ending June 30, 2017. The most significant inter-fund expenditure was for the function noted as "Instruction". This expenditure was \$14,661,028 and represents 54.6% of all General expenditures. Expenditures included in this function are regular and special education teachers and assistants, benefits, payroll taxes, school supplies, training and miscellaneous instructional related contract services.



Instructional Support Services represents \$5,502,695 or 20.5% of General Fund expenditures and account for expenditures for school principals, program coordinators, counselors, school nursing staff, librarians, special education ancillary staff and significant support to special education programs through contract ancillary support staff and contract programs.

The Office of the Superintendent and the Business Office represent the overhead support of the entire operations of the District; these programs combined represent \$2,000,542 or 7.5% of the total General Fund. Operation of the Plant account for \$3,223,938 or 12% of the General Fund expenditures. Included in the Operation of the Plant expenditures are salaries and benefits for maintenance staff, school custodians, fixed utility costs, maintenance and repairs, maintenance supplies and school custodial supplies. Additional support for maintenance supplies and projects comes from the voter approved SB9 Fund. Transportation represents \$1,446,351 or 5.4% of the General Fund.

Capital Assets

Because of aging facilities, the District has taken an aggressive approach to maintaining existing facilities.

Asset Type	Balance June 30, 2015	Balance June 30, 2016	Balance June 30, 2017
Land	739,299	180,609	180,609
Construction in Progress	26,605,834	43,885,741	16,042,745
Buildings, Land & Improvements	69,313,372	64,146,510	106,144,228
Furniture, Fixtures, & Equipment	7,962,073	8,623,095	8,082,023
Total Capital Assets	104,620,578	116,835,955	130,449,605
Less Accumulated Depreciation	(31,967,242)	(29,104,981)	(31,967,067)
Capital Assets-Net	72,653,336	87,730,974	98,482,538

PSCOC has also awarded for the renovation/construction of Santo Domingo Elementary/Middle School. The district broke ground on Santo Domingo November 2015 and completed phase 1 December 2016.

**STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOLS
 MANAGEMENT DISCUSSION AND ANALYSIS
 JUNE 30, 2017**

General Long Term Debt

Article IX, Section 11 of the New Mexico Constitution limits the power of a school district to incur general obligation debt beyond a school year unless such debt is for "the purpose of erecting, remodeling, making additions, and furnishing buildings or purchasing or improving school grounds or purchasing computer software or hardware for student use in public classrooms or any combination of these purposes." The approval of debt is subject to a vote of the local electors and may not exceed 6% of the assessed valuation of the taxable property within the District.

The School District has never defaulted on any of its debts or other obligations. Listed below is the District's total general obligation debt as of June 30, 2017

Year Ended June 30	Principal	Interest	Totals
2018	5,430,000	918,125	6,348,125
2019	5,030,000	768,263	5,798,263
2020	4,730,000	622,750	5,352,750
2021	4,035,000	485,888	4,520,888
2022	3,185,000	355,388	3,540,388
2023-2027	12,722,429	868,513	13,590,942
2028-2030	1,045,000	62,938	1,107,938
Total	36,177,429	4,081,865	40,259,294

The District issued bonds during FY 2017 totaling \$4.4 million. The entire amount will be used for construction and equipment purchases for student use in public school classrooms. The District also made regularly scheduled principal and interest payments as required.

Agency Funds

The District, as a custodian, maintains and monitors special funds on the behalf of school activity groups. Agency funds maintained by the District are to benefit a specific activity or interest and are generally raised by students for student use. The custody and use of these funds are in accordance with Public Education Department Regulations and School District Policy. The Statement of Fiduciary Assets and Liabilities has a cash balance of \$243,038 as of June 30, 2017.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Future Trends

Due to good planning and maintenance of cash reserve, Bernalillo Public Schools was able to weather the financial instabilities that other districts faced in school year 2016-2017 due to the New Mexico budget shortfalls and "clawbacks." In anticipation of further fiscal contraction in state budgets, the District continually analyzed financial impact to programs at each decision juncture. While the enrollment has remained stable, each retirement or staff resignation was reviewed, and in many cases, the District was able to assign staff to fill a vacancy or consolidate positions to take pressure off the budgets. The 2017-2018 budget has been developed with no expansion of program or staff and reducing a number of positions that will not directly impact students. Examples are the elimination of Special Education IEP facilitators and academic literacy coaches. While the direct impact to students will not be immediate, the long term implications on professional development, staff mentoring and development of high quality IEPs remains to be seen. A reduction in educational materials budget for 2016-2017, impacts the purchases of social studies materials for the current cyclical adoption cycle. We will use some of 2017-2018 allocation to fill in purchases for grades 6-12. Bernalillo Public Schools did not fully complete purchases of elementary English/Language Arts curriculum for 2016-2017. This was a curricular decision based on a plan to phase in new curricula school by school. The funds BPS intended to use to complete adoption were swept in the claw back. In each situation, BPS makes strategic decisions to minimize impact to students but these are really short term fixes. While adoptable paper texts can be stretched to last an extra couple of years, they certainly won't last for a decade or more. Any time the District opts to purchase a "class set" rather than per student set, (as the plan is in some cases for e social studies adoption), this will ultimately impact the quality of the instruction in future years. The BPS strategic plan incorporates intergration of technology in education for Pre-K to graduation. Response to Intervention (RTI) requires individualized plans for students and implementation and progress monitoring curricula and assessments are delivered through software and hybrid programs. This is also the model for programs for English Learners (EL's). Licenses must be purchased and renewed annually. Training must be provided to staff. Finally, purchases of hardware; desktop computers, laptops, tablets, etc. must be on a replacement cycle in order to fully implement instructional plans. For 2017-2018 we have scaled back new investments due to budget constraints. Again, this will have long term impact on delivery systems and educational success. Each school developed their strategic plan utilizing the new 90 day format that is replacing the Web-EPSS. The educational plans focus on cycles of data driven instruction using the PARCC, interim assessments, and I-Station. I-Station replaced the DIBELS assessment at the last minute in summer 2016 for grades K-3. This assessment that benchmarks and progress monitors reading proficiency is "high-stakes" for both students and teachers. BPS will use grant funding from "Reads to Leads" grant to purchase the licenses for the I-Station Intervention program that will support the students in all Tiers. We believe our K-3 students will be better prepared to demonstrate their growth and proficiency if the differentiated instruction is aligned to the assessment. Whether BPS will have the capacity to continue to renew licenses for this interventional program as well as others deployed to Tier 2 and 3 will be based on future funding streams. Intrinsic to success in utilization of intervention programs is teacher professional development and support. Loss of literacy coaches will have a long term impact on capacity. Two major capital projects have been completed. Phase 2 of the Bernalillo High School is complete and fully operational and Phase 1 of Santo Domingo Elementary/Middle School became operational for January 2017. The second phase of the Santo Domingo project is slated for January 2018. The February 2017 successful bond election means that BPS will be able to continue to undertake capital projects that maintain and improve campuses as determined by the District facility Plan. Ensuring safety and improving functionality of school sites impacts educational success. Bernalillo Public Schools recognizes that budget is certainly not the only force that drives education. As a District serving Native American students from five Pueblos in our Sandoval County enrollment area plus two Pueblos whose parents enroll students with BPS, we take our relationships with tribal governors, educational directors and families very seriously. Continuing to develop positive relationships and good communication with the communities has a direct impact on student success. BPS values retention of staff and a fulfilling work environment for all teachers, administrators and other staff serving students. Long term, the financial picture is disturbing. The inability to budget raises while the insurance benefits expenses have gradually risen, risk long term stability in staffing. In conclusion, we believe we are fiscally prepared to deliver on our District plan for 2017-2018, but the long term picture is certainly a concern.

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 June 30, 2017**

	<u>Governmental Activities</u>
ASSETS	
Current	
Cash and cash equivalents	\$ 8,924,773
Property taxes receivable	678,665
Due from other governments	943,455
Prepays	4,422
Inventory	<u>39,907</u>
Total current assets	10,591,222
Noncurrent assets	
Restricted cash and cash equivalents	6,510,488
Capital assets, net of accumulated depreciation	<u>98,482,538</u>
Total non-current assets	104,993,026
Total assets	<u>115,584,248</u>
DEFERRED OUTFLOWS	
Pension related	<u>7,057,325</u>
Total deferred outflows	<u><u>\$ 7,057,325</u></u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2017**

	Governmental Activities
LIABILITIES	
Accounts payable	\$ 234,041
Accrued payroll expense	765,934
Accrued compensated absences	137,200
Accrued interest	398,542
Current portion of long-term debt	5,430,000
Total current liabilities	6,965,717
Bonds - due in more than one year	30,747,429
Net pension liability	50,739,174
Total non-current liabilities	81,486,603
Total liabilities	88,452,320
DEFERRED INFLOWS	
Pension related	879,244
Total deferred inflows	879,244
NET POSITION	
Net investment in capital assets	62,305,109
Restricted for:	
Debt service	6,579,559
Capital projects	3,422,799
Special revenue funds	3,150,024
Unrestricted	(42,147,482)
Total net position	\$ 33,310,009

See Notes to Financial Statements.

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
June 30, 2017

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets
	Expenses	Charge for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Government Activities					
Instruction	\$ 23,607,424	\$ 425,964	\$ 9,980,074	\$ 1,150,827	\$ (12,050,559)
Support services	6,419,683	-	-	-	(6,419,683)
Central services	2,370,654	-	-	-	(2,370,654)
Operation and maintenance of plant	6,335,387	-	-	-	(6,335,387)
Student transportation	1,461,789	-	-	-	(1,461,789)
Other support services	2,548	-	-	-	(2,548)
Food service operation	2,279,374	-	-	-	(2,279,374)
Community services	-	-	-	-	-
Interest on long-term debt	956,249	-	-	-	(956,249)
Total primary government	\$ 43,433,108	\$ 425,964	\$ 9,980,074	\$ 1,150,827	(31,876,243)

General Revenues:	
Property taxes	7,486,778
State Flowthrough / S.E.G.	29,189,094
Miscellaneous	137,099
Interest and investment earnings	217,344
Total general revenues	37,030,315
Special Item- loss on disposal of assets	(72,219)
Change in net position	5,081,853
Net position-beginning, as previously stated	28,287,743
Prior period adjustment	(59,587)
Net position-beginning, as restated	28,228,156
Net position -ending	\$ 33,310,009

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENT FUNDS
June 30, 2017**

	General Fund 11000, 12000, 13000, 14000	Title 1 IASA 24101	IDEA-B Entitlement 24106
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 2,033,237	15,980	7,677
Restricted cash	-	-	-
Accounts receivable			
Taxes	19,195	-	-
Due from other governments		212,252	77,389
Interfund receivables	1,280,535	-	-
Investments	-	-	-
Prepaid expenditures	-	-	-
Inventory	28,221	-	-
Total assets	3,361,188	228,232	85,066
LIABILITIES AND FUND BALANCES			
Current Liabilities			
Accounts payable	103,068	-	21,085
Accrued payroll liabilities	645,719	8,753	6,360
Interfund payables	126,667	219,532	77,293
Total liabilities	875,454	228,285	104,738
DEFERRED INFLOWS			
Property taxes	17,130	-	-
Total deferred inflows	17,130	-	-
FUND BALANCES			
Nonspendable	28,221	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	2,440,382	(53)	(19,672)
Total fund balances (deficit)	2,468,603	(53)	(19,672)
Total liabilities and fund balance	\$ 3,361,188	228,232	85,066

See Notes to Financial Statements.

Bond Building 31100	Capital Improvements SB-9 31701	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
2,223,687	1,287,440	-	3,356,752	8,924,773
-	-	6,510,488	-	6,510,488
-	113,422	546,048	-	678,665
-	-	-	653,814	943,455
-	-	-	-	1,280,535
-	-	-	-	-
-	-	-	4,438	4,438
-	-	-	11,686	39,907
<u>2,223,687</u>	<u>1,400,862</u>	<u>7,056,536</u>	<u>4,026,690</u>	<u>18,382,261</u>
-	102,391	-	7,499	234,043
-	-	-	105,118	765,950
523	-	-	856,520	1,280,535
<u>523</u>	<u>102,391</u>	<u>-</u>	<u>969,137</u>	<u>2,280,528</u>
-	98,836	476,977	-	592,943
-	98,836	476,977	-	592,943
-	-	-	16,124	44,345
2,223,164	1,199,635	6,579,559	3,133,900	13,136,258
-	-	-	-	-
-	-	-	-	-
-	-	-	(92,471)	2,328,186
<u>2,223,164</u>	<u>1,199,635</u>	<u>6,579,559</u>	<u>3,057,553</u>	<u>15,508,789</u>
<u>2,223,687</u>	<u>1,400,862</u>	<u>7,056,536</u>	<u>4,026,690</u>	<u>18,382,261</u>

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF
NET POSITION - GOVERNMENT FUNDS
June 30, 2017**

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Fund balances - total government funds	\$ 15,508,789
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	98,482,538
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in funds:	
Defined benefit pension plan deferred inflows are not financial obligations and, therefore, are not reported in the funds	(879,244)
Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds	7,057,325
Delinquent property taxes not cancelled within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities	592,943
Accrued interest	(398,539)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds:	
Accrued compensation	(137,200)
Net position liability	(50,739,174)
General obligation bonds	<u>(36,177,429)</u>
Net position-total Governmental Activities	<u>\$ 33,310,009</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENT FUNDS
June 30, 2017

	General Fund 11000, 12000, 13000, 14000	Title 1 IASA 24101	IDEA-B Entitlement 24106
REVENUES			
Property taxes	\$ 167,414	\$ -	\$ -
Federal direct	3,604,862	941,183	527,536
State flowthrough	19,959,491	-	-
Transportation distribution	1,063,420	-	-
Charges for service	425,964	-	-
Investment income	106,471	-	-
Miscellaneous	109,041	-	10
Total revenues	25,436,662	941,183	527,546
EXPENDITURES			
Current			
Instruction	14,661,586	856,046	332,152
Support services	5,470,449	85,230	56,544
Central services	2,045,274	-	157,852
Operations and maintenance of plant	3,281,462	-	92
Student transportation	1,443,774	-	-
Other support services	2,548	-	-
Food service operations	-	-	-
Community service	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	-	-
Total expenditures	26,905,092	941,276	546,640
Excess(deficiency) of revenue over (under) expenditures	(1,468,430)	(93)	(19,094)
Other financing sources (uses)			
Operating transfers	-	-	-
Proceeds from bond issues	-	-	-
Bond underwriter premium	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	(1,468,430)	(93)	(19,094)
Fund balances, beginning of year, as previously stated	3,969,508	40	(578)
Prior period adjustment	(32,474)	-	-
Fund balances, beginning of year, restated	3,937,034	40	(578)
Fund balances - end of year	\$ 2,468,603	\$ (53)	\$ (19,672)

See Notes to Financial Statements.

Bond Building 31100	Capital Improvements SB-9 31701	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,259,635	\$ 5,986,085	\$ -	\$ 7,413,134
-	-	-	4,906,494	9,980,075
7,477,971	-	-	1,751,632	29,189,094
-	-	-	87,407	1,150,827
-	-	-	-	425,964
813	153	-	28	107,465
2,428	25,620	-	109,907	247,006
7,481,212	1,285,408	5,986,085	6,855,468	48,513,564
-	-	-	2,789,514	18,639,298
-	12,758	60,524	703,891	6,389,396
-	-	-	52,730	2,255,856
1,146,072	1,190,037	-	201,126	5,818,789
-	-	-	-	1,443,774
-	-	-	-	2,548
-	-	-	2,237,386	2,237,386
-	-	-	-	-
13,361,660	868,042	-	792,832	15,022,534
-	-	-	-	-
-	-	5,000,000	-	5,000,000
-	-	994,259	-	994,259
-	-	-	-	-
14,507,732	2,070,837	6,054,783	6,777,479	57,803,839
(7,026,520)	(785,429)	(68,698)	77,989	(9,290,275)
4,432,429	-	-	-	4,432,429
4,432,429	-	-	-	4,432,429
(2,594,091)	(785,429)	(68,698)	77,989	(4,857,846)
4,817,255	1,985,064	6,648,257	3,006,677	20,426,223
-	-	-	(27,113)	(59,587)
4,817,255	1,985,064	6,648,257	2,979,564	20,366,636
\$ 2,223,164	\$ 1,199,635	\$ 6,579,559	\$ 3,057,553	\$ 15,508,789

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GOVERNMENT FUNDS
June 30, 2017**

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ (4,857,846)
Net pension expense	(1,541,220)
Capital outlay 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 expense in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period.	
Loss on disposal of capital assets	(72,219)
Depreciation expense	(4,198,751)
Capital outlays	15,022,534
Revenues that do not provide current financial resource are not reported as revenues in the fund statements but are report in the Statement of Activities. This is the amount by which the deferred inflow of property taxes from the end of the year \$592,943 was more than the deferred inflow of property taxes from the beginning of the year \$494,790	98,153
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:	
(Increase) decrease in accrued interest payable	38,010
(Increase) decrease in accrued compensated absences	25,621
Bond proceeds	(4,432,429)
Principal payments on bonds	<u>5,000,000</u>
Change in net position-total Governmental Activities	<u>\$ 5,081,853</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 GENERAL FUND - 11000 (OPERATIONAL- INSTRUCTION)
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
 June 30, 2017

REVENUES	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Property taxes	\$ -	\$ -	\$ 170,217	\$ 170,217
Federal grants	-	-	3,604,862	3,604,862
State flowthrough	20,989,154	20,989,154	19,930,725	(1,058,429)
Transportation distribution	3,561,039	3,561,039	-	(3,561,039)
Charges for service	-	-	423,280	423,280
Investment income	-	-	105	105
Miscellaneous	462,761	462,761	76,804	(385,957)
Total revenues	25,012,954	25,012,954	24,205,993	(806,961)
EXPENDITURES				
Current Liabilities				
Instruction	15,587,846	14,767,397	14,534,907	232,490
Support services	3,600,225	5,975,648	5,557,676	417,972
Central services	1,770,646	2,028,718	2,000,542	28,176
Operations and maintenance of plant	3,354,259	3,269,072	3,251,397	17,675
Student transportation	207,730	263,561	263,561	-
Other support services	-	31,500	2,548	28,952
Food service operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	24,520,706	26,335,896	25,610,631	725,265
Excess(deficiency) of revenue over (under) expenditures	492,248	(1,322,942)	(1,404,638)	(81,696)
Other financing sources (uses)				
Bond proceeds	-	-	-	-
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ 492,248	(1,322,942)	(1,404,638)	(81,696)
Reconciliation to GAAP basis				
Adjustments to revenue			\$ (201)	
Adjustments to expenditures			(66,624)	
Excess (deficiency) of revenue and other sources over expenditures (GAAP Basis)			\$ (1,471,463)	

See Notes to Financial Statements.

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
GENERAL FUND - 12000 (SUPPORT SERVICES)
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
June 30, 2017

REVENUES	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State flowthrough	-	-	-	-
Transportation distribution	-	-	-	-
Charges for service	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	31,520	31,520	32,619	1,099
Total revenues	31,520	31,520	32,619	1,099
EXPENDITURES				
Current Liabilities				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operations and maintenance of plant	1,000	145,285	2,178	143,107
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food service operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	144,285	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	145,285	145,285	2,178	143,107
Excess(deficiency) of revenue over (under) expenditures	(113,765)	(113,765)	30,441	144,206
Other financing sources (uses)				
Bond proceeds	-	-	-	-
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ (113,765)	(113,765)	30,441	144,206
Reconciliation to GAAP basis				
Adjustments to revenue			\$ (300)	
Adjustments to expenditures			448	
Excess (deficiency) of revenue and other sources (uses) over expenditures (GAAP Basis)			\$ 30,589	

See Notes to Financial Statements.

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 GENERAL FUND - 13000 (PUPIL TRANSPORTATION)
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
 June 30, 2017

REVENUES	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State flowthrough	1,170,026	1,135,900	-	(1,135,900)
Transportation distribution	-	-	1,063,660	1,063,660
Charges for service	-	-	-	-
Investment income	-	-	106,366	106,366
Miscellaneous	-	-	-	-
Total revenues	1,170,026	1,135,900	1,170,026	34,126
EXPENDITURES				
Current Liabilities				
Instruction	-	-	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operations and maintenance of plant	-	-	-	-
Student transportation	1,170,026	1,170,026	1,170,026	-
Other support services	-	-	-	-
Food service operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,170,026	1,170,026	1,170,026	-
Excess(deficiency) of revenue over (under) expenditures	-	(34,126)	-	34,126
Other financing sources (uses)				
Bond proceeds	-	-	-	-
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ -	(34,126)	-	34,126
Reconciliation to GAAP basis				
Adjustments to revenue			\$ (240)	
Adjustments to expenditures			(10,187)	
Excess (deficiency) of revenue and other sources over expenditures (GAAP Basis)			\$ (10,427)	

See Notes to Financial Statements.

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 GENERAL FUND - 14000 (INSTRUCTIONAL MATERIALS)
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
 June 30, 2017

REVENUES	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-
State flowthrough	163,472	211,311	209,386	(1,925)
Transportation distribution	-	-	-	-
Charges for service	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	163,472	211,311	209,386	(1,925)
EXPENDITURES				
Current Liabilities				
Instruction	163,472	163,472	87,138	76,334
Support services	-	-	-	-
Central services	-	-	-	-
Operations and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food service operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	163,472	163,472	87,138	76,334
Excess(deficiency) of revenue over (under) expenditures	-	47,839	122,248	(78,259)
Other financing sources (uses)				
Bond proceeds	-	-	-	-
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ -	47,839	122,248	(78,259)
Reconciliation to GAAP basis				
Adjustments to revenue			\$ (180,620)	
Adjustments to expenditures			41,243	
Excess (deficiency) of revenue and other sources over expenditures (GAAP Basis)			\$ (17,129)	

See Notes to Financial Statements.

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
TITLE I SPECIAL REVENUE FUND - 24101
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
June 30, 2017

REVENUES	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal direct	1,089,382	1,089,382	1,198,353	108,971
State flowthrough	-	-	-	-
Transportation distribution	-	-	-	-
Charges for service	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	1,089,382	1,089,382	1,198,353	108,971
EXPENDITURES				
Current Liabilities				
Instruction	1,006,268	1,238,273	856,114	382,159
Support services	83,114	86,114	85,230	884
Central services	-	-	-	-
Operations and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food service operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,089,382	1,324,387	941,344	383,043
Excess(deficiency) of revenue over (under) expenditures	-	(235,005)	257,009	492,014
Other financing sources (uses)				
Bond proceeds	-	-	-	-
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ -	(235,005)	257,009	492,014
Reconciliation to GAAP basis				
Adjustments to revenue			\$ (257,170)	
Adjustments to expenditures			68	
Excess (deficiency) of revenue and other sources (uses) over expenditures (GAAP Basis)			\$ (93)	

See Notes to Financial Statements.

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 ENTITLEMENT IDEA-B SPECIAL REVENUE FUND - 24106
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
 June 30, 2017

REVENUES	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal direct	704,922	704,922	822,275	117,353
State flowthrough	-	-	-	-
Transportation distribution	-	-	-	-
Charges for service	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	10	10
Total revenues	704,922	704,922	822,285	117,363
EXPENDITURES				
Current Liabilities				
Instruction	469,520	1,094,820	332,919	761,901
Support services	34,314	246,340	36,459	209,881
Central services	190,675	327,022	158,136	168,886
Operations and maintenance of plant	3,000	3,000	-	3,000
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food service operations	-	-	-	-
Community service	-	7,413	-	7,413
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	697,509	1,678,595	527,514	1,151,081
Excess(deficiency) of revenue over (under) expenditures	7,413	(973,673)	294,771	1,268,444
Other financing sources (uses)				
Bond proceeds	-	-	-	-
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ 7,413	(973,673)	294,771	1,268,444
Reconciliation to GAAP basis				
Adjustments to revenue			\$ (294,739)	
Adjustments to expenditures			(19,126)	
Excess (deficiency) of revenue and other sources over expenditures (GAAP Basis)			\$ (19,094)	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 AGENCY FUNDS
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 June 30, 2017**

	<u>Agency Fund</u>
ASSETS	
Current	
Cash	<u>\$ 243,038</u>
Total assets	<u><u>\$ 243,038</u></u>
LIABILITIES	
Current	
Deposits held in trust for others	<u>\$ 243,038</u>
Total liabilities	<u><u>\$ 243,038</u></u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 1. NATURE OF ORGANIZATION

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

The School board operates nine schools within the School district with a total enrollment of approximately 3,000 pupils. in conjunction with the regular educational programs, some of these schools offer special education. in addition, the School Board provides transportation and school food services for the students.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

GASB Statement No. 14 established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The District also has no component units, as defined by GASB Statement No. 14 and/or GASB Statement No. 39, as there are no other legally separate organizations for which the elected School Board members are financially accountable. There are no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the District has a significant relationship.

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District has no business-type activities.

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

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

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

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

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

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

- The General Funds are the primary operating funds of the District, and account for all financial resources, except those required to be accounted for in other funds.
- The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- The Capital Projects Funds account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.
- The Debt Service Funds account for the services of long-term debt not being financed by proprietary or nonexpendable trust funds.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

General Funds:

The Operational Fund (11000) 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 Teacherage Fund (12000) is used to provide housing in remote locations for teachers.

The Transportation Fund (13000) is used to account for the State Equalization received from the State Department of Education which is used to pay for the costs associated with transporting school age children.

The Instructional Materials Fund (14000) is used to account for the monies received from the State Department of Education for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

The Title I IASA (24101) Special Revenue Fund is used to provide supplemental educational opportunity for academically disadvantaged children in the area of residence. Authority for creation of this fund is Part A of Chapter 1 of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

The Entitlement IDEA-B (Fund 24106) Special Revenue 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 Bond Building Capital Projects Fund (31100) is used to account for bond proceeds and any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Capital Improvements SB-10 Capital Projects Fund (31701) This 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 (41000) is used to account for the accumulation of resources for the payment of long- Term Debt principal and interest.

Additionally, the District reports the following agency fund:

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

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

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

Program revenues are categorized as (a) charges for services, which include revenues collected for cafeteria fees and lost books, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as Title 1, IDEA-B, and Magnet school funding to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources such as SB-9 and 11B-33 funding to be used for capital projects. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 2. 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 Local Government Investment Pool (LGIP).

Investments for the District are reported at fair value. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. The district does not currently have any deposits or investments in the LGIP.

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

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

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

The District receives monthly income from a tax levy in Sandoval 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 Sandoval County Treasurer in July and August 2017 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.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Inventory: Inventory is valued at lower of cost (first-in, first-out) or market. Inventory in the General fund consists of expendable supplies held for consumption. Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed. The U.S.D.A commodities are recorded at year-end by audit adjusting entries. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories and unearned revenue. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. No unearned revenue was recorded for unused commodity inventory as of June 30, 2017. Inventories in the Transportation fund consisted of related supplies.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 per Section 12-6-10 NMSA 1978, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. However, infrastructure assets have not been included in the June 30, 2017 financial statements of Bernalillo Public School District, since the District did not own any infrastructure assets as of June 30, 2017. Information technology equipment, including software, is being capitalized and included in furniture and equipment as the District did not maintain internally developed software. The District expenses the cost of library books when purchased. Donated capital assets are recorded at estimated fair value at the date of donation.

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, but rather, expensed in the period incurred.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 2. 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.

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

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

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

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

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

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

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Eligible employees will receive 100% of the average daily rate stated in the final employment contract for all unused sick leave earned in the final school year of employment up to a maximum of 49 hours

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

Accrued Payroll: In the fund financial statements, governmental fund types recognize the accrual of unpaid wages and benefits that employees have earned at the close of each fiscal year. The amount recognized in the fund financial statements represents checks that were held at year end in relation to employee's summer payroll.

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.

Fund Balance Classification Policies and Procedures: For committed fund balance, the District's highest level of decision-making authority is the Board of Education. The formal action that is required to be taken to establish a fund balance commitment is the Board of Education.

For assigned fund balance, the Board of Education or an official or body to which the School Board of Education delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. For the classification of fund balances, the District considers restricted or unrestricted amounts to have

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Nonspendable Fund Balance: At June 30, 2017, the nonspendable fund balance in the general fund and other governmental funds is made up of inventory and prepaids in the amounts of \$28,221 and \$16,124 respectively.

Restricted and Committed Fund Balance: At June 30, 2017, the restricted fund balance on the governmental funds balance sheet is made up of \$2,440,382 for providing education to the students of the District, \$1,182,527 for food services program, \$3,422,799 for the purpose at erecting, remodeling, making additions to and furnishing school buildings and purchasing or improving school grounds and purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act [22-24-1 NMSA 1978), or any combination of these purposes, \$6,579,559 for the payment of principal and interest of the future debt service requirements.

Minimum Fund Balance Policy: The District does not have a policy for maintaining a minimum amount of fund balance for operations to help minimize any sudden and unplanned discontinuity to programs, operations or for unforeseen contingencies.

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.

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

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The Government-Wide Balance Sheet reports \$13,152,382 of restricted net position of which is restricted by enabling legislation.

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

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

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

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the District's financial statements include management's estimate of the useful lives of capital assets, and GASB 68 estimates related to pensions.

E. Revenues

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

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 2. 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 \$19,930,725 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. Tax revenues are recognized when they are in the hands of the collecting agency. The District records only the portion of the taxes considered to be 'measurable' and 'available'. The District recognized \$7,388,625 in tax revenues during the year ended June 30, 2017. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

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

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$1,063,420 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 the other fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2017 totaled \$28,766.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues (Continued)

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

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

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

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

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

During the year ended June 30, 2017, the District received \$7,477,471 in capital outlay funds.

SB-9 State Match: The Director shall distribute to any school district that has imposed a tax under the Public School Capital Outlay Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection 13 of section 22-25-3 NMSA 1.978, 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.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues (Continued)

During the year ended June 30, 2017 the District received \$90,164 in state SB-9 matching.

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

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

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

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

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

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

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

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 4. CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

Deposits

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. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 4. CASH AND CASH EQUIVALENTS (CONTINUED)

	US Bank	Totals
Total amounts of deposits	\$ 16,257,756	16,257,756
FDIC Coverage	<u>(250,000)</u>	<u>(250,000)</u>
Total uninsured public funds	16,007,756	16,007,756
 Pledged collateral held by Pledging bank's trust department or agent in agency's name	 <u>20,000,000</u>	 <u>20,000,000</u>
 Collateral requirement (50% of uninsured public funds)	 8,003,878	 8,003,878
 Pledged security	 <u>(20,000,000)</u>	 <u>(20,000,000)</u>
 Total under (over) collateralized	 <u>\$ (11,996,122)</u>	 <u>(11,996,122)</u>

Custodial Credit Risk Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10.63, NMSA 1978). At June 30, 2017, none of the District's bank balance of \$16,257,756 was exposed to custodial credit risk as the amount uninsured was collateralized and the collateral was held by the pledging bank's trust department in the District's name. None of the District's bank balance was uninsured and uncollateralized. At June 30, 2017, the carrying amount of these deposits was \$ 15,678,300.

Reconciliation to the Statement of Net Position

The carrying amount of deposits and investments shown above are included in the District's Financial Statements as follows:

Restricted cash and cash equivalents - Governmental Activities	\$ 16,008,143
Cash and cash equivalents - Fiduciary Funds	<u>249,613</u>
Total cash and cash equivalents	16,257,756
Less: Outstanding checks	(849,319)
Plus: Deposits in Transit	<u>269,863</u>
Book	<u>\$ 15,678,300</u>

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 5. RECEIVABLES

Receivables as of June 30, 2017, are as follows:

	General Fund	Title 1 ISAS	IDEA-B Entitlement	Credit Imp. SB-9	Debit Services	Other Gov. Funds	Total
Intergovernmental Grant	\$ -	212,252	77,389	-	-	653,814	943,455
Taxes	19,195	-	-	113,422	546,048	-	678,665
Total	\$ 19,195	212,252	77,389	113,422	546,048	653,814	1,622,120

The above receivables are deemed 100% collectible. In accordance with GASB 65.109-130, property tax receivables are presented net of property taxes - deferred inflows in the amount of \$592,943 on the governmental fund financial statements.

NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

“Interfund balances” have primarily been recorded when funds overdraw their share of pooled cash when the District is waiting for grant reimbursements. There were no interfund transfers during the year. The composition of interfund balances as of June 30, 2017 is as follows:

	Interfund Receivable	Interfund Payable
Governmental Activities:		
Major Funds: General	\$ 1,280,535	
Non-Major Funds:		
Transportation Fund-13000.		126,667
Title I IASA-24101		219,532
Entitlement IDEA-B Fund-24106		77,293
NM Autism Project - 24108		5,275
Preschool IDEA B – 24109		25,354
Fresh Fruit & Vegetables USDA-24118		368
21th Century Community Learning Centers-24119		48,236
IDEA-B Risk Pool-24120		29,862
IDEA-B Results Plan -24132		17,829
IDEA-B Results Plan (Non-Title I Schools)-24138		1,713
English Language Acquisition-24153		32,714
Teacher/Principal Training & Recruiting – 24154		17,086
Title I School Improvement – 24162		15,178
Carl D Perkins Special Projects Current -24171.		1,314
Carl D Perkins Second Special Revenue Fund-24174		10,026
Carl D. Perkins Redistribution Career and Technical Ed.-24176		4,638
Carl D Perkins HSTW-24182		826

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

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

	Interfund Receivable	Interfund Payable
USHHS/CDC School Health - 24186		900
Indian Ed Formula Grant – 25184		44,769
GEAR UP NM State Initiative – 25205		131,493
NM Reads to Lead K-3 Reading Initiative-27114		8,087
Truancy Prevention-27141		31,346
Pre K Initiative-27149		126,909
Indian Health Services USPHS and Indian Education Act-27150		21,495
Breakfast in the Classroom-27155		347
Kindergarten - Three Plus-27166		76,110
After School Enrichment – 27168		6,689
STEM Teacher Initiative-27181.		3,089
NM Grown FW-27183		9,987
GRADS Child Care-27189		3,056
GRADS Instruction-28190		2
Rez of Your Life Program-28202.		29,813
GRADS Plus-28203		2,493
City/County Grants-29107		3,603
Bond Building Fund-31100		523
Capital Improvements SB-10-31700		145,913
Total	<u>\$ 1,280,535</u>	<u>1,280,535</u>

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 7. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2017, including those changes pursuant to the implementation of GASB Statement No. 34, follows:

	Balance, June 30, 2016	Transfers	Additions	Deletions	Balance, June 30, 2017
Capital assets not depreciated:					
Land	\$ 180,609	-	-	-	180,609
Construction in progress	43,885,741	(36,770,025)	8,927,028	-	16,042,744
Total not depreciated	<u>44,066,350</u>	<u>(36,770,025)</u>	<u>8,927,028</u>	<u>-</u>	<u>16,223,353</u>
Capital assets being depreciated:					
Building and improvements	64,146,510	36,770,025	5,298,284	-	106,214,819
Furniture, fixtures and equipment	8,623,095	-	797,222	(1,510,570)	7,909,747
Total depreciated	<u>72,769,605</u>	<u>36,770,025</u>	<u>6,095,506</u>	<u>(1,510,570)</u>	<u>114,124,566</u>
Less accumulated depreciation:					
Buildings and improvements	22,953,985	-	3,572,096	-	26,526,081
Furniture, fixtures and equipment	6,150,996	-	626,655	(1,438,351)	5,339,300
Total depreciation	<u>29,104,981</u>	<u>-</u>	<u>4,198,751</u>	<u>(1,438,351)</u>	<u>31,865,381</u>
Net depreciated assets	<u>\$ 87,730,974</u>	<u>-</u>	<u>10,823,783</u>	<u>(72,219)</u>	<u>98,482,538</u>

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

Instruction	\$ 3,652,912
Support services	41,988
Central services	83,975
Student transportation	377,888
Food services operation	41,988
Total	<u>\$ 4,198,751</u>

NOTE 8. 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:

	Balance, June 30, 2016	Additions	Deletions	Balance, June 30, 2017	Current Portion
General obligation bonds	\$ 36,745,000	4,432,429	5,000,000	36,177,429	5,430,000
Compensated absences	162,820	179,784	205,404	137,200	-
Total	<u>36,907,820</u>	<u>4,612,213</u>	<u>5,205,404</u>	<u>36,314,629</u>	<u>5,430,000</u>

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 8. LONG-TERM DEBT (CONTINUED)

Interest expense paid on long-term debt totaled \$956,249 on the Statement of Activities for the year ended June 30, 2017.

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 on July 15 and January 15. Interest rates on the bonds range from 1.500% to 4.200%. Principal payments in varying amounts are due annually on August 1, or August 15 through 2029.

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

Fiscal Year Ending		Principal	Interest	Total Debt Service
June 30, 2017				
2018	\$	5,430,000	918,125	6,348,125
2019		5,030,000	768,263	5,798,263
2020		4,730,000	622,750	5,352,750
2021		4,035,000	485,888	4,520,888
2022		3,185,000	355,388	3,540,388
2023-2027		12,722,429	868,513	13,590,942
2028-2030		1,045,000	62,938	1,107,938
	\$	<u>36,177,429</u>	<u>4,081,864</u>	<u>40,259,293</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, the compensated absences obligation decreased by \$25,621 from the prior year accrual.

Operating Leases — The District leases office equipment under short- term cancelable operating leases. Rental cost for the year ended June 30, 2017 was \$101,277.

NOTE 9. RISK MANAGEMENT

The District is a member of the New Mexico Public Schools Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 9. RISK MANAGEMENT (CONTINUED)

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 are 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 10. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

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

<u>Fund#</u>	<u>Fund Description</u>	<u>Deficit Amount</u>
24171	Carl D. Perkins Special Project Current	(1)
24101	Title I IASA	(53)
24106	IDEA B Entitlement	(19,672)
24109	Preschool IDEA B	(2,968)
24119	Community learning centers	(47,303)
24153	English language acquisition	(5,204)
25205	Gear Up NM State Initiative	(17,822)
27149	Pre-K Initiative	(49)
27183	NM Grown FW	(9,987)
28203	GRADS Plus	(1,107)
27168	After School Enrichments	(3,600)
27114	NM Read Lead K-3 Reading Initiative	(9)
31700	Capital Improvements SB-9	(55,749)

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 11. PENSION PLAN – EDUCATION RETIREMENT BOARD

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

Retirement Plan. Employees of the District participate in a defined benefit contributory retirement plan through the Educational Retirement Act (ERA) of the State of New Mexico; certain faculty may opt into an alternate retirement plan invested in tax-sheltered annuities. ERA is a cost sharing multiple employer public employee retirement system.

Information pertaining to the actuarially computed present value of vested accumulated plan benefits and non-vested accumulated plan benefits, the plan's net assets available for benefits and the assumed rate of return used in computing the present value, and ten-year historical trend information presenting ERA's progress in accumulating sufficient assets to pay benefits when due is not available as it relates to individual government agencies participating in the plan.

Actuarial pension data for the State of New Mexico, as employer, is provided at the statewide level in a separately issued audit report of the ERA.

Retirement Eligibility. The benefit for retirement at age 60, or after 25 years of service before age 60, is an annual sum equal to the "final average salary" multiplied by the total number of years of service credit times 2.35%.

Prior to July 1, 2010:

A member is eligible to retire when:

1. The member's age and earned service credit add up to the sum of 75 or more, or
2. The member is age 65 or more with at least five years of earned service credit, or
3. The member has earned service credit at allowed service credit rates totaling 25 or more years.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

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

Beginning on or after July 1, 2010:

A Member is eligible to retire when:

1. The member's age and earned service credit add up to the sum of 80 or more, or
2. The member is age 67 or more with at least five years of earned service credit, or
3. The member has earned service credit at allowed service credit rates totaling 30 or more years.

A further requirement to be eligible to retire is that one must be a "member" having at least one year of employment after July 1, 1957, and at least five years of contributory employment. The cost of such contributions is 16.25% of the average salary of the last five years for each year of contributory employment needed, plus 3% compounded interest from July 1, 1957, to the date of payment.

When a member has completed five or more years of "earned service credit" and has made contributions for at least five years, the member may terminate employment, leave contributions in the retirement fund and retire (1) when the member's age and years of "earned service credit" (covered employment in New Mexico) add up to the sum of 75 or more, or (2) the member may retire at age 65, if the member has at least five years of "earned service credit." Eligible member who have one year of employment after July 1, 1957, but less than the required five, may receive credit for the additional years by making a contribution to the fund. The amount of the required contribution equals that which would have been made had the employee been covered by ERA for five years, less any amounts already contributed, while earning the average salary for the period of actual employment.

Funding Policy. Effective July 1, 2013, members with annual wages of \$20,000 or less are required to contribute 7.90% of their gross wages and members with annual wages over \$20,000 are required to contribute 10.70%. The District is required to contribute 13.90% of reportable compensation for members with annual wages of \$20,000 or less and 13.90% for members whose annual wages are above \$20,000. Effective July 1, 2013, retirees who are participating in the return to Work Programs will make non-refundable employee contributions to the NMERB fund and will not earn any additional service credit. The RTW members with annual wages of \$20,000 or less are required to contribute 7.90% of their gross wages and members with annual wages over \$20,000 are required to contribute 10.70%. The District is required to contribute 13.90% of gross wages for members participating in the Return-To-Work Program. The District is also required to contribute 13.90% of gross wages for PERA Retiree members. PERA Retirees are excluded from contributing. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the years ending June 30, 2017, June 30, 2016 and June 30, 2015 were \$2,725,579, \$2,765,182 and \$2,801,401, and, respectively, equal to the amount of the required contribution for each fiscal year.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

**NOTE 12. NOTE DISCLOSURE AND RSI FOR EMPLOYER PARTICIPANTS OF THE
EDUCATIONAL RETIREMENT BOARD'S PENSION PLAN SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES**

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

General Information about the Pension Plan

Plan description. ERB was created by the state's Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees' Retirement Plan (Plan). The Plan is a cost sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico legislature has the authority to set or amend contribution rates.

ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at www.nmerb.org.

Benefits provided. A member's retirement benefit is determined by a formula which includes three component parts: the member's final average salary (FAS), the number of years of service credit, and a 0.0235 multiplier.

The FAS is the average of the member's salaries for the highest five years of service or any other consecutive five-year period, whichever is greater. A brief summary of Plan coverage provisions follows:

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

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010.

The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date 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.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

**NOTE 12. NOTE DISCLOSURE AND RSI FOR EMPLOYER PARTICIPANTS OF THE
EDUCATIONAL RETIREMENT BOARD'S PENSION PLAN SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

Contributions. The contribution requirements of defined benefit plan members and Bernalillo Public School District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. 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 Bernalillo Public School, District were \$2,725,579 for the year ended June 30, 2017. For the fiscal year ended June 30, 2017 employers contributed 13.90% of employees' gross annual salary to the Plan. Employees earning \$20,000 or

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 12. NOTE DISCLOSURE AND RSI FOR EMPLOYER PARTICIPANTS OF THE EDUCATIONAL RETIREMENT BOARD'S PENSION PLAN SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (continued) less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 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, Bernalillo Public School, District reported a liability of \$50,739,174 for its proportionate share of the net pension liability. Bernalillo Public School, District proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2016. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2016, Bernalillo Public School, District's proportion was .70506 percent, which was a decrease of .004 percent from its proportion measured as of June 30, 2015. For the year ended June 30, 2017, Bernalillo Public School, District recognized pension expense of \$1,541,220. At June 30, 2017, Bernalillo Public School, District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 220,125	\$ 482,594
Changes in assumptions	1,032,846	-
Net difference between projected and actual earnings on pension plan investments	3,028,706	-
Changes in proportion and differences between Bernalillo Public School District contributions and proportionate share of contributions	50,068	396,650
Bernalillo Public School's contributions subsequent to the measurement date	<u>2,725,579</u>	<u>-</u>
Total	<u>\$ 7,057,324</u>	<u>\$ 879,244</u>

**STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017**

**NOTE 12. NOTE DISCLOSURE AND RSI FOR EMPLOYER PARTICIPANTS OF THE
 EDUCATIONAL RETIREMENT BOARD'S PENSION PLAN SUMMARY OF
 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

\$2,725,579 reported as deferred outflows of resources related to pensions resulting from Bernalillo Public School, District contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 491,742
2019	\$ 842,657
2020	\$ 1,379,523
2021	\$ 738,580

Actuarial assumptions. As described above, the total pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2014. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2016. Specifically, the liabilities measured as of June 30, 2016 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.7% during the fiscal year ending June 30, 2016 thereafter,
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before the age of 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 12, 2015 in conjunction with the six-year experience study period ending June 30, 2014.

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

**STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017**

**NOTE 12. NOTE DISCLOSURE AND RSI FOR EMPLOYER PARTICIPANTS OF THE
 EDUCATIONAL RETIREMENT BOARD'S PENSION PLAN SUMMARY OF
 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The actuarial assumptions and methods used to determine Total Pension Liability (TPL) included in the measurement methodology are as follows:

- | | |
|---------------------------------|--|
| ➤ Actuarial Cost Method | Entry age normal |
| ➤ Remaining Amortization Period | Amortized over a closed thirty year period from June 30, 2012 ending June 30, 2042 |
| ➤ Asset Valuation Method | Five year smoothed market |
| ➤ Inflation | 3.00% |
| ➤ Salary Increases | Composed of 3.00% inflation, plus .75% productivity increase rate, plus step rate promotional increases for members with less than ten years of service |
| ➤ Investment Rate of Return | 7.75% |
| ➤ Retirement Age | Experience based table of rates based on age and service. Adopted by NMERB on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014. |
| ➤ Mortality | Healthy males: RP-2000 Combined Mortality Table with white collar adjustments generational mortality improvements with scale BB.
Healthy females: GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with scale BB from the table's base year of 2012 |

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

**NOTE 12. NOTE DISCLOSURE AND RSI FOR EMPLOYER PARTICIPANTS OF THE
EDUCATIONAL RETIREMENT BOARD'S PENSION PLAN SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Asset Class	2016 Long-Term Expected Real Rate of Return	2015 Long-Term Expected Real Rate of Return
Cash	-0.25%	0.00%
US Treasuries	0.00%	0.25%
IG Corp Credit	1.75%	1.50%
Mortgage Backed Securities	0.25%	0.50%
Core bonds	0.64%	0.73%
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	4.50%	4.50%
International Equities (Unhedged)	4.75%	4.75%
International Equities (Hedged)	5.14%	5.22%
Emerging International Equities	6.25%	6.00%
Private Equity	6.25%	6.25%
Private Debt	4.75%	4.75%
Private Real Assets	4.50%	4.50%
Real Estate	3.25%	3.25%
Commodities	2.25%	2.50%
Hedge Funds	3.25%	3.50%

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 12. NOTE DISCLOSURE AND RSI FOR EMPLOYER PARTICIPANTS OF THE EDUCATIONAL RETIREMENT BOARD’S PENSION PLAN SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 Bernalillo Public School District’s proportionate share of the net pension liability to changes in the discount rate. The following table presents Bernalillo Public School District’s proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what Bernalillo Public School, District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

	1% Decrease	Current Discount	1% Increase
	<u>(6.75%)</u>	<u>Rate</u>	<u>(8.75%)</u>
		<u>(7.75%)</u>	
Bernalillo Public School District’s proportionate share of the net pension liability	\$ 67,202,858	\$ 50,739,174	\$ 37,078,968

Pension plan fiduciary net position. Detailed information about the ERB’s fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2017 and 2016 which are publicly available at www.nmerb.org.

Payables to the pension plan. Employer’s contribution due at June 30, 2017 of \$25,757.

**STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017**

**NOTE 12. NOTE DISCLOSURE AND RSI FOR EMPLOYER PARTICIPANTS OF THE
 EDUCATIONAL RETIREMENT BOARD'S PENSION PLAN SUMMARY OF
 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

	<u>2016</u>
Bernalillo Public School District's proportion of the net pension liability (asset)	0.70506%
Bernalillo Public School District's proportionate share of the net pension liability (asset)	\$50,739,174
Bernalillo Public School District's covered-employee payroll	\$19,608,170
Bernalillo Public School's District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	258%
Plan fiduciary net position as a percentage of the total pension liability	61.58%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Bernalillo Public School District's will present information for those years for which information is available.

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 12. NOTE DISCLOSURE AND RSI FOR EMPLOYER PARTICIPANTS OF THE EDUCATIONAL RETIREMENT BOARD'S PENSION PLAN SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**SCHEDULE OF BERNALILLO PUBLIC SCHOOL DISTRICT'S CONTRIBUTIONS
 Educational Retirement Board (ERB) Pension Plan Last 10 Fiscal Years***

	<u>2016</u>
Contractually required contribution	\$ 2,799,019
Contributions in relation to the contractually required contribution	\$ 2,799,019
Contribution deficiency (excess)	0
Bernalillo Public School District's covered-employee payroll	\$ 19,608,170
Contributions as a percentage of covered-employee payroll	14.27%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Bernalillo Public School 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 April 26, 2013, ERB implemented the following changes in assumptions for fiscal years 2014 and 2013.

1. Fiscal year 2014 and 2013 valuation assumptions that changed based on this study:
 - a. Lower wage inflation from 4.75% to 4.25%
 - b. Lower payroll growth from 3.75% to 3.50%
 - c. Minor changes to demographic assumptions
 - d. Population growth per year from 0.75% to 0.50%
2. Assumptions that were not changed:
 - a. Investment return will remain at 7.75%
 - b. Inflation will remain at 3.00%

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 13. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

Plan Description

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

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

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

Funding Policy

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

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

**NOTE 13. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

Bernalillo Public School's contributions to the RHCA for the years ended June 30, 2017, 2016 and 2015 were \$390,923, \$395,871, and \$403,218 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 School expects such amount, if any, to be immaterial.

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

NOTE 15. BUDGETED ACTIVITY FUNDS

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

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 16. JOINT POWERS AGREEMENTS

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

NOTE 17. 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:

Non-spendable: 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.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 17. GOVERNMENTAL FUND BALANCE (CONTINUED)

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.

NOTE 18. GASB PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87, Leases. The provisions of this Statement are effective for reporting periods beginning after December 15, 2019. BPS has not yet evaluated the effects of this standard.

In May 2017, the GASB issued Statement No. 86, Certain Debt Extinguishment Issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. BPS has not yet evaluated the effects of this standard.

In March 2017, the GASB issued Statement No. 85, Omnibus 2017. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The provisions of this Statement are effective for periods beginning after June 15, 2017. Earlier application is encouraged. BPS will evaluate this standard for FY 2018.

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. BPS has not yet evaluated the effects of this standard.

In November 2016, the GASB issued Statement No. 83, Certain Asset Retirement Obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. PBS will evaluate this standard for FY 2018.

NOTE 19. CONCENTRATIONS

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

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 20. SUBSEQUENT EVENTS

Subsequent to year end, the District issued \$4,000,000 in G.O. School bonds.

Subsequent to year end the district received an insurance settlement related to prior period pending case resulted in the District being awarded \$46,368 on 7/5/2017.

NOTE 21. PRIOR PERIOD ADJUSTMENT

The beginning fund balances have been adjusted for the general fund (sub fund 11000) and funds 23000 (Non Instructional Sup. Title I), and 27107 (2012 GO Bond Fund). The FY 2016 ending deficit balance of (\$2,679) was closed out to the general fund that was prompted by P.E.D. authority subsequent to the issuance of the FY 2016 audited financial statements. In addition, fund 27107 had a fund balance of \$29,795 that was related to an FY 2016 request for reimbursement (RFR) that had not been received by the school as of June 30, 2016. It was subsequently determined that the school did not remit adequate supporting documentation to support the RFR and ultimately the RFR was denied and the revenue was reversed out and resulted in the general fund having to bear the expense. Thus, the general fund had to absorb an additional amount of \$29,795. In addition, two funds (27138 and 27164) were adjusted by \$1 and \$2 respectively. The aggregate adjustment was to reduce the general fund by \$32,474 and reduce the governmental funds by \$27,113 for a total prior period adjustment of \$59, 587. We do consider the non-compliance with respect to the RFR denial to be a finding which is listed as finding #2017-002 in the schedule of findings and questioned costs.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 June 30, 2017

New Mexico Educational Retirement Board Pension Plan
 Schedule of Ten Year Tracking Data* to last 10 Fiscal Years*
 (Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
School's proportion of the net pension liability (assets)	0.71 %	0.709 %	0.705 %	- %	- %	- %	- %	- %	- %	- %
School's proportionate share of net pension liability (assets)	\$ 40,374	\$ 45,939	\$ 50,739	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered employee payroll	\$ 19,504	\$ 19,364	\$ 19,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's proportionate share of net pension liability (assets) as a percentage of its covered employee payroll	207.00 %	237.24 %	258.00 %	- %	- %	- %	- %	- %	- %	- %
Plan fiduciary net position as a percentage of the total pension liability	66.54 %	63.97 %	61.58 %	- %	- %	- %	- %	- %	- %	- %

*The amounts presented for each fiscal year were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the School will present information for those years which information is available.

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT CONTRIBUTIONS
 June 30, 2017

New Mexico Educational Retirement Board Pension Plan
 Schedule of Ten Year Tracking Data* to last 10 Fiscal Years*
 (Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 2,802	\$ 2,765	\$ 2,799	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contribution Required Contribution	2,802	2,765	2,799	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School's Covered Payroll	\$ 19,504	\$ 20,136	\$ 19,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of Covered Payroll	14 %	14 %	14 %							

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 4,927	5	\$ -	\$ 1,120	\$ 1,120	\$ 1,117	\$ 1,064	\$ 506	\$ -	\$ -	\$ -	\$ -
2015	(154)	5	-	-	314	261	(91)	(638)	-	-	-	-
2016	3,453	5	-	-	-	492	843	1,379	739	-	-	-
2017		5	-	-	-	-	-	-	-	-	-	-
2018		5	-	-	-	-	-	-	-	-	-	-
2019		5	-	-	-	-	-	-	-	-	-	-
2020		5	-	-	-	-	-	-	-	-	-	-
2021		5	-	-	-	-	-	-	-	-	-	-
2022		5	-	-	-	-	-	-	-	-	-	-
2023		5	-	-	-	-	-	-	-	-	-	-
	\$ 8,226		\$ -	\$ 1,120	\$ 1,434	\$ 1,870	\$ 1,816	\$ 1,247	\$ 739	\$ -	\$ -	\$ -

*The amounts presented for each fiscal year were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the School will present information for those years which information is available.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL, DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2017**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes of Benefit Terms

The COLA and retirement eligibility benefits changes in recent years are described in the Benefits Provided subsection of the financial statement note disclosure “**General information on the Pension Plan.**”

Changes of Assumptions

ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on June 12, 2015, ERB implemented the following changes in assumptions for fiscal years 2016 and 2015.

- 1) Fiscal year 2015 and 2014 valuation assumptions that changed based on this study:
 - All members with annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2015 and thereafter,
 - 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,
 - COLAs for most retirees are reduced until NMERB attains a 100% funded status,
 - The new assumptions adopted by the Board on June 12, 2015 in conjunction with the six-year experience study period ending June 30, 2014.
- 2) Assumptions that were not changed:
 - Investment return will remain at 7.75%
 - Inflation will remain at 3.00%
 - Real return will remain at 4.75%
 - Payroll growth will remain at 3.5%

See also the Actuarial Assumptions subsection of the financial statement note disclosure Note 1, “**General Description of the Board and Retirement Plan.**”

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
FUND DESCRIPTIONS
June 30, 2017**

SPECIAL REVENUE FUNDS

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

Food Services (21000) — This fund is used to account for all financial transactions related to the food service operation. Funding is provided by user charges and reimbursements under the National School Breakfast Programs (P.1. 100-435). Authority for creation of this fund is National School Lunch Act.

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.

NM Autism Project (24108) — This fund is to provide grants to states that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part 0, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

PRESCHOOL IDEA-8 (Fund No. 24109) — The Preschool program is for the purpose of enhancing Special Education for handicapped children from ages 3 to 5. The program is funded by the United States government, under the Individuals with Disabilities Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, and 101-476.

Fresh Fruits & Vegetables USDA (24118) — To assist States, through cash grants, in providing free fresh fruits and vegetables to school children in designated participating schools beginning in school year 2004/2005. Authorized by the National School Lunch Act, as amended, 42 U.S.C. 1769.

21st Century Community Learning Centers (24119) — To account for a grant utilized to expand an after school, weekend and summer program. The program is designed to integrate the visual and performing arts with literacy, life skills and physical activity for kindergarten to 12th grade focusing on the neighborhood and the community as a classroom. Public Law 103-382.

IDEA-B "Risk Pool" (24120) — Reallocation by PEE) based upon available amounts from Fund 24106 Entitlement IDEA-B. This fund accounts 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 Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U.S.C. 1411-1420.

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

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
FUND DESCRIPTIONS
June 30, 2017**

SPECIAL REVENUE FUNDS (CONTINUED)

IDEA-8 Results Plan (Non-Title I Schools) (24138) — This fund is used to support activities included in Non-Title I School Educational Plan for Student Success, or areas in need of improvement, identified through the Special Education. Authority for creation of this fund is Public Law 105-17.

English Language Acquisition (24153) — To provide funds to improve the educational performance of limited English proficient students by assisting the children to learn English and meet State academic content standards. Authority for creation of this fund is the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, and Sections 3101, 3129.

Teacher/Principal Training & Recruiting (24154) — To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students. Authorization for creation of this fund is HAFC/I-12,3,4,5,6 and 10 as (PL 103-382).

Title I School Improvement (24162) - To improve educational opportunities for educationally deprived children in the Middle Schools under the same provisions as Title I.

Carl D Perkins Secondary (24174) - The objective of this grant is to provide secondary and post-secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Public Education Department. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332.

Carl D Perkins Special Projects - Current- (24171) - To account for the grant awarded for the implementation of Jobs for America's Graduates/Jobs for New Mexico's Graduates (JAG). Authority for creation of this fund is Carl D. Perkins Career and Technical Education Improvement Act of 2006 (Perkins IV).

Carl D. Perkins Redistribution Career and Technical Ed. (24176) - The purpose of this program is to provide professional development in the nontraditional career paths chosen by students. Monies are from carryover of prior year program. Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332.

Carla Perkins HSTW (24182) - To account for funds administered through the State Public Education Office to the deployment of the HSTW framework is intended to improve student achievement, increase graduation rates and provide relevant and rigorous high school instruction. The program is funded by the United States government, under Carl D. Perkins Vocational-Technical Education Act Amendments, Title 1; 20 U.S.C. 2321 et seq., Public Law 1058-332.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
FUND DESCRIPTIONS
June 30, 2017**

SPECIAL REVENUE FUNDS (CONTINUED)

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

Impact Aid Indian Education (25147) — This fund is used to provide funding for instruction of Indian children of all grades who require special instruction in addition to basic programs. Authorization is Public Law 81-874.

Title XIX Medicaid 3/21 Years (25153) — To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. Authority for the creation of this fund is the Social Security Act, Title XIX, as amended; Public Laws 89-97, 90-248, and 91-56; 42 U.S.C. 1396 et seq., as amended; Public Law 92-223; Public Law 92-603; Public Law 93-66; Public Law 93-233; Public Law 96-499; Public Law 97-35; Public Law 97-248; Public Law 98-369; Public Law 99-272; Public Law 99-509; Public Law 100-93; Public Law 100-202; Public Law 100-203; Public Law 100-360; Public Law 100-436; Public Law 100-485; Public Law 100-647; Public Law 101-166; Public Law 101-234; Public Law 101-239; Public Law 101-508; Public Law 101-517; Public Law 102-234; Public Law 102-170; Public Law 102-394; Public Law 103-66; Public Law 103-112; Public Law 103-333; Public Law 104-91; Public Law 104-191; Public Law 104-193; Public Law 104-208.104-134; Balanced Budget Act of 1997, Public Law 105-33; Public Law 106-113; Public Law 106-554; Public Law 108-27; Public Law 108-173; Public Law 109-91; Public Law 109-171; Public Law 109-432; Public Law 110-28

Indian Ed 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.

USHHS/CDC School Health (24186) — to be used for promoting adolescent health through school-based Human Immunodeficiency Virus (HIV)/ Sexually Transmitted Infections (STI) prevention and school-based surveillance program in the state of New Mexico. Authority for creation of this fund is Section 1352, Title 31, U.S.C. (United States Code).

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
FUND DESCRIPTIONS
June 30, 2017**

SPECIAL REVENUE FUNDS (CONTINUED)

Gear Up New Mexico State initiative (25205) — To account for funding coordinated by the NM Higher Education Department for the GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) to serve underrepresented populations in terms of transitioning from middle school to high school and from high school to postsecondary institutions. Higher Education Act of 1965, as amended, Title IV, Part A, Subpart 2, Chapter 2.

Native American Program (25248) — The objective of this program is to provide language enhancement and academic achievement for limited English proficient children. Authorization by the PL No Child Left Behind Elementary & Secondary Education Act of 1965.

US West (26106) — To account for a grant received from US West for an educational project. Authorized by the New Mexico Public Education Department.

REC/ District Fiscal Agent (26107) — The Collaborate is a joint venture between ten small districts, several state and local partnerships and the business community designed to promote excellence in teaching and learning among educators and students. Funding is provided by dues and community donations. Authorized by the New Mexico Public Education Department.

LAM. Foundation (26113) — Educational enrichment grant in support of The Renaissance Program. Authorized by the New Mexico Public Education Department.

Intel Foundation (26116) - To account for a grant received from Intel Corporation -- New Mexico for an educational project. Authority for the creation of this fund is the New Mexico Public Education Department.

Direct Action for Youth Foundation (26158) — To account for monies received from the Action for Youth Foundation of New Mexico to be used for providing after-school tutoring in basic skills. Authority for creation of this fund is in the New Mexico Public Education Department School District Policies and Procedures Manual. Funding provided by the Daniels Fund.

Dual Credit Instructional Materials/ HB2 (27103) — To account for House Bill 2, 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.

2008 GO Bond Student Library (27105) — To account for Senate Bill 333, 2008 which makes an appropriation to fund all public, charter and juvenile justice schools for public school library improvement or acquisition per school and to acquire library books, equipment, and library resources for public school and state-supported school libraries statewide.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
FUND DESCRIPTIONS
June 30, 2017**

SPECIAL REVENUE FUNDS (CONTINUED)

NM Reads to Lead K-3 Reading Initiative (27114) — Funding received through the State of New Mexico Public Education Department to provide reading initiatives for K-3 grades. Funding will provide intervention, specific materials, and data analysis targeted for improving reading for K-3 students.

Technology for Education PED (27117) — The purpose of this grant is to assist the District to develop and implement a strategic, long-term plan for utilizing educational technology in the school system. Funds accounted for in this fund are received from the State of New Mexico. The authority for creation of this fund is NMSA 2215A-1 to 22-15A-10.

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

Truancy Initiative PED (27141) — To provided staff training in truancy prevention and strategies to deal with students to improve school attendance. Resources were also available to assist families in developing strategies to improve school attendance. Authority to create this fund is authorization of the New Mexico Public Education Department.

Pre K Initiative (27149) — To account for monies received from the State of New Mexico to be used to provide direct services to children in Pre-Kindergarten programs. Authorized by the New Mexico Public Education Department.

Indian Health Services USPHS and Indian Education Act (26157 and 27150) — 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. 260 2606.

Beginning Teacher Mentoring Program (27154) — The objective of this program is to provide beginning teachers an effective transition into the teaching profession, retain capable teachers, improve the achievement of students and improve the overall success of the school. Funding is provided by the New Mexico Board of Education. Authority for creation of this fund is NMSA 22-2-8-10.

Breakfast in the Classroom (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.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
FUND DESCRIPTIONS
June 30, 2017**

SPECIAL REVENUE FUNDS (CONTINUED)

School Improvement Framework (27164) — Funds will enable the District to act as one of three Regional Quality Centers to provide program development, implementation, training, oversight, and funding distribution services to the three Regional Quality Centers. Authority for the creation of this fund is the New Mexico Public Education Department.

Kindergarten — Three Plus (27166) — Funds allow for an extended school year for Kindergarten through third grade students. The program focuses on acclimating young students to the structure of a classroom environment and spending additional time to prepare them for the next grade. Authorized by the New Mexico Public Education Department.

AFTER SCHOL ENRICHMENT (Fund No. 27168) - To provide funds for the Chama Middle School and Escalante Middle/High School for the After School and Summer Enrichment Programs. Authority for the fund is the NM Public Education Department, Special Appropriation Fund.

2013 SCHOOL BUSES (Fund No. 27178) - To provide for the purchase of school buses.

STEM TEACHER INTIATIVE (Fund No. 27181) - The purpose of these funds is to provide a \$5,000 stipend per year to 125 highly effective STEM teachers to teach Science, Technology, Engineering, or Mathematics (grades 7-12) for two years too hard to staff (low performing CD/F), rural, urban) schools.

New Mexico Grown FW (27183) - Distributed through a state appropriation for school districts to purchase New Mexico grown fresh fruits and vegetables for school meal programs created through House Bill 2, 2013, Section 5.

Next Generation Assessment (27185) - To purchase computers for administration of the next generation assessment developed by the partnership for assessment of readiness for college and careers to students in grades three through eleven; created through House Bill 2, 2013, Section 5.

GRADS Child Care (28189) - This fund provides the District through a direct appropriation to provide licensed Child Care Services for Parenting Teens in conjunction with HS Graduation, Reality and Dual Role Skills program.

GRADS instruction (28190) - To assist in the cost for caps and gowns for students who are graduating. Authorized by the New Mexico Public Education Department.

Rez of Your Life Program (28202) - A contract with the Indian Affairs department designed to aid Native American students.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
FUND DESCRIPTIONS
June 30, 2017**

SPECIAL REVENUE FUNDS (CONTINUED)

Grads Plus (28203) - State appropriation designed to educate graduates about teen pregnancy.

Private Direct Grants (Categorical) (29102) - To account for local grants awarded to provide additional funding for specific projects. AEL was awarded to provide training for the LLHS Administration. Milken was used for beautification purposes at a school site.

City/County Grants (29107) - To provide support for a health education program within the school and to provide workbooks, materials for educational demonstrations and funds to support a nutrition-focused event for the school. Funding is provided by Sandoval County and the City of Rio Rancho (NM Public Education Department, PSAB, Supp. 3).

McCune Charitable Foundation (29114) - To account for donations and related expenditures from the McCune Charitable Foundation. Authority for the creation of this fund is the New Mexico Public Education Department.

Mid Rio Grande Collab/Ed Excellence (29122) - To account for a grant awarded to provide funding for excelling in education. New Mexico Public Education Department, PSAB Supp. 3.

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017

ASSETS	Special Revenue	Capital Project	Total
<i>Current Assets</i>			
Cash and cash equivalents	\$ 2,912,382	\$ 444,370	\$ 3,356,752
Accounts receivable	-	-	-
Taxes	-	-	-
Due from other governments	558,273	95,541	653,814
Interfund receivables	-	-	-
Other	16	-	16
Investment	-	-	-
Prepaid expenditures	4,422	-	4,422
Inventory	11,686	-	11,686
	<u>3,486,779</u>	<u>539,911</u>	<u>4,026,690</u>
Total assets	3,486,779	539,911	4,026,690
LIABILITIES AND FUND BALANCES			
<i>Current Liabilities</i>			
Accounts payable	7,499	-	7,499
Accrued payroll liabilities	105,118	-	105,118
Interfund payables	710,607	145,913	856,520
	<u>823,224</u>	<u>145,913</u>	<u>969,137</u>
Total liabilities	823,224	145,913	969,137
DEFERRED INFLOWS			
Property taxes	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows	-	-	-
<i>Fund Balances</i>			
Nonspendable	16,108	-	16,108
Restricted	2,739,918	393,998	3,133,916
Committed	-	-	-
Assigned	-	-	-
Unassigned	(92,471)	-	(92,471)
	<u>2,663,555</u>	<u>393,998</u>	<u>3,057,553</u>
Total fund balances	2,663,555	393,998	3,057,553
Total liabilities and fund balances	3,486,779	539,911	4,026,690

See Notes to Financial Statements.

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017

REVENUES	Special Revenue	Capital Project	Total
Property taxes	\$ -	\$ -	\$ -
Federal direct	4,906,494	-	4,906,494
State flowthrough	1,661,468	90,164	1,751,632
Transportation distribution	87,407	-	87,407
Charges for service	-	-	-
Investment income	109,907	28	109,935
Miscellaneous	-	-	-
Total revenues	6,765,276	90,192	6,855,468
EXPENDITURES			
Current			
Instruction	2,789,514	-	2,789,514
Support services	703,891	-	703,891
Central services	52,730	-	52,730
Operations and maintenance of plant	201,126	-	201,126
Student transportation	-	-	-
Other support services	-	-	-
Food service operations	2,237,386	-	2,237,386
Community service	-	-	-
Capital outlay	646,919	145,913	792,832
Debt service	-	-	-
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	-	-
Total expenditures	6,631,566	145,913	6,777,479
Excess(deficiency) of revenue over (under) expenditures	133,710	(55,721)	77,989
Other financing sources (uses)			
Operating transfers	-	-	-
Proceeds from bond issues	133,710	-	133,710
Bond underwriter premium	2,556,958	-	2,556,958
Total other financing sources (uses)	2,690,668	-	2,690,668
Net change in fund balances	133,710	(55,721)	77,989
Fund balances - beginning of year-as previously stated	2,556,958	449,719	3,006,677
Prior period adjustment	(27,113)	-	-
Fund balances - beginning of year-as restated	2,529,845	449,719	3,006,677
Fund balances - end of year	\$ 2,663,555	393,998	3,084,666

See Notes to Financial Statements.

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2017

	Food Services 21000	Athletics 22000	Non-Instructional Sup Title I 23000	NM Autism Project 24108
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 1,210,774	\$ 12,248	-	\$ 5,275
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Interfund receivables	-	-	-	-
Other	-	-	-	-
Investment	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	11,686	-	-	-
Total assets	1,222,460	12,248	-	5,275
LIABILITIES AND FUND BALANCES				
<i>Current Liabilities</i>				
Accounts payable	5,231	-	-	-
Accrued payroll liabilities	34,702	-	-	-
Interfund payables	-	-	-	5,275
Total liabilities	39,933	-	-	5,275
DEFERRED INFLOWS				
Property taxes	-	-	-	-
Total deferred inflows	-	-	-	-
<i>Fund Balances</i>				
Nonspendable	11,686	-	-	-
Restricted	1,170,841	12,248	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	1,182,527	12,248	-	-
Total liabilities and fund balances	\$ 1,222,460	12,248	-	5,275

See Notes to Financial Statements.

Preschool IDEA B 24109	Fresh Fruits & Vegetables USDA 24118	Community Learning Centers 24119	IDEA - B "Risk Pool" 24120
\$ 3,368	\$ -	\$ 917	\$ 29,862
-	-	-	-
23,401	4,093	-	-
-	-	-	-
-	-	16	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>26,769</u>	<u>4,093</u>	<u>933</u>	<u>29,862</u>
-	-	-	-
4,383	-	-	-
<u>25,354</u>	<u>368</u>	<u>48,236</u>	<u>29,862</u>
<u>29,737</u>	<u>368</u>	<u>48,236</u>	<u>29,862</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	3,725	-	-
-	-	-	-
-	-	-	-
<u>(2,968)</u>	<u>-</u>	<u>(47,303)</u>	<u>-</u>
<u>(2,968)</u>	<u>3,725</u>	<u>(47,303)</u>	<u>-</u>
<u>\$ 26,769</u>	<u>4,093</u>	<u>933</u>	<u>29,862</u>

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2017

	IDEA - B Results Plan 24132	IDEA - B Result Plan (Non Title I Schools) 24138	English Language Acquisition 24153
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ -	\$ 1,766	\$ 231
Accounts receivable			
Taxes	-	-	-
Due from other governments	19,544	-	27,279
Interfund receivables	-	-	-
Other	-	-	-
Investment	-	-	-
Prepaid expenditures	-	-	-
Inventory	-	-	-
Total assets	19,544	1,766	27,510
LIABILITIES AND FUND BALANCES			
<i>Current Liabilities</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	855	-	-
Interfund payables	17,829	1,713	32,714
Total liabilities	18,684	1,713	32,714
DEFERRED INFLOWS			
Property taxes	-	-	-
Total deferred inflows	-	-	-
<i>Fund Balances</i>			
Nonspendable	-	-	-
Restricted	860	53	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	(5,204)
Total fund balances	860	53	(5,204)
Total liabilities and fund balances	\$ 19,544	1,766	27,510

See Notes to Financial Statements.

Teacher/Principal Training & Recruiting 24154	Title I School Improvement 24162	Carl D Perkins Special Project Current 24171	Carl D Perkins Secondary 24174
\$ 14,730	\$ 826	\$ -	\$ 10,026
-	-	-	-
5,658	14,352	1,313	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>20,388</u>	<u>15,178</u>	<u>1,313</u>	<u>10,026</u>
-	-	-	-
2,619	-	-	-
17,086	15,178	1,314	10,026
<u>19,705</u>	<u>15,178</u>	<u>1,314</u>	<u>10,026</u>
-	-	-	-
-	-	-	-
-	-	-	-
683	-	-	-
-	-	-	-
-	-	-	-
-	-	(1)	-
<u>683</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
\$ <u>20,388</u>	\$ <u>15,178</u>	\$ <u>1,313</u>	\$ <u>10,026</u>

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2017

	Carl D Perkins Tech Prep 24176	Carl D Perkins HSTW Redistribution 24182	USHHS/CDC School Health 24186
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ -	\$ 826	\$ -
Accounts receivable	-	-	-
Taxes	-	-	-
Due from other governments	4,638	-	900
Interfund receivables	-	-	-
Other	-	-	-
Investment	-	-	-
Prepaid expenditures	-	-	-
Inventory	-	-	-
Total assets	4,638	826	900
LIABILITIES AND FUND BALANCES			
<i>Current Liabilities</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	-	-	-
Interfund payables	4,638	826	900
Total liabilities	4,638	826	900
DEFERRED INFLOWS			
Property taxes			
Total deferred inflows	-	-	-
<i>Fund Balances</i>			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	-	-	-
Total liabilities and fund balances	\$ 4,638	826	900

See Notes to Financial Statements.

Impact Aid School Health 25145	Impact Aid Current 25147	Title XIX Medicaid 3/21 Years 25153	Indian Ed. Formula Grant 25184	Gear Up NM State Initiative 25205
\$ 300,672	\$ 391,123	\$ 785,875	\$ 25,821	\$ 55
-	-	-	-	-
-	-	-	-	-
-	-	-	30,144	121,369
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>300,672</u>	<u>391,123</u>	<u>785,875</u>	<u>55,965</u>	<u>121,424</u>
-	750	-	-	-
3,773	28,619	2,033	7,493	7,753
-	-	-	44,769	131,493
<u>3,773</u>	<u>29,369</u>	<u>2,033</u>	<u>52,262</u>	<u>139,246</u>
-	-	-	-	-
-	-	-	-	-
296,899	361,754	783,842	3,703	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(17,822)
<u>296,899</u>	<u>361,754</u>	<u>783,842</u>	<u>3,703</u>	<u>(17,822)</u>
\$ <u>300,672</u>	\$ <u>391,123</u>	\$ <u>785,875</u>	\$ <u>55,965</u>	\$ <u>121,424</u>

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2017**

	Native American Program 25248	US West 26106	REC/District Fiscal Agent 26107
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 400	\$ 2,539	\$ 2,201
Accounts receivable	-	-	-
Taxes	-	-	-
Due from other governments	-	-	-
Interfund receivables	-	-	-
Other	-	-	-
Investment	-	-	-
Prepaid expenditures	-	-	-
Inventory	-	-	-
Total assets	400	2,539	2,201
LIABILITIES AND FUND BALANCES			
<i>Current Liabilities</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	400	-	-
Interfund payables	-	-	-
Total liabilities	400	-	-
DEFERRED INFLOWS			
Property taxes	-	-	-
Total deferred inflows	-	-	-
<i>Fund Balances</i>			
Nonspendable	-	-	-
Restricted	-	2,539	2,201
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	-	2,539	2,201
Total liabilities and fund balances	\$ 400	2,539	2,201

See Notes to Financial Statements.

LANL Foundation 26113	Intel Foundation 26116	Indian Health Services USPHS 26157	Direct Action for Youth Foundation 26158	Dual Credit Instructional Materials/HB2 27103
\$ 20,432	\$ 4,638	\$ 3,923	\$ 62	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	17,589	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>20,432</u>	<u>4,638</u>	<u>21,512</u>	<u>62</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	21,495	-	-
-	-	21,495	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
20,432	4,638	17	62	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>20,432</u>	<u>4,638</u>	<u>17</u>	<u>62</u>	<u>-</u>
<u>\$ 20,432</u>	<u>4,638</u>	<u>21,512</u>	<u>62</u>	<u>-</u>

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2017

	2008 GO Bond Student Library 27105	2012 GO Bond Student Library 27107	NM Reads to Lead K-3 Reading Initiative 27114	Technology for Education PED 27117	Incentives for School Improvement 27138
ASSETS					
<i>Current Assets</i>					
Cash and cash equivalents	\$ 86	-	\$ 8,078	\$ 385	\$ 1
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Other	-	-	-	-	-
Investment	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Inventory	-	-	-	-	-
Total assets	<u>86</u>	<u>-</u>	<u>8,078</u>	<u>385</u>	<u>1</u>
LIABILITIES AND FUND BALANCES					
<i>Current Liabilities</i>					
Accounts payable	-	-	-	-	-
Accrued payroll liabilities	-	-	-	-	-
Interfund payables	-	-	8,087	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>8,087</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS					
Property taxes	-	-	-	-	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>					
Nonspendable	-	-	-	-	-
Restricted	86	-	-	385	1
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	(9)	-	-
Total fund balances	<u>86</u>	<u>-</u>	<u>(9)</u>	<u>385</u>	<u>1</u>
Total liabilities and fund balances	<u>\$ 86</u>	<u>-</u>	<u>8,078</u>	<u>385</u>	<u>1</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2017

	Truancy Prevention 27141	Pre-K Initiative 27149	Beg. Teacher Mentoring 27154
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 1,080	\$ -	\$ 11
Accounts receivable			
Taxes	-	-	-
Due from other governments	31,346	139,590	-
Interfund receivables	-	-	-
Other	-	-	-
Investment	-	-	-
Prepaid expenditures	-	-	-
Inventory	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	32,426	139,590	11
LIABILITIES AND FUND BALANCES			
<i>Current Liabilities</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	1,080	12,730	-
Interfund payables	31,346	126,909	-
	<hr/>	<hr/>	<hr/>
Total liabilities	32,426	139,639	-
DEFERRED INFLOWS			
Property taxes	-	-	-
	<hr/>	<hr/>	<hr/>
Total deferred inflows	-	-	-
<i>Fund Balances</i>			
Nonspendable	-	-	-
Restricted	-	-	11
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	(49)	-
	<hr/>	<hr/>	<hr/>
Total fund balances	-	(49)	11
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 32,426	139,590	11

See Notes to Financial Statements.

Breakfast In the Classroom 27155	School Improvement Framework 27164	Kindergarten Three Plus 27166	After School Enrichment 27168	2013 School Bus 27178
\$ -	\$ 2	\$ -	\$ 3,089	\$ -
-	-	-	-	-
1,909	-	71,689	-	-
-	-	-	-	-
-	-	-	-	-
-	-	4,422	-	-
-	-	-	-	-
<u>1,909</u>	<u>2</u>	<u>76,111</u>	<u>3,089</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
347	-	76,110	6,689	-
<u>347</u>	<u>-</u>	<u>76,110</u>	<u>6,689</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	4,422	-	-
1,562	2	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	(4,421)	(3,600)	-
<u>1,562</u>	<u>2</u>	<u>1</u>	<u>(3,600)</u>	<u>-</u>
\$ <u>1,909</u>	\$ <u>2</u>	\$ <u>76,111</u>	\$ <u>3,089</u>	\$ <u>-</u>

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2017**

	STEM Teacher Initiative 27181	NM Grown FW 27183	Next Generation Assessment 27185
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 3,089	\$ -	\$ 9,987
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	-
Interfund receivables	-	-	-
Other	-	-	-
Investment	-	-	-
Prepaid expenditures	-	-	-
Inventory	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	3,089	-	9,987
<hr/>			
LIABILITIES AND FUND BALANCES			
<i>Current Liabilities</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	-	-	-
Interfund payables	3,089	9,987	-
	<hr/>	<hr/>	<hr/>
Total liabilities	3,089	9,987	-
<hr/>			
DEFERRED INFLOWS			
Property taxes	-	-	-
	<hr/>	<hr/>	<hr/>
Total deferred inflows	-	-	-
<hr/>			
<i>Fund Balances</i>			
Nonspendable	-	-	-
Restricted	-	-	9,987
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	(9,987)	-
	<hr/>	<hr/>	<hr/>
Total fund balances	-	(9,987)	9,987
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 3,089	-	9,987

See Notes to Financial Statements.

GRADS Child Care 28189	GRADS Instruction 28190	Rez of Your Life Program 28202	GRADS Plus 28203	Private Direct Grants 29102
\$ 1,974	\$ 1,184	\$ -	\$ 1,386	\$ 5,012
-	-	-	-	-
6,056	-	37,403	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>8,030</u>	<u>1,184</u>	<u>37,403</u>	<u>1,386</u>	<u>5,012</u>
-	-	-	-	-
145	-	-	-	-
3,056	2	29,813	2,493	-
<u>3,201</u>	<u>2</u>	<u>29,813</u>	<u>2,493</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,829	1,182	7,590	0	5,012
-	-	-	-	-
-	-	-	-	-
-	-	-	(1,107)	-
<u>4,829</u>	<u>1,182</u>	<u>7,590</u>	<u>(1,107)</u>	<u>5,012</u>
\$ <u>8,030</u>	\$ <u>1,184</u>	\$ <u>37,403</u>	\$ <u>1,386</u>	\$ <u>5,012</u>

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2017

	City/County Grants 29107	McCune Charitable Foundation 29114	Mid Rio Grande Collab Ed. Excellence 29122	Total Nonmajor Special Revenue Funds
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 33,589	\$ 10	\$ 14,829	\$ 2,912,382
Accounts receivable				-
Taxes	-	-	-	-
Due from other governments	-	-	-	558,273
Interfund receivables	-	-	-	-
Other	-	-	-	16
Investment	-	-	-	-
Prepaid expenditures	-	-	-	4,422
Inventory	-	-	-	11,686
Total assets	33,589	10	14,829	3,486,779
LIABILITIES AND FUND BALANCES				
<i>Current Liabilities</i>				
Accounts payable	-	-	-	7,499
Accrued payroll liabilities	51	-	-	105,118
Interfund payables	3,603	-	-	710,607
Total liabilities	3,654	-	-	823,224
DEFERRED INFLOWS				
Property taxes	-	-	-	-
Total deferred inflows	-	-	-	-
<i>Fund Balances</i>				
Nonspendable	-	-	-	16,108
Restricted	29,935	10	14,829	2,739,918
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	\$ (92,471)
Total fund balances	29,935	10	14,829	2,663,555
Total liabilities and fund balances	\$ 33,589	10	14,829	3,486,779

See Notes to Financial Statements.

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS

REVENUES	Food Services 21000	Athletics 22000	Non Instructional Sup. Title I 23000	NM Autism Project 24108
Property taxes	\$ -	-	-	-
Federal grants	2,197,483	-	-	-
State grants	-	-	-	-
Charges for service	56,325	31,082	-	-
Investment income	-	-	-	-
Miscellaneous	22,548	-	-	-
Total revenues	2,276,356	31,082	-	-
EXPENDITURES				
Current				
Instruction	-	45,809	-	-
Support services	-	-	-	-
Central services	-	-	-	-
Operations and maintenance of plant	201,126	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food service operations	2,143,536	-	-	-
Community service	-	-	-	-
Capital outlay	126,595	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	2,471,257	45,809	-	-
Excess(deficiency) of revenue over (under) expenditures	(194,901)	(14,727)	-	-
Other financing sources (uses)				
Operating transfers	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(194,901)	(14,727)	-	-
Fund balances, beginning of year, as previously stated	1,377,428	26,975	(2,679)	-
Prior period adjustment	-	-	2,679	-
Fund balances, beginning of year, restated	1,377,428	26,975	-	-
Fund balances, end of year	\$ 1,182,527	12,248	-	-

Preschool IDEA B 24109	Fresh Fruits & Vegetables USDA 24118	21st Century Community Learning Centers 24119	IDEA - B "Risk Pool" 24120
-	-	-	-
28,586	71,715	(31,105)	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
28,586	71,715	(31,105)	-
28,594	-	(1,363)	-
-	-	-	-
-	-	-	-
-	-	-	-
-	71,715	-	-
-	-	-	-
-	-	-	-
-	-	-	-
28,594	71,715	(1,363)	-
(8)	-	(29,742)	-
-	-	-	-
-	-	-	-
(8)	-	(29,742)	-
(2,960)	3,725	(17,561)	-
-	-	-	-
(2,960)	3,725	(17,561)	-
(2,968)	3,725	(47,303)	-

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**

	IDEA - B Result		
	IDEA - B Results Plan 24132	Plan (Non Title I Schools) 24138	English Language Acquisition 24153
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Federal grants	87,650	-	28,243
State grants	-	-	-
Charges for service	-	-	-
Investment income	-	-	-
Miscellaneous	-	-	-
Total revenues	87,650	-	28,243
EXPENDITURES			
Current			
Instruction	87,599	-	30,120
Support services	-	-	1,315
Central services	-	-	-
Operations and maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food service operations	-	-	-
Community service	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
Principal	-	-	-
Interest	-	-	-
Total expenditures	87,599	-	31,435
Excess(deficiency) of revenue over (under) expenditures	51	-	(3,192)
Other financing sources (uses)			
Operating transfers	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	51	-	(3,192)
Fund balances, beginning of year	809	53	(2,012)
Fund balances, end of year	860	53	(5,204)

Teacher/Principal Training & Recruiting 24154	Title I School Improvement 24162	Carl D Perkins Special Project Current 24171	Carl D Perkins Redistribution 24173	Carl D Perkins Secondary 24174
\$ -	\$ -	\$ -	\$ -	\$ -
164,005	56,923	10,690	(150)	(2)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
611	-	-	-	-
<u>164,616</u>	<u>56,923</u>	<u>10,690</u>	<u>(150)</u>	<u>(2)</u>
164,030	56,923	10,690	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>164,030</u>	<u>56,923</u>	<u>10,690</u>	<u>-</u>	<u>-</u>
586	-	-	(150)	(2)
-	-	-	-	-
-	-	-	-	-
586	-	-	(150)	(2)
97	-	(1)	150	2
<u>683</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**

	Carl D Perkins Tech Prep 24176	Carl D Perkins HSTW Redistribution 24182	USHHS/CDC School Health 24186
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Federal grants	4,636	1,970	4,175
State grants	-	-	-
Charges for service	-	-	-
Investment income	-	-	-
Miscellaneous	-	-	-
Total revenues	4,636	1,970	4,175
EXPENDITURES			
Current			
Instruction	1,666	-	4,175
Support services	2,972	1,933	-
Central services	-	-	-
Operations and maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food service operations	-	-	-
Community service	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	4,638	1,933	4,175
Excess(deficiency) of revenue over (under) expenditures	(2)	37	-
Other financing sources (uses)			
Operating transfers	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	(2)	37	-
Fund balances, beginning of year	2	(37)	-
Fund balances, end of year	-	-	-

Impact Aid School Health 25145	Impact Aid Current 25147	Title XIX Medicaid 3/21 Years 25153	Indian Ed. Formula Grant 25184	Gear Up NM State Initiative 25205
\$ -	\$ -	\$ -	\$ -	\$ -
110,605	897,515	572,270	228,523	472,762
-	-	-	-	-
-	-	-	-	-
-	-	-	-	19
<u>110,605</u>	<u>897,515</u>	<u>572,270</u>	<u>228,523</u>	<u>472,781</u>
125,147	747,950	19,661	94,645	328,155
-	181,873	171,327	93,734	161,557
-	13,705	-	39,025	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>125,147</u>	<u>943,528</u>	<u>190,988</u>	<u>227,404</u>	<u>489,712</u>
<u>(14,542)</u>	<u>(46,013)</u>	<u>381,282</u>	<u>1,119</u>	<u>(16,931)</u>
-	-	-	-	-
-	-	-	-	-
<u>(14,542)</u>	<u>(46,013)</u>	<u>381,282</u>	<u>1,119</u>	<u>(16,931)</u>
<u>311,441</u>	<u>407,767</u>	<u>402,560</u>	<u>2,584</u>	<u>(891)</u>
<u>296,899</u>	<u>361,754</u>	<u>783,842</u>	<u>3,703</u>	<u>(17,822)</u>

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**

	Native American Program 25248	US West 26106	REC/District Fiscal Agent 26107
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Federal grants	-	-	-
State grants	-	-	-
Charges for service	-	-	-
Investment income	-	-	-
Miscellaneous	-	-	-
Total revenues	-	-	-
EXPENDITURES			
Current			
Instruction	-	-	-
Support services	-	-	-
Central services	-	-	-
Operations and maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food service operations	-	-	-
Community service	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
Principal	-	-	-
Interest	-	-	-
Total expenditures	-	-	-
Excess(deficiency) of revenue over (under) expenditures	-	-	-
Other financing sources (uses)			
Operating transfers	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	2,539	2,201
Fund balances, end of year	-	2,539	2,201

LANL Foundation 26113	Intel Foundation 26116	Indian Health Services USPHS 26157	Direct Action for Youth Foundation 26158	Dual Credit Instructional Materials/HB2 27103
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
(185)	-	24,812	-	4,150
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(185)	-	24,812	-	4,150
-	-	24,812	-	4,149
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(1,804)	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(1,804)	24,812	-	4,149
(185)	1,804	-	-	1
-	-	-	-	-
-	-	-	-	-
(185)	1,804	-	-	1
20,617	2,834	17	62	(1)
20,432	4,638	17	62	-

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS

	2008 GO Bond Student Library 27105	2012 GO Bond Student Library 27107	NM Reads to Lead K-3 Reading Initiative 27114	Technology for Education PED 27117	Incentives for School Improvement 27138
REVENUES					
Property taxes	\$ -	-	\$ -	\$ -	\$ -
Federal grants	-	-	-	-	-
State grants	-	-	(17)	-	-
Charges for service	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	-	-	(17)	-	-
EXPENDITURES					
Current					
Instruction	-	-	-	-	-
Support services	-	-	-	-	-
Central services	-	-	-	-	-
Operations and maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food service operations	-	-	-	-	-
Community service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	-
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess(deficiency) of revenue over (under) expenditures	-	-	(17)	-	-
Other financing sources (uses)					
Operating transfers	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	-		(17)	-	-
Fund balances, beginning of year, as previously stated	86	29,795	8	385	-
Prior period adjustment	-	(29,795)	-	-	1
Fund balances, beginning of year, restated	86	-	8	385	1
Fund balances, end of year	86	-	(9)	385	1

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**

	Truancy Prevention 27141	Pre-K Initiative 27149	Beg. Teacher Mentoring 27154
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Federal grants	-	-	-
State grants	62,815	628,708	-
Charges for service	-	-	-
Investment income	-	-	-
Miscellaneous	-	-	-
Total revenues	62,815	628,708	-
EXPENDITURES			
Current			
Instruction	-	602,780	-
Support services	62,815	-	-
Central services	-	-	-
Operations and maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food service operations	-	-	-
Community service	-	-	-
Capital outlay	-	16,570	-
Debt service	-	-	-
Principal	-	-	-
Interest	-	-	-
Total expenditures	62,815	619,350	-
Excess(deficiency) of revenue over (under) expenditures	-	9,358	-
Other financing sources (uses)			
Operating transfers	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	9,358	-
Fund balances, beginning of year, as previously stated	-	(9,407)	11
Prior period adjustment	-	-	-
Fund balances, beginning of year, restated	-	(9,407)	11
Fund balances, end of year	-	(49)	11

Breakfast In the Classroom 27155	School Improvement Framework 27164	Kindergarten Three Plus 27166	After School Enrichment 27168	2013 School Bus 27178
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
19,972	-	346,369	-	503,754
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
19,972	-	346,369	-	503,754
-	-	277,740	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
17,150	-	-	-	-
-	-	-	-	-
-	-	-	-	503,754
-	-	-	-	-
-	-	-	-	-
17,150	-	277,740	-	503,754
2,822	-	68,629	-	-
-	-	-	-	-
-	-	-	-	-
2,822	-	68,629	-	-
(1,260)	-	(68,628)	(3,600)	-
-	2	-	-	-
(1,260)	2	(68,628)	(3,600)	-
1,562	2	1	(3,600)	-

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**

	STEM Teacher Initiative 27181	NM Grown FW 27183	Next Generation Assessment 27185
REVENUES			
Property taxes	\$ -	-	-
Federal grants	-	-	-
State grants	-	4,985	-
Charges for service	-	-	-
Investment income	-	-	-
Miscellaneous	-	-	-
Total revenues	-	4,985	-
EXPENDITURES			
Current			
Instruction	-	-	-
Support services	-	-	-
Central services	-	-	-
Operations and maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food service operations	-	4,985	-
Community service	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
Principal	-	-	-
Interest	-	-	-
Total expenditures	-	4,985	-
Excess(deficiency) of revenue over (under) expenditures	-	-	-
Other financing sources (uses)			
Operating transfers	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	(9,987)	9,987
Fund balances, end of year	\$ -	(9,987)	9,987

GRADS Child Care 28189	GRADS Instruction 28190	Rez of Your Life Program 28202	GRADS Plus 28203	Private Direct Grants 29102
-	-	-	-	-
-	-	-	-	-
24,475	1,523	37,403	9,243	(2,732)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	10,130
24,475	1,523	37,403	9,243	7,398
17	(2,480)	29,813	9,243	30,635
21,458	-	-	-	4,907
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
21,475	(2,480)	29,813	9,243	35,542
3,000	4,003	7,590	-	(28,144)
-	-	-	-	-
-	-	-	-	-
3,000	4,003	7,590	-	(28,144)
1,829	(2,821)	-	(1,107)	33,156
4,829	1,182	7,590	(1,107)	5,012

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS

	City/County Grants 29107	McCune Charitable Foundation 29114	Mid Rio Grande Collab Ed. Excellence 29122	Total Nonmajor Special Revenue Funds
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	4,906,494
State grants	(3,807)	-	-	1,661,468
Charges for service	-	-	-	87,407
Investment income	-	-	-	-
Miscellaneous	76,599	-	-	109,907
Total revenues	72,792	-	-	6,765,276
EXPENDITURES				
Current				
Instruction	70,808	-	-	2,789,514
Support services	-	-	-	703,891
Central services	-	-	-	52,730
Operations and maintenance of plant	-	-	-	201,126
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food service operations	-	-	-	2,237,386
Community service	-	-	-	-
Capital outlay	-	-	-	646,919
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	70,808	-	-	6,631,566
Excess(deficiency) of revenue over (under) expenditures	1,984	-	-	133,710
Other financing sources (uses)				
Operating transfers	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	1,984	-	-	133,710
Fund balances, beginning of year, as previously stated	27,951	10	14,829	2,556,958
Prior period adjustment	-	-	-	(27,113)
Fund balances, beginning of year, restated	29,935	10	14,829	2,529,845
Fund balances, end of year	29,935	10	14,829	2,663,555

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING BALANCE SHEET - GENERAL FUNDS
June 30, 2017

	Operational Fund 11000	Teacherage Fund 12000	Transportation Fund 13000	Instructional Materials Fund 14000	Total
ASSETS					
<i>Current Assets</i>					
Cash and cash equivalents	\$ 1,559,965	\$ 146,666	\$ 170,937	\$ 155,669	\$ 2,033,237
Accounts receivable	-	-	-	-	-
Taxes	19,195	-	-	-	19,195
Due from other governments	-	-	-	-	-
Interfund receivables	1,280,535	-	-	-	1,280,535
Other	-	-	-	-	-
Investment	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Inventory	8,224	-	19,997	-	28,221
Total assets	2,867,918	146,666	190,934	155,669	3,361,188
LIABILITIES AND FUND BALANCES					
<i>Current Liabilities</i>					
Accounts payable	103,019	-	26	-	103,045
Accrued payroll liabilities	601,940	-	43,802	-	645,742
Interfund payables	-	-	126,667	-	126,667
Total liabilities	704,959	-	170,495	-	875,454
DEFERRED INFLOWS					
Property taxes	17,130	-	-	-	17,130
Total deferred inflows	17,130	-	-	-	17,130
<i>Fund Balances</i>					
Nonspendable	8,224	-	19,997	-	28,221
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	2,137,605	146,666	443	155,669	2,440,382
Total fund balances	2,145,829	146,666	20,440	155,669	2,468,603
Total liabilities and fund balances	2,867,918	146,666	190,935	155,669	3,361,188

See Notes to Financial Statements.

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GENERAL FUNDS
June 30, 2017

	Operational Fund 11000	Teacherage Fund 12000	Transportation Fund 13000	Instructional Materials Fund 14000	Total
REVENUES					
Property taxes	\$ 167,414	\$ -	\$ -	\$ -	\$ 167,414
Federal grants	3,604,862	-	-	-	3,604,862
State flowthrough	19,930,725	-	-	28,766	19,959,491
Transportation distribution	-	-	1,063,420	-	1,063,420
Charges for service	425,964	-	-	-	425,964
Investment income	105	-	106,366	-	106,471
Miscellaneous	76,723	32,319	-	-	109,041
Total revenues	24,205,792	32,319	1,169,786	28,766	25,436,662
EXPENDITURES					
Current					
Instruction	14,615,691	-	-	45,895	14,661,586
Support services	5,470,449	-	-	-	5,470,449
Central services	2,045,274	-	-	-	2,045,274
Operations and maintenance of plant	3,279,732	1,730	-	-	3,281,462
Student transportation	263,561	-	1,180,213	-	1,443,774
Other support services	2,548	-	-	-	2,548
Food service operations	-	-	-	-	-
Community service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	-
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	25,677,255	1,730	1,180,213	45,895	26,905,092
Excess(deficiency) of revenue over (under) expenditures					
Other financing sources (uses)					
Operating transfers	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	(1,471,463)	30,589	(10,427)	(17,129)	(1,468,430)
Fund balances, beginning of year, as previously stated	3,649,766	116,077	30,867	172,798	3,969,508
Prior period adjustment	(32,474)	-	-	-	(32,474)
Fund balances, beginning of year, restated	3,617,292	116,077	30,867	172,798	3,937,034
Fund balances, end of year	\$ 2,145,829	146,666	20,440	155,669	2,468,603

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
FUND DESCRIPTIONS
June 30, 2017**

CAPITAL PROJECTS FUNDS

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

Public School Capital Outlay (31200) — This fund is used to account for monies received for the purpose of remodeling and equipping classroom facilities.

Special Capital Outlay Local (31300) — The purpose of this fund is to account for funds received from the local ad valorem tax levy for use in remodeling and equipping classroom facilities.

Special Capital Outlay State (31400) — To account for special appropriations monies received from the State of New Mexico under Chapter 4. Laws of 1996 for the purpose of specific capital outlay projects. HB 622 2006 Severance Tax Bonds.

The Capital Improvements SB-9 Capital Projects Fund (31700) This 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).

Energy Efficiency Act (31800) — To account for proceeds set aside to pay for energy efficient retrofits. Funding authority is the State of New Mexico Public Education Department.

Public School Capital Outlay 20% (32100) — To account for funding which is to be used by the District to promote the comprehensive integration of advanced technologies in education setting, through the conduct of technical assistance, professional development, information and resource dissemination and collaboration activities.

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
June 30, 2017

	Public School Capital Outlay 31200	Special Capital Outlay Local 31300	Special Capital Outlay State 31400
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 57,717	\$ 261,081	\$ 125,497
Accounts receivable	-	-	-
Taxes	-	-	-
Due from other governments	5,377	-	-
Interfund receivables	-	-	-
Other	-	-	-
Investment	-	-	-
Prepaid expenditures	-	-	-
Inventory	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	63,094	261,081	125,497
LIABILITIES AND FUND BALANCES			
<i>Current Liabilities</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	-	-	-
Interfund payables	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	-	-	-
DEFERRED INFLOWS			
Property taxes	-	-	-
	<hr/>	<hr/>	<hr/>
Total deferred inflows	-	-	-
<i>Fund Balances</i>			
Nonspendable	-	-	-
Restricted	63,094	261,081	125,497
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	63,094	261,081	125,497
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 63,094	\$ 261,081	\$ 125,497

See Notes to Financial Statements.

Capital Improvements SB-9 31700	Public School Capital Outlay 20% 32100	Total Nonmajor Capital Project Funds
\$ -	\$ 75	\$ 444,370
-	-	-
-	-	-
90,164	-	95,541
-	-	-
-	-	-
-	-	-
-	-	-
<u>90,164</u>	<u>75</u>	<u>539,911</u>
-	-	-
-	-	-
145,913	-	145,913
<u>145,913</u>	<u>-</u>	<u>145,913</u>
-	-	-
-	-	-
-	-	-
(55,749)	75	393,998
-	-	-
-	-	-
<u>(55,749)</u>	<u>75</u>	<u>393,998</u>
\$ <u>90,164</u>	\$ <u>75</u>	\$ <u>539,911</u>

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR CAPITAL PROJECT FUNDS
June 30, 2017**

	Public School Capital Outlay 31200	Special Capital Outlay Local 31300	Special Capital Outlay State 31400
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Federal grants	-	-	-
State flowthrough	-	-	-
Transportation distribution	-	-	-
Charges for service	-	-	-
Investment income	-	28	-
Miscellaneous	-	-	-
Total revenues	-	28	-
EXPENDITURES			
Current Liabilities			
Instruction	-	-	-
Support services	-	-	-
Central services	-	-	-
Operations and maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Capital outlay	-	-	-
Total expenditures	-	-	-
Excess(deficiency) of revenue over (under) expenditures	-	28	-
Other financing sources (uses)			
Operating transfers	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	28	-
Fund balances, beginning of year	63,094	261,053	125,497
Fund balances, end of year	\$ 63,094	261,081	125,497

See Notes to Financial Statements.

Capital Improvements SB-9 31700	Public School Capital Outlay 20% 32100	Total Nonmajor Capital Project Funds
\$ -	\$ -	\$ -
-	-	-
90,164	-	90,164
-	-	-
-	-	-
-	-	28
-	-	-
90,164	-	90,192
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
145,913	-	145,913
145,913	-	145,913
(55,749)	-	(55,721)
-	-	-
-	-	-
(55,749)	-	(55,721)
-	75	449,719
\$ (55,749)	75	393,998

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
AGENCY FUNDS
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
June 30, 2017

	Balance 30-Jun-16	Additions	Deletions	Balance 30-Jun-17
Flexible Medical Plan	\$ 1,276.00	\$ 2,450	\$ 2,265	\$ 1,461
Bernalillo High School	62,801	147,968	149,161	61,608
Bernalillo High School Athletics	17,440	59,780	54,592	22,628
Bernalillo Middle School	62,401	46,506	51,472	57,435
Algodones Elementary	1,725	7,831	6,957	2,599
Bernalillo Elementary	13,635	27,883	33,464	8,054
Cochiti School	11,119	32,445	31,618	11,946
Placitas Elementary	8,720	11,306	12,983	7,043
Santo Domingo School	3,442	8,840	9,638	2,644
Transportation Department	57,885	357	5,017	53,225
W.D. Carroll	-	7,847	6,877	970
La Escuelita	-	5,528	4,565	963
Admin/scholarship	12,616	5,135	5,289	12,462
Total all schools	<u>\$ 253,060</u>	<u>\$ 363,876</u>	<u>\$ 373,898</u>	<u>\$ 243,038</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
FOR PUBLIC FUNDS
June 30, 2017**

Name of Depository	Description of Pledge Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2017	Location of Safekeeper
US Bank	Line of Credit	9/1/2017	#523135	\$ 20,000,000	Federal Home Loan Bank of Cincinnati
	Total US Bank			<u>20,000,000</u>	
	Total Pledged Collateral			<u>\$ 20,000,000</u>	

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
SCHEDULE OF CASH DEPOSITS
FOR PUBLIC FUNDS
June 30, 2017**

Bank Name/Account Name	Account Type
US Bank	
Accounts payable	Checking
Capital account	Checking
Federal account	Checking
Food Service	Checking
Operating	Checking
Payroll	Checking
Algodones Elementary	Checking
Bernalillo Elementary	Checking
Admin/Scholarship Fund	Checking
Bernalillo High School Activity	Checking
BHS Dept of Athletics	Checking
BMS Activities Account	Checking
Roosevelt (Carroill) Elem Activity Fund	Checking
Cochiti Activities Fund	Checking
Placitas Elem Activity Fund	Checking
Santo Domingo Elem Activity	Checking
Other Agency Funds	Checking
Transportation Dept.	Checking
Flexible Medical Plan Account	Checking
Total - Cash	
New Mexico Bank & Trust	
Certificates of Deposit	Time
US Bank	
Certificate of Deposit	Time
Total Investments	
Total - Cash and Investments	
Cash per financial statements	
Cash and cash equivalents - Governmental Activities	
Restricted cash and cash equivalents - Governmental Activities	
Total cash per Government-wide Financial Statements	
Investment - Government Activities	
Total cash and cash equivalents per Government-wide Financial Statements	
Total cash - Agency funds	
Total Cash and Investments Entity Wide	

Bank Balance	Outstanding Checks	Deposits in Transit	Book Balance
\$ 478,092	\$ 442,117	\$ 35,144	\$ 71,119
3,815,970	36,028	-	3,779,942
736,665	96,605	-	640,060
1,177,154	7,589	1,743	1,171,308
8,832,597	11,677	232,976	9,053,895
967,666	248,727	-	718,939
2,599	-	-	2,599
8,054	-	-	8,054
12,462	-	-	12,462
63,801	2,192	-	61,608
24,112	1,484	-	22,628
60,334	2,899	-	57,435
970	-	-	970
11,946	-	-	11,946
7,043	-	-	7,043
2,644	-	-	2,644
962	-	-	962
53,225	-	-	53,225
1,461	-	-	1,461
<u>\$ 16,257,756</u>	<u>\$ 849,319</u>	<u>\$ 269,863</u>	<u>\$ 15,678,300</u>
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 16,257,756</u>	<u>\$ 849,319</u>	<u>\$ 269,863</u>	<u>\$ 15,678,300</u>
		\$ 8,924,774	
		<u>6,510,488</u>	
			15,435,262
			-
			<u>15,435,262</u>
			<u>243,038</u>
			<u>\$ 15,678,300</u>

STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 CASH RECONCILIATION
 June 30, 2017

	Operational Account 11000	Teacherage 12000	Transportation Account 13000	Instructional Materials 14000	Food Services Account 21000
Cash, June 30, 2016	\$ 3,660,661	\$ 116,525	\$ (120)	\$ 214,042	\$ 1,237,114
Add:					
2015-16 revenue	24,205,992	32,619	1,170,026	209,386	2,276,630
Cash transfers	-	-	-	-	-
Outstanding loans	-	-	-	-	-
Total cash available	<u>27,866,653</u>	<u>149,144</u>	<u>1,169,906</u>	<u>423,428</u>	<u>3,513,744</u>
Less:					
2015-16 expenditures	25,611,871	2,478	1,170,026	267,759	2,337,672
Capital outlay	-	-	-	-	-
Repayment of loans	-	-	-	-	-
Transfers to/from other funds	(5,405)	-	-	-	-
Total deductions	<u>25,606,466</u>	<u>2,478</u>	<u>1,170,026</u>	<u>267,759</u>	<u>2,337,672</u>
Cash, June 30, 2017	<u>\$ 2,260,187</u>	<u>\$ 146,666</u>	<u>\$ (120)</u>	<u>\$ 155,669</u>	<u>\$ 1,176,072</u>

Athletics Account 22000	Non Instructional Sup Title I 23000	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000	State Flowthrough 27000
\$ 26,975	\$ (3,439)	\$ (1,306,526)	\$ 885,566	\$ 29,889	\$ (353,678)
31,082	-	2,797,282	2,360,548	-	1,704,278
	-			-	
	-			-	
58,057	(3,439)	1,490,756	3,246,114	29,889	1,350,600
45,810	-	1,929,844	1,977,531	-	1,617,390
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
45,810	-	1,929,844	1,977,531	-	1,617,390
<u>\$ 12,247</u>	<u>\$ (3,439)</u>	<u>\$ (439,089)</u>	<u>\$ 1,268,584</u>	<u>\$ 29,889</u>	<u>\$ (266,790)</u>

STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
CASH RECONCILIATION
June 30, 2017

	State Direct 28000	Local/State 29000	Bond Building 31100	Public School Capital Outlay 31200	Special Capital Outlay-Local 31300
Cash, June 30, 2016	(14,437)	69,536	5,280,441	57,717	261,053
Add:					
2015-16 revenue	\$ 27,107	\$ 86,729	\$ 4,435,670	\$ -	\$ 28
Cash transfers	-	-	-	-	-
Outstanding loans	-	-	-	-	-
Total cash available	12,670	156,265	9,716,111	57,717	261,081
Less:					
2015-16 expenditures	40,580	105,800	7,492,947	-	-
Capital outlay	-	-	-	-	-
Repayment of loans	-	-	-	-	-
Transfers to/from other funds	-	-	-	-	-
Total deductions	40,580	105,800	7,492,947	-	-
Cash, June 30, 2017	\$ (27,909)	\$ 50,465	\$ 2,223,164	\$ 57,717	\$ 261,081

Special Capital Outlay-State 31400	Capital Improvements SB-9 31700	Capital Improvements SB-9 31701	Public School Capital Outlay 20% 32100	Debt Service 41000	Total
125,497	-	1,925,320	75	6,512,857	18,725,070
\$ -	\$ -	1,375,088	\$ -	\$ 6,052,415	\$ 46,764,880
-	-	-	-	-	-
-	-	-	-	-	-
125,497	-	3,300,408	75	12,565,272	65,489,949
-	-	2,157,861	-	6,054,784	50,812,352
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(5,405)
-	-	2,157,861	-	6,054,784	50,806,948
\$ 125,497	\$ -	\$ 1,142,547	\$ 75	\$ 6,510,488	\$ 14,683,002

COMPLIANCE SECTION



6200 Uptown Blvd., NE Suite 400
Albuquerque, NM 87110
505 338 0800 office www.riccicpa.com

Service plus value, it all adds up.

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of Bernalillo Public School District (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described 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 identify a deficiency in internal control that we consider to be a material weakness and is listed as 2009-003 in the schedule of findings and questioned costs. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies and are listed as 2016-002, 2016-004, 2016-005, and 2017-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of non-compliance or other matter that are required to be reported under Government Auditing Standards and 2.2.2 NMAC which is described in the accompanying schedule of findings and questioned costs as item 2017-002.

The District's Response to Findings

The District's response 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 them.

Purpose of this Report

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

Ricci & Company, LLC

Albuquerque, New Mexico

November 14, 2017

FEDERAL FINANCIAL ASSISTANCE



6200 Uptown Blvd., NE Suite 400
Albuquerque, NM 87110
505 338 0800 office www.riccicpa.com

Service plus value, it all adds up.

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

To Wayne Johnson
New Mexico State Auditor
The Office of Management and Budget
The Board of Education
Bernalillo Public School District
Bernalillo, New Mexico

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Other Matters

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

Report on Internal Control over Compliance

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

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

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

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

Ricci & Company, LLC

Albuquerque, New Mexico

November 14, 2017

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2017**

<u>Federal Grantor or Pass-Trough Grantor/Program Title</u>	<u>Pass Through Number</u>	<u>Federal CFDA</u>	<u>Federal Expenditures</u>
U.S. Department of Education			
Passed through from New Mexico Public Education Department			
Title 1 School Improvement	24101	84.010	\$ 941,344
School Improvement	24101	84.010	56,923
IDEA -B	24106	84.027	527,606
Pre-School IDEA-B	24109	84.173	28,594
IDEA-B Results Plan	24132	84.027	87,599
English Language Acquisition	24153	84.365	30,597
Teacher/Principal Training and Recruiting	24154	84.367	164,030
Carl D Perkins Special Projects - Current	24171	84.048	10,690
Carl D Perkins Secondary - Redistribution	24176	84.048	4,638
Carl D Perkins HSTW - Redistribution	24182	84.048	1,933
USHHS/CDC School Health	24186	93.079	4,175
Gear Up New Mexico State Initiative	25205	84.334	489,767
Subtotal - Pass through New Mexico Education Department			<u>2,347,896</u>
Direct U.S. Department of Education			
Impact Aid- General Fund	11000	84.041	3,601,883
Impact Aid Special Education	25145	84.041	125,147
Impact Aid Indian Education	25147	84.041	942,769
Indian Ed Formula Grant	25184	84.060A	228,914
Subtotal - Direct U.S. Department of Education			<u>4,898,713</u>
Total U.S. Department of Education			<u>7,246,609</u>
U. S. Department of Agriculture			
Forest Reserve	11000	10.665	2,970
Food Distribution	21000	10.553	163,637*
National School Breakfast	21000	10.553	537,665*
National School Lunch Act	21000	10.555	1,636,371*
Fresh Fruits & Vegetables	24118	10.582	71,715
Total - Direct U. S. Department of Agriculture			<u>74,685</u>
Department of Health and Human Services			
Title XIX Medicaid 3/21 Years	25153	93.778	190,988
Total - Passthrough State of New Mexico Department of Health and Human Services			<u>190,988</u>
Total Federal Financial Assistance			<u><u>\$ 7,512,282</u></u>

* Denotes major program

See Notes to Financial Statements

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2017**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Bernalillo Public School District (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 The Uniform Guidance, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Sub Recipients

The District did not provide any federal awards to sub recipients during the year.

Non Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2017 was \$163,637 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDA number 10.553. Commodities are recorded as revenues and expenditures in the food service fund.

Other

The District opted not to use the 10% de minimus rate for charging indirect costs to federal programs.

**STATE OF NEW MEXICO
 BERNALILLO PUBLIC SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2017**

I. SUMMARY OF AUDITOR'S REPORT

Financial Statements

<u>Type of Auditor's report issued:</u>	<u>Unmodified</u>
Internal control over financial reporting: Material Weakness reported?	Yes
Significant deficiencies reported not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
a. Material weaknesses reported?	No
b. Significant deficiencies reported not considered to be material weaknesses?	No
c. Known questioned costs greater than \$25,000 for a compliance requirement for a major program?	No
d. Known questioned costs greater than \$25,000 for which Is not audited as a major program?	No
e. Known or likely fraud?	No
f. Significant instances of abuse relating to major programs?	No
g. Circumstances causing the auditor's report on compliance For each major program to be modified, unless otherwise Reported as audit findings?	No
h. Instances where results of audit follow up procedures dis Closed that the summary schedule of prior year audit Findings prepared by the auditee materially misrepresents The status of any prior audit finding?	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No
Identification of major programs:	
<u>CFDA Numbers</u> <u>Name of Federal Program or Cluster</u>	
10.553/10.555 Child Nutrition Cluster	
Dollar threshold used to distinguish Between type A and type B programs:	\$750,000
Auditee qualified as low risk auditee?	Yes

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2017**

A. FINDINGS-FINANCIAL STATEMENT AUDIT

2009-003 Activity Funds (Lack of Internal Control) – Repeated and Modified - Material Weakness

Condition: The following exceptions were noted during testing cash receipts and disbursements of Activity Funds:

We did not note any improvement in this area from the prior year.

Algodones Elementary School – The Activity Fund had the following exceptions:

- In our testing of cash receipts 2 of the 5 items tested deposits were not made within 24-hours with a total value of \$204.

Bernalillo High School Athletics Department - The Activity Fund had the following exceptions:

- In our testing of cash receipts, it was identified that the District has no controls over the cash receipts process for athletic Activity funds.
- In our testing of cash receipts 2 out of 5 items tested supporting documentation was not available for review with a total value of \$1,357.

Criteria: 6-5-2C NMSA 1978 States that an entity shall implement internal controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

Cause: School not adhering to the Districts cash receipts policies, and not maintaining proper documentation.

Effect: The District was not in compliance with statutory regulations.

Auditor's Recommendation: We recommend that the District “standardize” policies with respect to controls over student activity funds at “all” schools. A lack of consistency of protocol existed as based on the result of our test work.

Managements Response: Finance Department provided mandatory trainings eight times during the 2016/2017 school year for all principals, directors, bookkeepers and secretaries with review of PED Public Schools Accounting and Budgeting manual and procedures for receipting of monies received and provided forms and instructions for receipting cash.

Timeline / Responsible Party: Continued Finance Department mandatory trainings are occurring a minimum of six (6) times during the 2017/2018 school year for all principals, directors, bookkeepers and secretaries with review of PED Public Schools Accounting and Budgeting manual and the adherence thereof. An online EPES Software system for all activity funds at schools is in implementation in the 2017/2018 school year with onsite training occurring 11/15/17 for all bookkeepers and directors/principals.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2017**

A. FINDINGS-FINANCIAL STATEMENT AUDIT (CONTINUED)

**2016-002 Internal Controls Over Cash Disbursements- Repeated and Modified –
Significant Deficiency**

Condition: In 6 out of 40 cash disbursements tested the purchase order was issued after receiving the invoice for purchases totaling \$45,560.

We did not note any improvement in this area from the prior year.

Criteria: 6-5-2C NMSA 1978 states that an entity shall implement internal controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

Cause: The district did not ensure that the Division's policies and procedures were being followed.

Effect: Lack of documentation related to disbursements raises the risk for improper use of public monies or increase risk for erroneously processed transactions.

Auditor's Recommendation: We recommend that the District evaluate its current procedures related to disbursements and ensure that disbursements are made subsequent to verification of the goods/services being received/performed.

Management's Response: Finance Department mandatory trainings occurred eight (8) times during the 2016/2017 school year for all principals, directors, bookkeepers and secretaries where review of PED Public Schools Accounting and Budgeting manual and Procurement statutes and laws and the adherence thereof occurred. Continued Finance Department mandatory trainings will occur a minimum of six (6) times during the 2017/2018 school year for all principals, directors, bookkeepers and secretaries with review of PED Public Schools Accounting and Budgeting manual and Procurement statutes and laws and the adherence thereof.

Timeline/Responsible Party: Finance Director will notify Interim Superintendent if there are any purchases without a purchase order and recommend disciplinary action occur with the offending individual(s). Responsible party is the Finance Director.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2017**

A. FINDINGS-FINANCIAL STATEMENT AUDIT (CONTINUED)

2016-004 Timeliness of Deposits- Repeated and Modified –Significant Deficiency

Condition: Algodones Elementary School – In 2 of the 5 cash receipts tested the collected funds surpassed the 24-hour rule between receipt and deposit totaling \$204.00

We did not note any improvement in this area from the prior year.

Criteria: Per NMAC 6.20.2.14.0 states that "money received and receipted shall be deposited in the bank within twenty-four (24) hours or one "banking day."

Cause: Student Activity Fund not adhering to State requirements with respect to the timeliness of depositing public funds.

Effect: The District has exposed itself to possible misappropriation of funds.

Auditor's Recommendation: We recommend that the District set "standardized" policies and procedures in place to ensure that all cash receipts are deposited within 24 hours.

Management's Response: Finance Department provided mandatory trainings eight times during the 2016/2017 school year for all principals, directors, bookkeepers and secretaries with review of PED Public Schools Accounting and Budgeting manual and procedures for instructions of timeliness of deposit within the 24-hour rule.

Timeline/Responsible Party: Continued Finance Department mandatory trainings will occur a minimum of six (6) times during the 2017/2018 school year for all principals, directors, bookkeepers and secretaries with review of PED Public Schools Accounting and Budgeting manual and Procurement statutes and laws and the adherence thereof. Receipt books have been printed for each school site and activity fund and instructions for receipting cash has been given. OSA Fraud hotline posters and notification posters of what receipts should look like for each school site and department where activity funds are collected has been accomplished. Random Activity Fund audits will occur yearly to ensure compliance by the schools and departments. Responsible party is the Finance Director.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2017**

A. FINDINGS-FINANCIAL STATEMENT AUDIT (CONTINUED)

2016-005 Staff Qualifications and Payroll - Repeated and Modified – Significant Deficiency

Condition: In 10 of 25 payroll samples tested the employee's personnel files were not updated to their most recent salary level resulting in a variance of \$1,085.00.

We noted improvements by the District in this area, and expect this issue to be resolved in the subsequent fiscal year.

Criteria: Per NMAC 6.20.2.18. The local board shall establish written payroll policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. School districts shall maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application, and direct deposit authorizations.

Cause: The district did not ensure that the Districts policies and procedures were being followed.

Effect: The District was not maintaining strict internal controls, close supervision in accordance with GAAP.

Auditor's Recommendation: Management should insure that all personnel files are reviewed and updated annually.

Management's Response: A review of current procedures for Human Resources interacting with payroll to ensure adequate documentation for changes.

Timeline/Responsible Party: Human Resources Director to ensure that documentation for status changes occurs in a timely manner. This review of the procedure and update of all files will occur by April 30, 2018. Responsible party is the Human Resources Director.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2017**

A. FINDINGS-FINANCIAL STATEMENT AUDIT (CONTINUED)

2017-001 Inventory Over Capital Assets - Significant Deficiency

Condition: The District has no controls over inventory of assets with a purchase value less than \$5,000, and does not maintain a detailed listing.

Criteria: Per NMAC 6.20.2.16, At fiscal year-end, each school district shall take a physical inventory of remaining goods and materials of an expendable nature (items that are consumed in the normal course of operating the district). School districts shall establish adequate internal accounting control procedures over supplies inventory in accordance with GAAP.

Cause: The district did not ensure that the District's policies and procedures were being followed.

Effect: The School district did not establish adequate internal accounting control procedures over supplies inventory in accordance with GAAP.

Auditor's Recommendation: We recommend that the District implement procedures to maintain accurate listings of all fixed assets, and implement a system for maintaining records of transfers of assets from one facility to another.

Management's Response: Utilize SchoolDude or similar software to track all inventory that falls below the \$5,000 threshold. Greater than \$5,000 will continue to be tracked in iVisions Financial Software system.

Timeline/Responsible Party: The implementation of SchoolDude or similar software to track inventory under \$5,000 will occur by June 30, 2018. Responsible party is the Facilities Director.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2017**

A. FINDINGS-FINANCIAL STATEMENT AUDIT (CONTINUED)

2017-002 Request for Reimbursement Documentation- Other Non-compliance

Condition: The District was denied a request for reimbursement due to purchase being made without approved Request to Obligate Funds (RTOF).

Criteria: The Public Education Department (P.E.D.) requires that requests for book purchases have an approved Request to Obligate Funds (RTOF) in place before purchase in order for the District to be reimbursed for the purchase.

Cause: The District did not have an approved Request to Obligate Funds (RTOF) when the purchase occurs.

Effect: The District was out of compliance with P.E.D. requirements and was forced to pay for the books with general fund monies.

Auditor's Recommendation: We recommend that the District continue to closely monitor its reimbursement requests to insure that all required support is included with each request.

Management's Response: The District will ensure that funds requiring Request to Obligate Funds (RTOF) have proper approval before purchases are made.

Timeline/Responsible Party: As of the date of this report the district has taken action on this matter and the Finance Director/CPO will ensure that Request to Obligate Funds (RTOF) have been approved for funds requiring such documentation/approval.

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS
June 30, 2017**

Status of Prior Audit Findings

FS 2009-003 – Activity Funds (Lack of Internal Control) – Material Weakness – Repeated and Modified

FS 2016-001 – Internal Controls Over Administrative Rights to Computer Access – Significant deficiency – Resolved

FS 2016-002 – Internal Controls Over Cash Disbursements – Significant Deficiency – Repeated and modified.

FS 2016-003 – Timelines of Publication of Bids – Significant Deficiency – Resolved

FS 2016-004 – Timeliness of Deposits – Significant Deficiency – Repeated and Modified

FS 2016-005 Staff Qualification and Payroll – Significant Deficiency – Repeated and Modified

FS 2016-006 Review and Approval of Journal Entries – Significant Deficiency – Resolved

FA 2010-003 – Exceeded Budgetary Authority – Compliance – Resolved

FA 2016-007 – Late Audit – Compliance and Other Matters – Resolved

**STATE OF NEW MEXICO
BERNALILLO PUBLIC SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS
June 30, 2017**

The contents of this report were discussed in the exit conference held on November 14, 2017 with the following in attendance:

Representing Bernalillo Public School District:

Keith Cowan	Interim Superintendent
Barbara Finley	Staff Member
Jodilynn Ortiz	Board Member
Valarie Sanchez	Community Member
Elaine Dryer	Finance Director
Danette White-Prosch	Parent
Ramona Salazar	Board President

Representing Ricci & Company, LLC:

Wayne Brown	Partner
Mark Santiago	Manager
Sameer Rasheed	Senior Auditor