

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOLS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2017**



## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOLS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**TABLE OF CONTENTS**

	<u>Exhibit</u>	<u>Page</u>
<b>INTRODUCTORY SECTION</b>		
Table of Contents		i
Official Roster		iii
<b>FINANCIAL SECTION</b>		
Independent Auditors' Report		iv
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	A-1	1
Statement of Activities	A-2	3
Fund Financial Statements:		
Balance Sheet – Governmental Funds	B-1	5
Reconciliation of the Balance Sheet to the Statement of Net Position		7
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B-2	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		10
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual –		
Operational Fund	C-1	11
Teacherage Fund	C-2	12
Transportation Fund	C-3	13
Instructional Materials Fund	C-4	14
Title I – IASA Fund	C-5	15
Statement of Fiduciary Assets and Liabilities	D-1	16
Notes to the Financial Statements		17
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>		
Schedule of Proportionate Share of the Pension Liability and District Contributions	<u>Statement</u>	<u>Page</u> 40
<b>SUPPLEMENTARY INFORMATION</b>		
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet – Nonmajor Governmental Funds	B-1	45
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	B-2	51

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOLS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**TABLE OF CONTENTS**  
(Continued)

	<u>Statement/ Schedule</u>	<u>Page</u>
 <b>OTHER SUPPLEMENTAL INFORMATION</b>		
Schedule of Changes in Assets and Liabilities – Agency Funds	I	63
Schedule of Deposits and Schedule of Pledged Collateral	II	65
Cash Reconciliation Schedule	III	66
 <b>COMPLIANCE SECTION</b>		
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>		70
Schedule of Findings and Responses		72

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOLS**  
**OFFICIAL ROSTER**  
**JUNE 30, 2017**

<u><b>Name</b></u>	<u><b>Board of Education</b></u>	<u><b>Title</b></u>
Earl James Martinez		Chairman
William Russom		Vice-Chairman
Stephanie Maestas		Secretary
Monica Cordoca		Member
Tirzio Lopez		Member
	<u><b>Administrative</b></u> <u><b>Officials</b></u>	
Anthony Casados		Superintendent
Danette Madrid		Business Manager

**FINANCIAL SECTION**





**Griego Professional Services, LLC**  
Certified Public Accountants

## **INDEPENDENT AUDITORS' REPORT**

Tim Keller  
New Mexico State Auditor  
The Office of Management and Budget  
To the Board of Education  
Chama Valley Independent School District  
Tierra Amarilla, New Mexico

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general funds and major special revenue funds of Chama Valley Independent School District, New Mexico, as of and for the year ended June 30, 2017, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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



## Opinions

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

## Other Matters

### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America also require that the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions on page 40 be represented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standard Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. Our opinion on the basic financial statements is not affected by this missing information.

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

### *Other Information*

The combining and individual fund financial statements are the responsibility of management and were derived from and directly relate to the underlying accounting and other records used to prepare the basic financial statements. The additional schedules listed as "Other Supplemental Information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2017 on our consideration of Chama Valley Independent School District, New Mexico's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Deloitte Professional Services, LLC*

Albuquerque, New Mexico  
October 30, 2017



**BASIC  
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

Exhibit A-1  
(Page 1 of 2)

		<u><b>Governmental Activities</b></u>
<b>ASSETS</b>		
Current:		
Cash and cash equivalents	\$	945,336
Receivables (net of allowance for uncollectibles)		829,028
Non-current:		
Restricted cash		2,275,885
Capital assets (net of accumulated depreciation):		
Land and land improvements		1,069,215
Buildings and building improvements		16,562,172
Furniture, fixtures and equipment		2,171,391
Construction in Progress		2,950,335
Less: accumulated depreciation		<u>(7,545,571)</u>
Total assets		<u>19,257,791</u>
 <b>Deferred Outflows of Resources</b>		
Related to pension		734,575

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

Exhibit A-1  
(Page 2 of 2)

		<b><u>Governmental Activities</u></b>
<b>LIABILITIES</b>		
Accounts payable	\$	92,937
Accrued expenses		6,390
Accrued interest		21,141
Noncurrent liabilities:		
Due within one year - compensated absences		68,487
Due in more than one year - compensated absences		20,185
Unamortized bond premium		23,438
Due in more than one year - pension liability		7,917,516
Due within one year - bonds payable		2,020,000
Due in more than one year - bonds payable		6,735,000
Total liabilities		<u>16,905,094</u>
<b>Deferred Inflows of Resources</b>		
Property Taxes		411,678
Related to pension		344,631
<b>NET POSITION</b>		
Net investment in capital assets		6,429,104
Restricted for:		
Debt service		984,459
Capital projects		2,435,389
Special revenue funds		230,210
Unrestricted		<u>(7,748,199)</u>
Total net position		<u>2,330,963</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>
<b>Primary Government</b>		<b>Charges for Service</b>
Governmental activities:		
Instruction	\$ 3,516,690	\$ 30,221
Support services:		
Students	655,454	-
Instruction	70,161	-
General Administration	283,509	-
School Administration	518,511	-
Other Support Services	2,862	-
Central Services	228,826	-
Operation & Maintenance of Plant	1,198,561	8,300
Student Transportation	369,203	-
Food Services Operation	293,108	5,216
Community Services	-	-
Interest on long-term debt	97,501	-
Capital outlay:		
Depreciation - unallocated	517,139	-
<b>Total Primary Government</b>	<u>\$ 7,751,525</u>	<u>\$ 43,737</u>

The accompanying notes are an integral part of these financial statements

<b>Program Revenues</b>		<b>Net (Expenses) Revenues and Changes in Net Position</b>
<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
\$ 1,219,781	\$ -	\$ (2,266,688)
1,126	-	(654,328)
2,760	-	(67,401)
-	-	(283,509)
61,655	-	(456,856)
-	-	(2,862)
-	-	(228,826)
-	-	(1,190,261)
197,331	-	(171,872)
236,201	-	(51,691)
-	-	-
-	-	(97,501)
-	-	(517,139)
<u>\$ 1,718,854</u>	<u>\$ -</u>	<u>(5,988,934)</u>

**General Revenues:**

Property taxes:	
Levied for general purposes	\$ 45,845
Levied for debt service	1,282,433
Levied for capital projects	281,116
State Equalization Guarantee	4,211,798
Miscellaneous	31,011
	<u>5,852,203</u>
Total general revenues	<u>5,852,203</u>
Change in net assets	(136,731)
Net position - beginning	2,573,258
Restatement	(105,564)
Net position - beginning - restated	<u>2,467,694</u>
Net position - ending	<u>\$ 2,330,963</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	General Fund				Title I IASA 24101
	Operational 11000	Techerage 12000	Transportation 13000	Instructional Materials 14000	
<b>ASSETS</b>					
<i>Current Assets</i>					
Cash and temporary investments	-	\$ 63,255	\$ -	\$ 19,895	\$ 7,345
Accounts receivable					
Taxes	7,433	-	-	-	-
Due from other governments	-	-	-	-	70,511
Other receivables	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>7,433</u>	<u>63,255</u>	<u>-</u>	<u>19,895</u>	<u>77,856</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<i>Current Liabilities:</i>					
Accounts payable	64,297	119	2,683	-	-
Accrued liabilities	6,386	-	-	-	-
Interfund payables	120,774	-	-	-	-
Deferred revenue - property taxes	7,138	-	-	-	-
Deferred revenue - other	-	-	-	-	-
<i>Total liabilities</i>	<u>198,595</u>	<u>119</u>	<u>2,683</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>					
Fund Balance:					
Nonspendable	-	-	-	-	-
Restricted	-	63,136	-	19,895	77,856
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(191,162)	-	(2,683)	-	-
<i>Total fund balance</i>	<u>(191,162)</u>	<u>63,136</u>	<u>(2,683)</u>	<u>19,895</u>	<u>77,856</u>
<i>Total liabilities and fund balance</i>	<u>\$ 7,433</u>	<u>\$ 63,255</u>	<u>\$ -</u>	<u>\$ 19,895</u>	<u>\$ 77,856</u>

The accompanying notes are an integral part of these financial statements

Bond Building 31100	Capital Improvements SB-9 31700	Debt Service 41000	Other Governmental Funds	Total Primary Government
\$ 2,278,918	\$ 61,722	\$ 552,201	\$ 237,885	\$ 3,221,221
-	73,634	347,636	-	428,703
-	-	-	329,814	400,325
-	-	417,835	-	417,835
-	-	-	-	-
<u>2,278,918</u>	<u>135,356</u>	<u>1,317,672</u>	<u>567,699</u>	<u>4,468,084</u>
24,444	-	-	1,394	92,937
-	-	-	4	6,390
-	-	-	297,061	417,835
-	70,709	333,831	-	411,678
-	-	-	-	-
<u>24,444</u>	<u>70,709</u>	<u>333,831</u>	<u>298,459</u>	<u>928,840</u>
-	-	-	-	-
2,254,474	64,647	983,841	264,259	3,728,108
-	-	-	-	-
-	-	-	-	-
-	-	-	4,981	(188,864)
<u>2,254,474</u>	<u>64,647</u>	<u>983,841</u>	<u>269,240</u>	<u>3,539,244</u>
<u>\$ 2,278,918</u>	<u>\$ 135,356</u>	<u>\$ 1,317,672</u>	<u>\$ 567,699</u>	<u>\$ 4,468,084</u>

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

Exhibit B-1  
2)

		<u>Governmental Funds</u>
Amounts reported for governmental activities in the statement of net assets are different because:		
Fund Balances - Total Governmental Funds	\$	3,539,244
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		15,207,542
Deferred Outflow of Resources		734,575
Deferred Inflow of Resources		(344,631)
Pension Liability		(7,917,516)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Accrued interest		(21,141)
Accrued compensated absences		(88,672)
General obligation bonds		<u>(8,778,438)</u>
Net Position-Total Governmental Activities	\$	<u><u>2,330,963</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund				Title I IASA 24101
	Operational 11000	Teacherege 12000	Transportation 13000	Instructional Materials 14000	
<i>Revenues:</i>					
Taxes	\$ 45,845	\$ -	\$ -	\$ -	\$ -
State grants	4,872,558	-	197,331	26,662	-
Federal grants	12,552	-	-	-	55,338
Charges for services	190	8,300	-	-	-
Miscellaneous	1,210	-	-	-	-
<i>Total revenues</i>	<u>4,932,355</u>	<u>8,300</u>	<u>197,331</u>	<u>26,662</u>	<u>55,338</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	2,459,823	-	-	7,772	50,194
Support Services					
Students	554,775	-	-	-	2,620
Instruction	69,517	-	-	-	-
General Administration	259,180	-	-	-	2,524
School Administration	496,981	-	-	-	-
Central Services	215,818	-	-	-	-
Operation & Maintenance of Plant	867,375	7,223	-	-	-
Student Transportation	56,639	-	217,429	-	-
Other Support Services	2,862	-	-	-	-
Food Services Operations	38,342	-	-	-	-
Community Service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Issuance Costs	-	-	-	-	-
<i>Total expenditures</i>	<u>5,021,312</u>	<u>7,223</u>	<u>217,429</u>	<u>7,772</u>	<u>55,338</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(88,957)</u>	<u>1,077</u>	<u>(20,098)</u>	<u>18,890</u>	<u>-</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
Bond proceeds	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>(88,957)</u>	<u>1,077</u>	<u>(20,098)</u>	<u>18,890</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	<u>(16,317)</u>	<u>62,059</u>	<u>17,415</u>	<u>1,005</u>	<u>77,856</u>
<i>Restatement</i>	<u>(85,888)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year - restated</i>	<u>(102,205)</u>	<u>62,059</u>	<u>17,415</u>	<u>1,005</u>	<u>77,856</u>
<i>Fund balances - end of year</i>	<u>\$ (191,162)</u>	<u>\$ 63,136</u>	<u>\$ (2,683)</u>	<u>\$ 19,895</u>	<u>\$ 77,856</u>

The accompanying notes are an integral part of these financial statements

Bond Building 31100	Capital Improvements SB-9 31700	Debt Service 41000	Other Governmental Funds	Total Primary Government
\$ -	\$ 281,116	\$ 1,343,381	\$ 58	\$ 1,670,400
-	-	-	257,086	5,353,637
-	-	-	509,125	577,015
-	-	-	35,247	43,737
162,867	17,272	-	-	181,349
<u>162,867</u>	<u>298,388</u>	<u>1,343,381</u>	<u>801,516</u>	<u>7,826,138</u>
-	-	-	342,585	2,860,374
-	-	-	98,059	655,454
-	-	-	644	70,161
-	2,386	18,171	5,749	288,010
-	-	-	21,530	518,511
-	-	-	13,008	228,826
-	-	-	-	874,598
-	-	-	95,135	369,203
-	-	-	-	2,862
-	-	-	254,766	293,108
-	-	-	-	-
174,782	419,872	-	-	594,654
-	-	990,000	-	990,000
-	-	243,338	-	243,338
60,213	-	-	-	60,213
<u>234,995</u>	<u>422,258</u>	<u>1,251,509</u>	<u>831,476</u>	<u>8,049,312</u>
<u>(72,128)</u>	<u>(123,870)</u>	<u>91,872</u>	<u>(29,960)</u>	<u>(223,174)</u>
-	-	-	-	-
2,110,000	-	-	-	2,110,000
<u>2,110,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,110,000</u>
2,037,872	(123,870)	91,872	(29,960)	1,886,826
216,602	188,517	891,969	318,876	1,757,982
-	-	-	(19,676)	(105,564)
216,602	188,517	891,969	299,200	1,652,418
<u>\$ 2,254,474</u>	<u>\$ 64,647</u>	<u>\$ 983,841</u>	<u>\$ 269,240</u>	<u>\$ 3,539,244</u>

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Exhibit B-2  
(Page 2 of 2)

	Governmental Funds
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ 1,886,826
<p>Capital Outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period.</p>	
Depreciation expense	(517,139)
Capital Outlays	295,120
<p>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:</p>	
Decrease in accrued interest payable	34,110
Decrease in accrued compensated absences	(9,943)
Principal payments on bonds	990,000
Bond proceeds	(2,110,000)
Bond premium amortizations expense	1,674
Change in pension liability and expense	(646,373)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:</p>	
Change in Property taxes	(61,006)
Change in Net Position-total Governmental Activities	\$ (136,731)

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**OPERATIONAL FUND (11000)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2017**

Exhibit C-1

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ 46,822	\$ 46,822
State grants	-	-	4,872,558	4,872,558
Federal grants	-	-	12,552	12,552
Miscellaneous	-	-	1,400	1,400
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>4,933,332</u>	<u>4,933,332</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	2,474,809	2,514,195	2,504,894	9,301
Support Services				
Students	553,305	536,288	530,180	6,108
Instruction	55,583	69,953	69,517	436
General Administration	256,802	255,481	248,021	7,460
School Administration	487,011	498,085	496,981	1,104
Central Services	174,339	216,766	214,952	1,814
Operation & Maintenance of Plant	879,780	925,778	851,444	74,334
Student Transportation	20,557	46,306	46,306	-
Other Support Services	-	1,971	1,971	-
Food Services Operations	55,092	38,398	38,342	56
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,957,278</u>	<u>5,103,221</u>	<u>5,002,608</u>	<u>100,613</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(4,957,278)</u>	<u>(5,103,221)</u>	<u>(69,276)</u>	<u>5,033,945</u>
<i>Other financing sources (uses):</i>				
Designated cash	4,957,278	5,103,221	-	(5,103,221)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>4,957,278</u>	<u>5,103,221</u>	<u>-</u>	<u>(5,103,221)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(69,276)</u>	<u>(69,276)</u>
<i>Fund balances - beginning of year</i>	-	-	34,390	34,390
<i>Fund balance restatement</i>	-	-	(85,888)	(85,888)
<i>Fund balances - beginning of year - restated</i>	-	-	(51,498)	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (120,774)</u>	<u>\$ (34,886)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(977)	
Adjustments to expenditures			(18,704)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (88,957)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**TEACHERAGE FUND (12000)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	-	-	8,300	8,300
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>8,300</u>	<u>8,300</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	7,105	7,104	1
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>7,105</u>	<u>7,104</u>	<u>1</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(7,105)</u>	<u>1,196</u>	<u>8,301</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	7,105	-	(7,105)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>7,105</u>	<u>-</u>	<u>(7,105)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>1,196</u>	<u>1,196</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>62,059</u>	<u>62,059</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,255</u>	<u>\$ 63,255</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			(119)	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 1,077</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**TRANSPORTATION FUND (13000)**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	197,331	197,331
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>197,331</u>	<u>197,331</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	194,175	215,097	215,097	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>194,175</u>	<u>215,097</u>	<u>215,097</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(194,175)</u>	<u>(215,097)</u>	<u>(17,766)</u>	<u>197,331</u>
<i>Other financing sources (uses):</i>				
Designated cash	194,175	215,097	-	(215,097)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>194,175</u>	<u>215,097</u>	<u>-</u>	<u>(215,097)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(17,766)</u>	<u>(17,766)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>17,766</u>	<u>17,766</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			(2,332)	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ (20,098)</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Exhibit C-4

## CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19

## INSTRUCTIONAL MATERIALS FUND (14000)

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

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	26,662	26,662
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>26,662</u>	<u>26,662</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	40,812	35,941	25,173	10,768
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>40,812</u>	<u>35,941</u>	<u>25,173</u>	<u>10,768</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(40,812)</u>	<u>(35,941)</u>	<u>1,489</u>	<u>37,430</u>
<i>Other financing sources (uses):</i>				
Designated cash	40,812	35,941	-	(35,941)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>40,812</u>	<u>35,941</u>	<u>-</u>	<u>(35,941)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>1,489</u>	<u>1,489</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>18,406</u>	<u>18,406</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,895</u>	<u>\$ 19,895</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			17,401	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 18,890</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Exhibit C-5

## CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19

## TITLE I - IASA SPECIAL REVENUE FUND (24101)

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

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	148,826	148,826
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>148,826</u>	<u>148,826</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	4,848	50,194	50,194	-
Support Services				
Students	-	2,620	2,620	-
Instruction	-	-	-	-
General Administration	4,062	2,525	2,524	1
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>8,910</u>	<u>55,339</u>	<u>55,338</u>	<u>1</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(8,910)</u>	<u>(55,339)</u>	<u>93,488</u>	<u>148,827</u>
<i>Other financing sources (uses):</i>				
Designated cash	8,910	55,339	-	(55,339)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>8,910</u>	<u>55,339</u>	<u>-</u>	<u>(55,339)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>93,488</u>	<u>93,488</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(86,143)</u>	<u>(86,143)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,345</u>	<u>\$ 7,345</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(93,488)	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**AGENCY FUNDS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**JUNE 30, 2017**

Exhibit D-1

	Agency Funds
<b>ASSETS</b>	
<i>Current Assets</i>	
Cash	\$ 45,895
<i>Total assets</i>	45,895
 <b>LIABILITIES</b>	
<i>Current Liabilities</i>	
Deposits held in trust for others	45,895
<i>Total liabilities</i>	\$ 45,895

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

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1. Summary of Significant Accounting Policies**

Chama Valley Independent Schools (the “District”) is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District’s financial statements. The financial statements and notes are the representation of Chama Valley Independent Public School’s management that is responsible for the financial statements. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting financial reporting principles.

During the year ended June 30, 2016, the District adopted GASB Statements No. 72, *Fair Value Measurement and Application*, No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, No. 79, *Certain External Investment Pools and Pool Participants*, and a portion of No 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. GASB Statements Nos. 72, 76, and 79, as well as the implemented portion of Statement No. 73, are required to be implemented for the fiscal year ending June 30, 2016.

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

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement is effective for June 30, 2017 year end and a portion is effective for June 30, 2016 year end. Effective for June 30, 2016 are the amendments for Statement No.s 67 and 68 and assets accumulated for pensions not administered as trusts. The amendments of this pronouncement clarifies application of certain provisions of GASB 67 and 68 with regards to the following issues: (1) Information that is required to be presented as notes to the 10-year schedules of RSI about investment-related factors that significantly affect trends in reported amounts; (2) Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions; and (3) Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

In addition, effective for June 30, 2016 year ends, the requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that, for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

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

GASB Statement No. 82 objective is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information; (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and; (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements

**A. Financial Reporting Entity**

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

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

The basis, but not the only criterion for including a potential component unit within the reporting entity, is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criteria used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Given the criteria, there are no component units to the primary government recognized.

*B. Government-wide and fund financial statements*

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

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

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

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

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

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

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

**STATE OF NEW MEXICO**  
CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**STATE OF NEW MEXICO**  
CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

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

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

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

The *Teacherage Fund* accounts for revenues and expenditures associated with district owned multi-bedroom housing units rented to District employed teachers or other employees. Funding authorized by NMAC 6.20.2 of the New Mexico Department of Education. This fund is considered by PED to be a sub-fund of the General Fund.

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

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

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

The *Bond Building Capital Projects Fund* 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.

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

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

Additionally, the government reports the following fund types:

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

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

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

*D. Assets, Liabilities and Net Position or Equity*

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

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

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

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

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

The District receives monthly income from a tax levy in Rio Arriba 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 Rio Arriba County Treasurer in July and August 2015 is considered 'measurable and available' and, accordingly, is recorded as revenue during the year ended June 30, 2017.

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

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

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

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

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The District expenses the cost of library books when purchased because their estimated useful life is less than one year.

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

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

Buildings	40-50 years
Improvements	20 years
Land Improvements	10-20 years
Vehicles	5-7 years
Furniture and equipment	3-5 years

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

**Compensated Absences:** It is the District’s policy to permit employees to accumulate 36 days of earned but unused vacation, which will be paid to the upon separation from the District’s service. The amount of the liability has been reported in the government-wide financial statements.

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

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

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

**Net Position or Fund Equity:** Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The detail of the District’s fund balances is presented in Note 15.

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

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

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

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

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

The Government-Wide Statement of Net Position reports \$3,650,058 of restricted net position of which \$2,435,389 is restricted by enabling legislation.

*E. Revenues*

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

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

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

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

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

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 \$4,218,056 in state equalization guarantee distributions and \$641,079 in emergency supplemental during the year ended June 30, 2017.

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

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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.

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

*E. Revenues - (continued)*

In the financial statements, the mill levy and ad-valorem taxes are broken out into two types: property taxes – residential and commercial and property taxes – oil and gas. Amounts collected from residential and commercial property taxes at June 30, 2017 were \$1,592,369.

**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 \$197,331 in transportation distributions during the year ended June 30, 2017.

**Instructional Materials:** The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed in the State Board of Education “State Adopted Instructional Material” list, while fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2017 totaled \$26,662.

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

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

The District did not receive funds for state SB-9 matching during the year ended June 30, 2017.

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

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

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

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

*E. Revenues - (continued)*

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

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

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

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

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

**NOTE 2. Stewardship, Compliance and Accountability**

*Budgetary Information*

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

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

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

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

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

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

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

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 3. 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 collateralized as required by the statute.

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

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

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

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

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

	New Mexico Bank & Trust
Total amounts of deposits	\$ 1,282,911
FDIC coverage	250,000
Total uninsured public funds	1,032,911
Collateral requirement (50% of uninsured public funds)	\$ 516,456
Pledged security	--
Total under (over) collateralized	\$ 516,456

The types of collateral allowed are limited by the section 6-10-16, NMSA 1978.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2017, \$1,032,911 of the District's bank balance of \$1,282,911 was exposed to custodial credit risk as the entirety of the District's balance was held in non-interest bearing accounts and as such was covered by the FDIC.

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 4. Receivables**

Receivables as of June 30, 2017 are as follows:

	<u>General Fund</u>	<u>Title I</u>	<u>Capital Improvements</u>	<u>Debt Service</u>
Property taxes	\$ 7,433	\$ —	\$ 73,634	\$ 347,636
Intergovernmental grants	—	70,511	—	—
Other	—	—	—	—
Totals by fund	<u>\$ 7,433</u>	<u>\$ 70,511</u>	<u>\$ 73,634</u>	<u>\$ 347,636</u>

	<u>Other Governmental</u>	<u>Total</u>
Property taxes	\$ —	\$ 428,703
Intergovernmental grants	329,814	400,325
Other	—	—
Totals by fund	<u>\$ 329,814</u>	<u>\$ 829,028</u>

The above receivables are deemed 100% collectible. In accordance with GASB #33, property tax receivables are presented net of deferred revenue in the amount of \$411,678 on the governmental fund financial statements.

**NOTE 5. Interfund Receivables, Payables, and Transfers**

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

<b>Governmental Activities:</b>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>Major Funds:</b>		
Operational	\$ —	\$ 120,774
Debt Service	417,835	—
<b>Nonmajor Funds:</b>		
Nonmajor Funds	—	297,061
Total Governmental Activities	<u>\$ 417,835</u>	<u>\$ 417,835</u>

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

**NOTE 6. Capital Assets**

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

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 6. Capital Assets (continued)**

	Balance June 30, 2016	Additions	Deletions	Adjustments	Balance June 30, 2017
Capital assets not being depreciated:					
Land	\$ 242,780	\$ 123,135	\$ —	\$ —	\$ 365,915
Construction in progress	<u>2,837,960</u>	<u>112,375</u>	<u>—</u>	<u>—</u>	<u>2,950,335</u>
Total capital assets not depreciated	<u>\$ 3,080,740</u>	<u>\$ 235,510</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,316,250</u>
Land improvements	703,300	—	—	—	703,300
Buildings and building improvements	16,562,172	—	—	—	16,562,172
Furniture, fixtures & equipment	<u>2,219,693</u>	<u>59,610</u>	<u>(107,912)</u>	<u>—</u>	<u>2,171,391</u>
Total assets being depreciated	<u>19,485,165</u>	<u>59,610</u>	<u>(107,912)</u>	<u>—</u>	<u>19,436,863</u>
Total assets	<u>\$ 22,565,905</u>	<u>\$ 295,120</u>	<u>\$ (107,912)</u>	<u>\$ —</u>	<u>\$ 22,753,113</u>
Less Accumulated Depreciation:					
Land improvements	394,411	17,808	—	—	412,219
Buildings / building improvements	5,233,846	393,970	—	—	5,627,816
Furniture, fixtures & equipment	<u>1,508,087</u>	<u>105,361</u>	<u>(107,912)</u>	<u>—</u>	<u>1,505,536</u>
Total accumulated depreciation	<u>\$ 7,136,344</u>	<u>\$ 517,139</u>	<u>\$ (107,912)</u>	<u>\$ —</u>	<u>\$ 7,545,571</u>
Net Capital Assets	<u>\$ 15,249,561</u>	<u>\$ (222,019)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 15,207,542</u>

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

Instruction	\$ 217,914
Support Services: Instruction	54,804
Support Services: Administration	53,539
Central Services	21,081
Operations & Maintenance of Plant	72,845
Transportation	23,667
Capital Outlay	<u>73,289</u>
Total	<u>\$ 517,139</u>

**NOTE 7. Long-term Debt**

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

	Balance June 30, 2016	Additions	Deletions	Adjustments	Balance June 30, 2017	Due within One Year
General Obligation Bonds	\$ 7,635,000	\$ 2,110,000	\$ 990,000	—	\$ 8,755,000	\$ 2,020,000
Compensated Absences	<u>78,729</u>	<u>45,312</u>	<u>35,369</u>	<u>—</u>	<u>88,672</u>	<u>68,487</u>
Total	<u>\$ 7,713,729</u>	<u>\$ 2,155,312</u>	<u>\$ 1,025,369</u>	<u>\$ —</u>	<u>\$ 8,843,672</u>	<u>\$ 2,088,487</u>

General Obligations Bonds

The District's general obligation bonds were issued for the purposes of creating, remodeling, making additions to and furnishing school buildings, and purchasing and improving school grounds and are payable solely from general property taxes that are levied against all taxable property in the District. The bonds are payable out of the Debt Service Fund (Fund 41000). Interest payments are due semi-annually dependent on maturity dates. Interest rates on the bonds range from 1.60 % to 4.875%. Principal payments in varying amounts are due annually through 2035.

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 7. Long-term Debt (continued)**

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

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 2,020,000	\$ 228,718	\$ 2,248,718
2019	995,000	180,266	1,175,266
2020	700,000	150,546	850,546
2021	275,000	137,288	412,288
2022	280,000	133,024	413,024
2023-2027	1,500,000	580,660	2,080,660
2028-2032	1,735,000	375,795	2,110,795
2033-2037	1,250,000	87,177	1,337,177
Totals	<u>\$ 8,755,000</u>	<u>\$ 243,804</u>	<u>\$ 8,998,804</u>

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2017, compensated absences increased \$9,943 over the prior year accrual. See Note 1 for more details.

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

**NOTE 8. Deferred Revenue**

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

**NOTE 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 subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA

based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance.

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

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

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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:

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

Operational Fund	\$ 191,457
Transportation Fund	2,683
NM Reads to Lead	<u>396</u>
Total	<u>\$ 194,536</u>

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

**NOTE 11. Pension Plan – Educational Retirement Board**

*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](http://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 last 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.

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.

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 11. ERB Pension Plan (Continued)**

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

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

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

Option B – If the member elects Option B, the monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member and upon the retiree's death, the same benefit is paid to the beneficiary for his or her lifetime. The named beneficiary may not be changed after the effective date of retirement since the amount of the option is calculated using both the age of the member and the beneficiary. If the beneficiary predeceases the member, the member's benefit will be adjusted by returning to Option A benefit amount. The IRS prohibits the selection of Option B for a non-spouse beneficiary more than 10 years younger than the member.

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

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

*Contributions.* The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2016 employers contributed 13.90% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. For fiscal year ended June 30, 2017 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$443,705 for the year ended June 30, 2017.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2016. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2016. At June 30, 2017, the District reported a liability of \$7,917,516 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2016. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2016, the District's proportion was .11002 percent, which was an increase of .02373% from its proportion measured as of June 30, 2015.

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 11. ERB Pension Plan (Continued)**

For the year ended June 30, 2017, the District recognized pension expense of \$443,705. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 34,349	\$ 75,305
Changes of assumptions	161,169	—
Net difference between projected and actual Earnings on pension plan investments	472,610	—
Changes in proportion and differences between the County's contributions and proportionate Share of contributions	66,447	269,326
County's contributions subsequent to the measurement date	<u>—</u>	<u>—</u>
Total	<u>\$ 734,575</u>	<u>\$ 344,631</u>

\$734,575 reported as deferred outflows of resources related to pensions resulting from the 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:

<u>Fiscal Year Ending June 30,</u>	
2018	\$ 48,642
2019	75,518
2020	150,533
2021	115,251
2022	—

*Actuarial assumptions.* As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2016. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017. Specifically, the liabilities measured as of June 30, 2016 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.10% during the fiscal year ending June 30, 2016 and 10.70% thereafter.
2. Members hired after June 30, 2015 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on April 26, 2014 in conjunction with the six-year experience study period ending June 30, 2014.

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 11. ERB Pension Plan (Continued)**

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 30, 2043
Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary Increases	Composition: 3% inflation, plus .75% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of age and service rates
Mortality	70% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2016 using Scale AA (one year setback for females)

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

Asset Class	Long-term Expected Real Rate of Return	Long-term Expected Real Rate of Return
Cash	-0.25%	0.00%
Treasuries	0.00%	0.25%
IG Corp Credit	1.75%	1.50%
MBS	0.25%	0.50%
Core Bonds	0.64%	0.73%
TIPS	0.75%	0.75%
High Yield Bonds	2.50%	2.50%
Bank Loans	2.75%	2.75%
Global Bonds (Unhedged)	-0.50%	-1.00%
Global Bonds (Hedged)	-0.38%	-0.84%
EMD External	2.75%	2.75%
EMD Local Currency	3.25%	3.50%
Large Cap Equities	4.25%	4.25%
Small/Mid Cap	5.50%	4.50%
International Equities (Unhedged)	4.75%	4.75%
International Equities (Hedged)	5.14%	5.22%
Emerging International Equities	6.25%	6.00%
Private Equity	6.25%	6.25%
Private Debt	4.75%	4.75%
Private Real Assets	4.50%	4.50%
Real Estate	3.25%	3.25%
Commodities	2.25%	2.50%
Hedge Funds	3.25%	3.50%

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 11. ERB Pension Plan (Continued)**

*Discount rate:* A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2016 and June 30, 2015. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB’s defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history. Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following table presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

Fiscal Year	1% Decrease	Current Discount	1% Increase
<u>Ending June 30,</u>	<u>(6.75%)</u>	<u>Rate (7.75%)</u>	<u>(8.75%)</u>
District’s proportionate share of the net pension liability	\$ 10,486,566	\$ 7,917,516	\$ 5,785,930

*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, 2016 and 2015 which are publicly available at [www.nmerb.org](http://www.nmerb.org).

*Payables to the pension plan.* At June 30, 2017 the District had no outstanding amount of contributions to the pension plan and therefore, had no payables to report as of June 30, 2017.

**NOTE 12. Post-Employment Benefits – State Retiree Health Care Plan**

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

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person’s behalf unless that person retires before the employer’s RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer’s effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) Former legislators who served at least two years; and 4) former governing authority members who served at least four years. The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

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

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 12. Post-Employment Benefits – State Retiree Health Care Plan (continued)**

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (State police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plans 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not

members of an enhanced retirement plan during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2017, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2017, 2016 and 2015 were \$63,786, \$62,646, and \$65,599, respectively, which equal the required contributions for each year.

**NOTE 13. Contingent Liabilities**

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

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

**NOTE 14. Subsequent Accounting Standard Pronouncements**

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

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

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

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

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 14. Subsequent Accounting Standard Pronouncements (continued)**

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

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

**NOTE 15. Restatement of Net Position**

Beginning balances of the Gear Up fund were not properly recorded in the prior year and, as a result, adjustments, totaling \$85,888, were required to restate prior year beginning fund balances in the Operational Fund as a result of prior year adjustments. The adjustments were made to appropriately allocate fund balances more properly between funds the two funds and to absorb the previous deferred revenue balance. An additional adjustment was required to properly state food services inventory at June 30, 2016 as there should not be a balance at year end. The adjustment for the inventory reduces fund balance in the amount of \$19,676. Total prior period adjustment for the year ended June 30, 2017 was a reduction of \$105,564.

**NOTE 16. Governmental Fund Balance**

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

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

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

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

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

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

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

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

	General Fund				
	Operational	Teacherage	Transportation	Instructional Materials	Title I IASA
<i>Fund balance:</i>	11000	12000	13000	14000	24101
Nondisposable	-	-	-	-	-
Restricted:					
Instruction	-	63,136	-	19,895	77,856
Special Revenue	-	-	-	-	-
Capital Projects	-	-	-	-	-
Debt Service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(191,162)	-	(2,683)	-	-
<i>Total fund balance</i>	<u>(191,162)</u>	<u>63,136</u>	<u>(2,683)</u>	<u>19,895</u>	<u>77,856</u>
		Capital			
	Bond	Improvements	Debt	Other	Total
	Building	SB-9	Service	Governmental	Primary
<i>Fund balance:</i>	31100	31700	41000	Funds	Government
Nondisposable	-	-	-	-	-
Restricted					
Instruction	-	-	-	-	160,887
Special Revenue	-	-	-	147,373	147,373
Capital Projects	2,254,474	64,647	-	116,268	2,435,389
Debt Service	-	-	983,841	618	984,459
Assigned	-	-	-	-	-
Unassigned	-	-	-	4,981	(188,864)
<i>Total fund balance</i>	<u>2,254,474</u>	<u>64,647</u>	<u>983,841</u>	<u>269,240</u>	<u>\$ 3,539,244</u>

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**OF ERB**

Educational Retirement Board (ERB) Plan

Last 10 Fiscal Years\*

JUNE 30, 2017

	2017	2016	2015
Proportion of the net pension liability	0.11002%	0.12000%	0.11000%
Proportionate share of the net pension liability	7,917,516	7,489,000	6,474,000
Covered-employee payroll	3,328,658	3,157,000	3,128,000
Proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	238%	237%	207%
Plan fiduciary net position as a percentage of the total pension liability	61.58%	63.97%	66.54%

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

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS**

Educational Retirement Board (ERB) Plan

Last 10 Fiscal Years\*\*

Contractually required contribution	436,784	457,000	341,000
Contributions in relation to the contractually required contribution	436,784	457,000	341,000
Contribution deficiency (excess)	-	-	-
County's covered-employee payroll	3,328,658	3,157,000	3,128,000
Contributions as a percentage of covered-employee payroll	13.12%	14.48%	10.90%

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

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

**Changes of Assumptions.** ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on June 12, 2015, ERB implemented the following changes in assumption for fiscal years 2015. 1) Fiscal year 2016 valuation assumptions that changed based on this study: a) Lower wage inflation from 4.75% to 3.75%, b) Lower payroll growth from 3.75% to 3.50%, c) Minor changes to demographic assumptions, d) Population growth per year from 0.50% to 0.00%

2) Assumptions that were not changed: a) Investment return will remain at 7.75%, b) Net real return remains at 4.75%, c) Inflation will remain at 3.00%, d) COLA assumption of 2.00% per year, e) Payroll Growth remains at 3.50%

See also the Note IV (B) Actuarial Assumptions of the financial statement disclosure on the Pension Plan

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



**SUPPLEMENTARY INFORMATION**



**NONMAJOR GOVERNMENTAL FUNDS**

## NONMAJOR FUNDS

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

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

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

**Migrant Children Education (24103)** – To support high quality education programs for migratory children and help ensure that migratory children who move among the states are not penalized in any manner by disparities among states in curriculum, graduation requirements, or state academic content and student academic achievement standards. Funds also ensure that migratory children not only are provided with appropriate education services (including supportive services) that address their special needs but also that such children receive full and appropriate opportunities to meet the same challenging state academic content and student academic achievement standards that all children are expected to meet. Federal funds are allocated by formula to SEAs, based on each state's per pupil expenditure for education and counts of eligible migratory children, age 3 to 21, residing within the state. Authorization: The Elementary and Secondary Education Act of 1965, Title I, Part C, as amended by the No Child Left Behind Act of 2001; 20 U.S.C. 6391-6399.

**Entitlement / Competitive / Discretionary IDEA-B (24106, 24107, 24108)** – The Entitlement / Competitive/ Discretionary IDEA-B Program is to provide grants to the 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 Individual with Disabilities Education Act, Part B, Section 611-617, and Part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

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

**Fruits and Vegetables (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 National School Lunch Act, as amended, 42 U.S.C. 1769.

**21<sup>st</sup> Century Grant (24119)** –After school adolescence care, providing the community with responsible Child Care, while providing the children and their families with referral services, drug prevention education, academic help, and character building (social skill) activities. Funding is provided by the Department of Education under the Elementary and Secondary Education Act of 1965, Title X, Part I Section 10901, Public Law 103-382 Stat. 3844, 20 U.S.C. 8241.

**Title V (24150)** – To assist State and Local educational agencies in the reform of elementary and secondary education. Authorized by the Elementary and Secondary Education Act of 1965, Title VI, as amended, 20 U.S.C Sec. 1412(a)(11)

**Title III English Language (24153)** – To ensure that limited English proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same standards as all children and youth are expected to meet; to provide assistance to Native American, Native Hawaiian, Native American Pacific Islander, and Alaskan native children with certain modification relative to the unique status of Native American language under Federal Law; to develop to the extent possible, the native language skills of such children. The fund is authorized through the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101, 3129.

**Title II Teacher Quality (24154)** – To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in the academic achievement. Authorization is granted through the Elementary and Secondary Education Act of 1965, as amended, Title II, Part A, Public Law 107-110.

## NONMAJOR FUNDS

**Reading First (24167)** – To Provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Authorization is granted by Elementary and Secondary Education Act of 1965 (ESEA), as amended, Public Law 107-110.

**ARRA- Entitlement IDEA-B (24206)** – Used in accordance with the IDEA, to help provide the special education and related services needed to make a free appropriate public education available to all eligible children and, in some cases, early intervening services. Authorization: Individuals with Disabilities Education, as amended, Part B, Section 611-618, 20 USC 1411-1418; American Recovery and Reinvestment Act of 2012, Public Law 111-5.

**Bilingual Education (25109)** – To develop and implement new comprehensive, coherent, and successfully bilingual education or special alternative instructional programs for limited English proficient students including programs of early childhood education, kindergarten through twelfth grade education, gifted and talented education, and vocational and applied technology education; to improve the education of limited English proficient students and their families by implementing family education programs and parent outreach and training activities designed to assist parents to become active participants in the education of their children; to improve the instructional program by identifying, acquiring, and upgrading curriculum, instructional and educational software, and assessment procedures, to compensate personnel, including teacher aides who have been specifically trained, or are being trained to provide services, and to provide tutorials and academic career counseling for children and youth of limited English proficiency.

**Title XIX Medicaid (25153)** – To provide 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. (P.L. 105-33)

**GEAR UP (25211)** – This program provides funding to LEAs to establish or expand elementary and secondary school counseling programs, with special consideration given to applicants that can demonstrate the greatest need for counseling services, propose the most innovative and promising approaches, and to show the greatest potential for replication and dissemination.

**Rural Education Achievement (25233)** – To account for monies granted to help rural districts that may lack the personnel and resources to compete effectively for Federal competitive grants.

**ARRA- State Revitalization (25250)** – To encourage eligible entities to provide supportive services to elementary and middle school's, and secondary school students who are at risk of dropping out of school; and information to students and their parents about the advantages of obtaining a post secondary education in the college financing options for the students and their parents. Authorization granted through The higher education act, title four, part A, Subpart two, chapter 2, 20USC 1070a-21-1070a-28.

**Bill and Melinda Gates Foundation (26104)** – To support and restore funding for elementary, secondary, and, as applicable, early childhood education programs and services in state and local education agencies. Authorization: American recovery and reinvestment act of 2010, division A, Title XIV, Public Law 111-5

**LANL Foundation (26113)** – To account for monies received from Los Alamos National Labs Foundation responding to the urgent needs in Northern New Mexico by assisting with small requests for community, cultural or educational projects. Authorization is the creation of the fund by PED and Authorization by the Foundation.

**Dual Credit Instructional Materials (27103)** – To provide instructional materials to be used for the dual credit course approved by Higher Education Department and through a college/university for which the District has an approved agreement.

**2010 GO Bonds – Student Library Fund (SB1) (27106)** – Funds used to purchase library books and library supplies for all school sites. Program is authorized by state statute.

**Library GO Bonds 2012 (27107)** – The Funds to be used for library books and library resources for public school libraries statewide. Senate Bill 66, Laws of 2012, 2<sup>nd</sup> Session, Chapter 54, Section 10.B(3).

**NM Reads to Lead (27114)** – Provides an aligned approach for districts and schools to ensure that children read by the end of the third grade – giving them essential skills for future career and college success. It also provides regional and district

## NONMAJOR FUNDS

reading coaches, support for intervention and professional development for parents, teachers, reading coaches and administrators.

**Robotics (27116)** – To purchase and install robot equipment, and related infrastructure, for the public school robot education programs that participate in the annual robot competition in Albuquerque.

**Technology for Education (27117)** – State funding to provide financial assistance to school districts to improve educational opportunities for all students to close the technology gap between schools and the work place through enhancement of computer education. The funding is provided by state resources and supplements the federal funding for the technology literacy challenge grant. The creation of the fund who is authorized by NMSA 1978 22-15A-1 TO 22-15A10.

**Incentives for School Improvement (27138)** – State funding awarded to 5 school districts in the state for achieving improved test scores of the students in their districts. The funds were used to purchase supplies and other textbooks for the school district. Authority for the creation is NMSA 25-13A-1.

**Truancy Initiative PED (27141)** – To provide early intervention for students K-12 to reduce chronic school truancy. To provide access to an academic tutor and other learning/academic resources to students to improve the basic reading, writing, math and study skills.

**Pre-K Initiative (27149)** – To provide high quality Pre-K services that align to NM Pre-K standards to underserved 4-year-olds in the District. To expand early childhood educational capacity so that all families of 4-year-olds in the district who want to enroll their child in a high quality Pre-K program can do regardless of income or ethnicity.

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

**Chama Preschool (27161)**- Funds to develop and implement voluntary Nm Pre K programs for four-year-olds throughout New Mexico to advance childhood development and readiness.

**Kindergarten Three Plus (27166)**- Funds allowed 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. Authority for creation of this fund is the New Mexico public education department.

**State 21<sup>st</sup> Century (27167)**- To provide opportunities for Academic enrichment, including providing tutorial services to help students, particularly students in high poverty areas and those who attend low performing schools, meet state and local student performance standards in core academic subjects such as reading and mathematics; students a broad array of additional services, programs, and activities, such as youth development activities, drugs and violence prevention programs, counseling programs, art, music, and recreation programs, technology it's Acacian programs, and character education programs, that are designed to reinforce and complements the regular academic program for participating students; and families of students served by community learning centers opportunities for literacy and related educational development.

**After School Enrichment (27168)**- To provide funds for the Chama middle school and Escalante middle/high school for the afterschool and summer enrichment programs. Authority for the fund is the New Mexico public education department, special appropriation fund.

**Pre-K State (27169)**- Funds to develop and implement voluntary New Mexico PreK programs for four-year-olds throughout New Mexico to advance childhood development and readiness.

**Libraries GO Bond 2006 (27170)**- Funding made available to update and expand library collections.

**2013 School Buses (27178)** – To provide for the purchase of school buses.

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

## NONMAJOR FUNDS

**New Mexico Grown (27183)** – Funds under this award are to be used to purchase locally grown New Mexico fresh fruits and vegetables to be made available as no charge to students. Funds have been received in appropriation through the General Appropriations Act to distribute to schools districts and charter schools.

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

**State Directed Activities Allocation IDEA-B (27200)** – To account for money given to the District to help pay for payroll expenses certain state directed activities.

**Library Books (27549)** – To support the purchase of Library books. Authorized through NM Senate Bill 471.

**No Hungry Kid (29102)** – To support the summer food program.

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

**Energy Efficiency Act (31800)** – This fund permits governmental agencies of the state of New Mexico to enter into contracts with providers to reduce energy costs. Funding is provided by the state of New Mexico by authority of NMSA 1987.

Debt Service Funds are used to account for financial resources to be used for the educational debt service project.

**Ed Tech Debt Service (43000)** – To account for the accumulation of resources for, and the payment of, Educational Technology Bond principal, interest and related costs.

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**COMBINING BALANCE SHEET**  
**NONMAJOR FUNDS**  
**JUNE 30, 2017**

	Food Services 21000	Athletics 22000	Migrant Children Education 24103	IDEA-B Entitlement 24106
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and temporary investments	\$ 26,712	\$ 1,523	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	3,854	-	-	97,171
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>30,566</u>	<u>1,523</u>	<u>-</u>	<u>97,171</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Current Liabilities:</i>				
Accounts payable	1,394	-	-	-
Accrued expenses	-	-	-	-
Interfund payables	-	-	-	97,171
Deferred revenue - other	-	-	-	-
<i>Total liabilities</i>	<u>1,394</u>	<u>-</u>	<u>-</u>	<u>97,171</u>
<i>Fund Balance:</i>				
Fund Balance:				
Nonspendable	-	-	-	-
Restricted	25,318	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	3,854	1,523	-	-
<i>Total fund balance</i>	<u>29,172</u>	<u>1,523</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balance</i>	<u>\$ 30,566</u>	<u>\$ 1,523</u>	<u>\$ -</u>	<u>\$ 97,171</u>

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

SPECIAL REVENUE FUNDS					
IDEA-B Discretionary 24107	IDEA-B Competitive 24108	Preschool IDEA-B 24109	Fresh Fruits and Vegetables 24118	21st Century Grant 24119	Title V 24150
\$ 8,388	\$ 916	\$ -	\$ 1,303	\$ 9,284	\$ -
-	-	-	-	-	-
-	-	4,707	-	11,066	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>8,388</u>	<u>916</u>	<u>4,707</u>	<u>1,303</u>	<u>20,350</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	4,707	-	-	-
-	-	-	-	-	-
-	-	<u>4,707</u>	-	-	-
-	-	-	-	-	-
8,388	916	-	1,303	20,350	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>8,388</u>	<u>916</u>	<u>-</u>	<u>1,303</u>	<u>20,350</u>	<u>-</u>
<u>\$ 8,388</u>	<u>\$ 916</u>	<u>\$ 4,707</u>	<u>\$ 1,303</u>	<u>\$ 20,350</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**COMBINING BALANCE SHEET**  
**NONMAJOR FUNDS**  
**JUNE 30, 2017**

	Title III English Language 24153	Title II Teacher Quality 24154	Reading First 24167	ARRA IDEA-B 24206
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ 2,226
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	27,987	-	-
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>-</u>	<u>27,987</u>	<u>-</u>	<u>2,226</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Current Liabilities:</i>				
Accounts payable	-	-	-	-
Accrued expenses	-	-	-	-
Interfund payables	-	27,987	-	-
Deferred revenue - other	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>27,987</u>	<u>-</u>	<u>-</u>
<i>Fund Balance:</i>				
Fund Balance:				
Nonspendable	-	-	-	-
Restricted	-	-	-	2,226
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,226</u>
<i>Total liabilities and fund balance</i>	<u>\$ -</u>	<u>\$ 27,987</u>	<u>\$ -</u>	<u>\$ 2,226</u>

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

SPECIAL REVENUE FUNDS

Bilingual Education 25109	Title XIX Medicaid 3/21 Years 25153	Gear Up 25211	Rural Education Achievement 25233	ARRA State Revitalization 25250	Gates Foundation 26104	LANL Foundation 26113
\$ 4	\$ 15,755	\$ -	\$ -	\$ 6	\$ 44	\$ 53
-	-	-	-	-	-	-
-	-	-	38,966	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4</u>	<u>15,755</u>	<u>-</u>	<u>38,966</u>	<u>6</u>	<u>44</u>	<u>53</u>
-	-	-	-	-	-	-
-	-	-	4	-	-	-
-	-	-	38,962	-	-	-
-	-	-	-	-	-	-
-	-	-	<u>38,966</u>	-	-	-
-	-	-	-	-	-	-
4	15,755	-	-	6	44	53
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4</u>	<u>15,755</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>44</u>	<u>53</u>
<u>\$ 4</u>	<u>\$ 15,755</u>	<u>\$ -</u>	<u>\$ 38,966</u>	<u>\$ 6</u>	<u>\$ 44</u>	<u>\$ 53</u>

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

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**COMBINING BALANCE SHEET**  
**NONMAJOR FUNDS**  
**JUNE 30, 2017**

	Dual Credit Instructional Materials 27103	2010 GO Bonds - Student Library Fund (SB1) 27106	2012 GO Bonds - Student Library Fund (SB66) 27107	NM Reads to Lead K-3 Reading Initiative 27114
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	1,770	-	4,395	-
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>1,770</u>	<u>-</u>	<u>4,395</u>	<u>-</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Current Liabilities:</i>				
Accounts payable	-	-	-	-
Accrued expenses	-	-	-	-
Interfund payables	1,770	-	4,395	396
Deferred revenue - other	-	-	-	-
<i>Total liabilities</i>	<u>1,770</u>	<u>-</u>	<u>4,395</u>	<u>396</u>
<i>Fund Balance:</i>				
Fund Balance:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	(396)
<i>Total fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(396)</u>
<i>Total liabilities and fund balance</i>	<u>\$ 1,770</u>	<u>\$ -</u>	<u>\$ 4,395</u>	<u>\$ -</u>

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

SPECIAL REVENUE FUNDS					
Robotics 27116	Pre-K Initiative 27117	Incentives for School Improvement 27138	Truancy 27141	Pre-K Initiative 27149	Breakfast for Elementary Students 27155
\$ -	\$ 10,730	\$ 1,804	\$ -	\$ -	\$ -
-	-	-	-	-	-
7,000	-	-	8,943	68,075	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>7,000</u>	<u>10,730</u>	<u>1,804</u>	<u>8,943</u>	<u>68,075</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
7,000	-	-	8,943	68,075	-
-	-	-	-	-	-
<u>7,000</u>	<u>-</u>	<u>-</u>	<u>8,943</u>	<u>68,075</u>	<u>-</u>
-	-	-	-	-	-
-	10,730	1,804	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>10,730</u>	<u>1,804</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 7,000</u>	<u>\$ 10,730</u>	<u>\$ 1,804</u>	<u>\$ 8,943</u>	<u>\$ 68,075</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**COMBINING BALANCE SHEET**  
**NONMAJOR FUNDS**  
**JUNE 30, 2017**

	Chama Preschool 27161	Kindergarten Three Plus 27166	State 21st Century 27167	After School Enrichment 27168	State Pe-K 27169
<b>ASSETS</b>					
<i>Current Assets</i>					
Cash and temporary investments	\$ 10,770	\$ -	\$ 674	\$ -	\$ 71
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	8,636	-	22,879	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>10,770</u>	<u>8,636</u>	<u>674</u>	<u>22,879</u>	<u>71</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<i>Current Liabilities:</i>					
Accounts payable	-	-	-	-	-
Accrued expenses	-	-	-	-	-
Interfund payables	-	8,636	-	22,879	-
Deferred revenue - other	-	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>8,636</u>	<u>-</u>	<u>22,879</u>	<u>-</u>
<i>Fund Balance:</i>					
Fund Balance:					
Nonspendable	-	-	-	-	-
Restricted	10,770	-	674	-	71
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<i>Total fund balance</i>	<u>10,770</u>	<u>-</u>	<u>674</u>	<u>-</u>	<u>71</u>
<i>Total liabilities and fund balance</i>	<u>\$ 10,770</u>	<u>\$ 8,636</u>	<u>\$ 674</u>	<u>\$ 22,879</u>	<u>\$ 71</u>

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

SPECIAL REVENUE FUNDS						
Libraries GO Bond 27170	2013 School Buses 27178	STEM Teacher Initiative 27181	NM Fresh Fruit & Vegetables 27183	College Counselor Initiative 27189	State Discretionary IDEA-B 27200	Library Books 27549
\$ -	\$ 22,879	\$ -	\$ -	\$ -	\$ 668	\$ 1,237
-	-	-	-	-	-	-
-	-	24,365	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	22,879	24,365	-	-	668	1,237
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	6,140	-	-	-	-
-	-	-	-	-	-	-
-	-	6,140	-	-	-	-
-	-	-	-	-	-	-
-	22,879	18,225	-	-	668	1,237
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	22,879	18,225	-	-	668	1,237
\$ -	\$ 22,879	\$ 24,365	\$ -	\$ -	\$ 668	\$ 1,237

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



**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**COMBINING BALANCE SHEET**  
**NONMAJOR FUNDS**  
**JUNE 30, 2017**

Statement B-1  
 (Page 9 of 9)

	SPECIAL REVENUE FUND	CAPITAL PROJECT FUNDS		DEBT SERVICE FUND	Total Non-major Funds
	Private Grants 29102	Special Capital Outlay - State 31400	Energy Efficient Act 31800	Ed Tech Debt Service 43000	
<b>ASSETS</b>					
<i>Current Assets</i>					
Cash and temporary investments	\$ 5,952	\$ 116,257	\$ 11	\$ 618	\$ 237,885
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	-	-	-	329,814
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>5,952</u>	<u>116,257</u>	<u>11</u>	<u>618</u>	<u>567,699</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<i>Current Liabilities:</i>					
Accounts payable	-	-	-	-	1,394
Accrued expenses	-	-	-	-	4
Interfund payables	-	-	-	-	297,061
Deferred revenue - other	-	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>298,459</u>
<i>Fund Balance:</i>					
Fund Balance:					
Nonspendable	-	-	-	-	-
Restricted	5,952	116,257	11	618	264,259
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	4,981
<i>Total fund balance</i>	<u>5,952</u>	<u>116,257</u>	<u>11</u>	<u>618</u>	<u>269,240</u>
<i>Total liabilities and fund balance</i>	<u>\$ 5,952</u>	<u>\$ 116,257</u>	<u>\$ 11</u>	<u>\$ 618</u>	<u>\$ 567,699</u>

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

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2017**

	Food Services 21000	Athletics 22000	Migrant Children Education 24103	IDEA-B Entitlement 24106
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	236,201	-	-	61,655
Charges for services	5,216	30,031	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>241,417</u>	<u>30,031</u>	<u>-</u>	<u>61,655</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	28,960	-	53,205
Support Services				
Students	-	-	-	25,682
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	193
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	248,389	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>248,389</u>	<u>28,960</u>	<u>-</u>	<u>79,080</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(6,972)</u>	<u>1,071</u>	<u>-</u>	<u>(17,425)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>(6,972)</u>	<u>1,071</u>	<u>-</u>	<u>(17,425)</u>
<i>Fund balances - beginning of year</i>	<u>55,820</u>	<u>452</u>	<u>-</u>	<u>17,425</u>
<i>Restatement</i>	<u>(19,676)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year - restate</i>	<u>36,144</u>	<u>452</u>	<u>-</u>	<u>17,425</u>
<i>Fund balances - end of year</i>	<u>\$ 29,172</u>	<u>\$ 1,523</u>	<u>\$ -</u>	<u>\$ -</u>

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

SPECIAL REVENUE FUNDS

IDEA-B Discretionary 24107	IDEA-B Competitive 24108	Preschool IDEA-B 24109	Fresh Fruits and Vegetables 24118	21st Century Grant 24119	Title V 24150
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	2,760	-	95,071	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	2,760	-	95,071	-
-	-	2,760	-	66,300	-
-	-	-	-	-	-
-	-	-	-	4,343	-
-	-	-	-	11,420	-
-	-	-	-	13,008	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	2,760	-	95,071	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,388	916	-	1,303	20,350	-
-	-	-	-	-	-
8,388	916	-	1,303	20,350	-
\$ 8,388	\$ 916	\$ -	\$ 1,303	\$ 20,350	\$ -

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

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2017**

	Title III English Language 24153	Title II Teacher Quality 24154	Reading First 24167	ARRA IDEA-B 24206
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	8,998	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>8,998</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	7,510	-	-
Support Services				
Students	-	635	-	-
Instruction	-	644	-	-
General Administration	-	1,406	-	-
School Administration	-	3,204	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>13,399</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(4,401)</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>(4,401)</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	-	4,401	-	2,226
<i>Restatement</i>	-	-	-	-
<i>Fund balances - beginning of year - restated</i>	-	4,401	-	2,226
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,226</u>

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

SPECIAL REVENUE FUNDS

Bilingual Education 25109	Title XIX Medicaid 3/21 Years 25153	Gear Up 25211	Rural Education Achievement 25233	ARRA State Revitalization 25250	Gates Foundation 26104	LANL Foundation 26113
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	1,500
-	65,474	-	38,966	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	65,474	-	38,966	-	-	1,500
-	37,357	-	37,844	-	-	1,500
-	20,620	-	1,122	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	6,555	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	64,532	-	38,966	-	-	1,500
-	942	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	942	-	-	-	-	-
4	14,813	-	-	6	44	53
-	-	-	-	-	-	-
4	14,813	-	-	6	44	53
\$ 4	\$ 15,755	\$ -	\$ -	\$ 6	\$ 44	\$ 53

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

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2017**

	Dual Credit Instructional Materials 27103	2010 GO Bonds - Student Library Fund (SB1) 27106	2012 GO Bonds - Student Library Fund (SB66) 27107	NM Reads to Lead K-3 Reading Initiative 27114
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	7,110	-	-	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>7,110</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	7,110	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>7,110</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	-	-	-	(396)
<i>Restatement</i>	-	-	-	-
<i>Fund balances - beginning of year - restated</i>	-	-	-	(396)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (396)</u>

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

SPECIAL REVENUE FUNDS					
Robotics 27116	Pre-K Initiative 27117	Incentives for School Improvement 27138	Truancy 27141	Pre-K Initiative 27149	Breakfast for Elementary Students 27155
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	50,000	40,161	6,377
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	50,000	40,161	6,377
-	-	-	-	63,967	-
-	-	-	50,000	-	-
-	-	-	-	-	-
-	-	-	-	158	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	6,377
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	50,000	64,125	6,377
-	-	-	-	(23,964)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(23,964)	-
-	10,730	1,804	-	23,964	-
-	-	-	-	-	-
-	10,730	1,804	-	23,964	-
\$ -	\$ 10,730	\$ 1,804	\$ -	\$ -	\$ -

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

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2017**

	Chama Preschool 27161	Kindergarten Three Plus 27166	State 21st Century 27167	After School Enrichment 27168	State Pe-K 27169
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	32,798	-	-	-
Federal grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>32,798</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>					
Current:					
Instruction	-	36,072	-	-	-
Support Services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General Administration	-	-	-	-	-
School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student Transportation	-	-	-	-	-
Other Support Services	-	-	-	-	-
Food Services Operations	-	-	-	-	-
Community Service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>36,072</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(3,274)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
Proceeds from bond issues	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>(3,274)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	10,770	3,274	674	-	71
<i>Restatement</i>	-	-	-	-	-
<i>Fund balances - beginning of year - restated</i>	10,770	3,274	674	-	71
<i>Fund balances - end of year</i>	<u>\$ 10,770</u>	<u>\$ -</u>	<u>\$ 674</u>	<u>\$ -</u>	<u>\$ 71</u>

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

SPECIAL REVENUE FUNDS

Libraries GO Bond 27170	2013 School Buses 27178	STEM Teacher Initiative 27181	NM Fresh Fruit & Vegetables 27183	College Counselor Initiative 27189	State Discretionary IDEA-B 27200	Library Books 27549
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	118,014	-	-	1,126	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	118,014	-	-	1,126	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	95,135	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	95,135	-	-	-	-	-
-	22,879	-	-	1,126	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	22,879	-	-	1,126	-	-
-	-	18,225	-	(1,126)	668	1,237
-	-	-	-	-	-	-
-	-	18,225	-	(1,126)	668	1,237
\$ -	\$ 22,879	\$ 18,225	\$ -	\$ -	\$ 668	\$ 1,237

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



**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2017**

Statement B-2  
(Page 9 of 9)

	SPECIAL REVENUE FUND	CAPITAL PROJECT FUNDS		DEBT SERVICE FUND	Total Non-major Funds
	Private Grants 29102	Special Capital Outlay - State 31400	Energy Efficient Act 31800	Ed Tech Debt Service 43000	
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ 58	\$ 58
State grants	-	-	-	-	257,086
Federal grants	-	-	-	-	509,125
Charges for services	-	-	-	-	35,247
Miscellaneous	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58</u>	<u>801,516</u>
<i>Expenditures:</i>					
Current:					
Instruction	-	-	-	-	342,585
Support Services					
Students	-	-	-	-	98,059
Instruction	-	-	-	-	644
General Administration	-	-	-	-	5,749
School Administration	-	-	-	-	21,530
Central Services	-	-	-	-	13,008
Operation & Maintenance of Plant	-	-	-	-	-
Student Transportation	-	-	-	-	95,135
Other Support Services	-	-	-	-	-
Food Services Operations	-	-	-	-	254,766
Community Service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>831,476</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58</u>	<u>(29,960)</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
Proceeds from bond issues	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58</u>	<u>(29,960)</u>
<i>Fund balances - beginning of year</i>	5,952	116,257	11	560	318,876
<i>Restatement</i>	-	-	-	-	(19,676)
<i>Fund balances - beginning of year - restated</i>	<u>5,952</u>	<u>116,257</u>	<u>11</u>	<u>560</u>	<u>299,200</u>
<i>Fund balances - end of year</i>	<u>\$ 5,952</u>	<u>\$ 116,257</u>	<u>\$ 11</u>	<u>\$ 618</u>	<u>\$ 269,240</u>

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



**OTHER SUPPLEMENTAL INFORMATION**

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Schedule I

Activity	Balance June 30, 2016	Additions	Adjustments	Deletions	Balance June 30, 2017
Central Office Activity	\$ 309	\$ 27	\$ -	\$ -	\$ 336
Tansportation Activity	31	7	-	-	38
Escalante Office Administration	4,412	1,553	-	1,907	4,058
Escalante Library	78	-	-	-	78
Escalante FFA	4,184	483	-	1,491	3,176
Escalante EHS Volleyball	125	8,289	-	8,414	-
Escalante Student Senate	172	-	-	-	172
Escalante Honors Society	836	1,015	650	146	2,355
Escalante Class of 2014	691	-	-	-	691
Escalante Journalism	4,202	968	-	655	4,515
Escalante class of 2017	1,536	1,564	-	2,756	344
Escalante Football	-	19,241	-	16,037	3,204
Escalante class of 2020	-	1,050	-	-	1,050
Escalante Business Ed	66	-	-	-	66
Escalante Weight Room	165	-	-	165	-
Escalante Art Lab Fee	457	-	-	-	457
EHS Cheerleaders	648	-	-	-	648
Class of 2013	380	-	-	-	380
EHS Track	526	-	-	356	170
EHS Mid Volleyball	227	-	-	227	-
EHS MENS BBALL	-	2,256	-	1,925	331
EHS GIRLS BBALL	913	5,974	-	5,824	1,063
TA ELEM- 5TH/6TH BBALL	64	861	-	925	-
TA ELEM- 3RD/4TH BBALL	3,929	1,492	-	5,421	-
TA ELEM- OFFICE ADMIN	293	99	-	-	392
TA ELEM - LOST BOOKS	188	-	-	-	188
TA ELEM- LIBRARY	492	-	-	-	492
TA- ELEM CHEERLEADER	-	15,157	-	14,682	475
TA ELEM- KINDERGARTEN	21	-	-	-	21
TA ELEM 1ST GRADE	6	-	-	-	6
TA ELEM 2ND GRADE	100	-	-	-	100
TA ELEM 3RD GRADE	50	-	-	-	50
TA ELEM 4TH GRADE	-	16	-	16	-
TA ELEM 5TH GRADE	616	122	-	122	616
TA ELEM 6TH GRADE	-	208	-	208	-
CHAMA 3,4,5,6 ATHLETICS	6,698	1,350	-	2,426	5,622
EHS MID FOOTBALL	105	-	-	-	105
CHAMA MID OFFICE ADMIN	-	378	-	-	378
CHAMA TEXTBOOK	69	-	-	-	69
CHAMA LIBRARY	930	-	-	-	930
CHAMA STUDENT COUNCIL	2,549	-	-	75	2,474
CHAMA BOOK ORDERS	37	-	-	-	37
CHAMA CLOSE UP	1,641	1,200	-	2,606	235
ESCALANTE MID- HIGH SCHOOL	1,180	7,386	-	8,410	156
ESCALANTE CLASS OF 2015	30	-	-	-	30
8TH GRADE CLASS	50	-	-	-	50
FRESHMAN CLASS OF 2018	3,975	1,670	-	1,627	4,018
EHS CLASS OF 2019	1,915	3,930	-	1,560	4,285
DISTRICT 5AA ATHLETICS	1,760	9,123	-	9,688	1,195
EHS MID BOYS BASKETBALL	-	1,789	-	950	839
<b>Total All Schools</b>	<b>\$ 46,656</b>	<b>\$ 87,208</b>	<b>\$ 650</b>	<b>\$ 88,619</b>	<b>\$ 45,895</b>

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

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**SCHEDULE OF DEPOSITS**  
**JUNE 30, 2017**

Schedule II

Bank Account Type/Name	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
New Mexico Bank & Trust				
Checking - Operating Account	1,282,911	-	291,680	991,231
<b>Total New Mexico Bank &amp; Trust</b>	<b>1,282,911</b>	<b>-</b>	<b>291,680</b>	<b>991,231</b>
NMFA - Bank of America				
Checking - Bond Building	213,569	-	-	213,569
Checking - Athletic Complex	1,180,253	-	-	1,180,253
Checking - Athletic Complex	882,063	-	-	882,063
<b>Total Bank of America*</b>	<b>2,275,885</b>	<b>-</b>	<b>-</b>	<b>2,275,885</b>
<b>Total cash in bank</b>	<b>\$ 3,558,796</b>	<b>\$ -</b>	<b>\$ 291,680</b>	<b>\$ 3,267,116</b>
Cash per financial statements				
Cash and cash equivalents-Governmental Activities Exhibit A-1				3,221,221
Fiduciary funds - Exhibit D-1				45,895
<b>Total cash and cash equivalents</b>				<b>\$ 3,267,116</b>

**SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY**

Name of Depository	Description of Pledged Collateral	Cusip Number	Maturity	Fair Market Value June 30, 2017	Name and Location of Safekeeper
New Mexico Bank and Trust	Charles Stewart Comm Col GO Bnds, 4.00%	15987EFC3	5/1/2030	737,993	Suntrust Bank, N.A.
				<u>737,993</u>	

\*Restricted cash accounts are held by New Mexico Finance Authority (NMFA) as required by bond provisions and are covered under the NMFA collateralization agreements.

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

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**CASH RECONCILIATION**  
**JUNE 30, 2017**

	Operational Account 11000	Teachergage Account 12000	Transportation Account 13000	Instructional Materials 14000	Food Services Account 21000
Cash, June 30, 2016	72,572	62,059	17,766	18,406	44,417
Restatement	-	-	-	-	-
Add:					
2016-17 revenues	4,933,332	8,300	197,331	26,662	237,563
Permanent Cash Transfers	-	-	-	-	-
Loans from other funds	-	-	-	-	-
Total cash available	5,005,904	70,359	215,097	45,068	281,980
Less:					
2016-17 expenditures	(5,002,603)	(7,104)	(215,097)	(25,173)	(255,268)
Permanent Cash Transfers	-	-	-	-	-
Loans to other funds	-	-	-	-	-
Cash, June 30, 2017	<u>\$ 3,301</u>	<u>\$ 63,255</u>	<u>\$ -</u>	<u>\$ 19,895</u>	<u>\$ 26,712</u>

The accompanying notes are an integral part of these financial statements

Athletics Account 22000	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000	State Flowthrough 27000
2,052	(311,878)	(71,065)	97	(161,405)
-	-	-	-	-
30,031	429,282	65,474	1,500	330,482
-	-	-	-	-
-	-	-	-	-
32,083	117,404	(5,591)	1,597	169,077
(30,560)	(245,648)	(103,498)	(1,500)	(258,819)
-	-	-	-	-
-	-	-	-	-
<u>\$ 1,523</u>	<u>\$ (128,244)</u>	<u>\$ (109,089)</u>	<u>\$ 97</u>	<u>\$ (89,742)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT No. 19**  
**CASH RECONCILIATION**  
**JUNE 30, 2017**

	State Direct 28000	Local / State 29000	Bond Building Account 31100	Spec. Capital Outlay-State 31400	Federal Capital Outlay 31500
Cash, June 30, 2016	-	5,952	3,033	116,257	-
Restatement	-	-	-	-	-
Add:					
2016-17 revenues	-	-	150,338	-	-
Permanent Cash Transfers	-	-	-	-	-
Loans from other funds	-	-	-	-	-
Total cash available	-	5,952	153,371	116,257	-
Less:					
2016-17 expenditures	-	-	(150,338)	-	-
Permanent Cash Transfers	-	-	-	-	-
Loans to other funds	-	-	-	-	-
Cash, June 30, 2017	<u>\$ -</u>	<u>\$ 5,952</u>	<u>\$ 3,033</u>	<u>\$ 116,257</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Cap. Improv. SB 9 31700	Energy Efficiency 31800	Public School Capital Outlay - 20% 32100	Debt Service Fund 41000	Education Tech Debt Service Fund 43000	Total
181,117	11	-	861,178	560	\$ 841,129
-	-	-	-	-	-
303,357	-	-	1,360,366	58	8,074,076
-	-	-	-	-	-
-	-	-	-	-	-
484,474	11	-	2,221,544	618	8,915,205
(422,752)	-	-	(1,251,509)	-	(7,969,869)
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 61,722</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 970,035</u>	<u>\$ 618</u>	<u>\$ 945,336</u>
		Fiduciary funds			45,895
		Restricted cash held at NMFA			2,275,885
		Total cash			<u>\$ 3,267,116</u>

The accompanying notes are an integral part of these financial statements



**COMPLIANCE SECTION**



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

**INDEPENDENT AUDITOR'S REPORT**

Tim Keller  
New Mexico State Auditor  
The Office of Management and Budget  
To the Board of Education  
Chama Valley Independent School District  
Tierra Amarilla, New Mexico

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general funds and major special revenue funds, of the Chama Valley Independent School District, New Mexico, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Chama Valley Independent School District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Chama Valley Independent School District, presented as supplemental information, and have issued our report thereon dated October 30, 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 to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, which we consider to significant deficiencies as items FS 2016-002 and FS 2017-001.



### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as items FS 2014-003 and FS 2017-002.

### Responses to Findings

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

### Purpose of the Report

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

*Grigo Professional Services, LLC*

Albuquerque, New Mexico  
October 30, 2017



**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Section I – Summary of Audit Results**

*Financial Statements:*

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

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Section II – Financial Statement Findings**

**FS 2014-003 Dormant Funds (Other Matter)**

*Condition:* The District has special Revenue funds in the general ledger that are carrying balances forward from year to year but are not being utilized. These funds are as follows:

<b>Fund Number</b>	<b>Fund Name</b>	<b>Amount</b>	<b>Fund Number</b>	<b>Fund Name</b>	<b>Amount</b>
24107	Discretionary IDEA B	\$8,388	27138	Incentives for School Improv.	\$1,804
24118	Fresh Fruits and Vegetables	1,303	27161	Chama Preschool	10,770
24119	21 <sup>st</sup> Century Grant	20,350	27167	State 21 <sup>st</sup> Century	674
24206	AARA- Entitlement IDEA B	2,226	27169	Pre-K State	71
25109	Bill and Melinda Gates Foundation	4	27200	State Discretionary IDEA-B	668
25250	Technology for Education	6	27549	Library Books Fund	1,237
26104	Bill and Melinda Gates Foundation	44	29102	Private Grants	5,952
27117	Technology for Education	10,730	31400	Special Capital Outlay	116,257
			31800	Energy Efficiency Act	11

The District is continuing to work with the Public Education Department (PED) to get these funds either transferred, repaid or spent.

*Criteria:* Good accounting policy necessitates the review of the general ledger to ensure that all existing funds are being utilized and that any funds that are not being used and carrying balances should be adjusted accordingly.

*Effect:* The extra funds that are not being utilized, but are carrying balances, create additional work for the District during the preparation of reports and reviewing the general ledger.

*Cause:* The District has been unable to obtain direction from the PED on how to close these funds.

*Auditor's Recommendation:* The District should implement procedures to review the general ledger to identify funds that are not being utilized so that cash balances can be used or reverted back to the originator.

*Responsible Official's View:* The Business Manager has previously submitted a request to PED to transfer cash to eliminate special revenue funds that are carrying balances and not being utilized. These cash transfers request were denied in SY 14-15, but the . The Business Manager will submit cash transfer requests to PED by June, 2018 to eliminate these funds not being utilized. The cash transfers request will be reviewed by the superintendent and approved by the School Board of Education. This audit finding will be resolved by June 30, 2018.

*Corrective Action:* Management will resolve the audit finding by June 30, 2018 by either acquiring directive from the Public Education Department to utilize the balances to clear the deficit fund balances that have also been carried over from the previous years or will revert the funds to the originator.

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**2016-002 Cash Management (Significant Deficiency):**

*Condition:* The District did not maintain sufficient cash amounts within the General Fund to cover Operational and program expenditures. The General Fund did not maintain enough cash balance to cover program overages of \$417,835. These funds had to be borrowed from the Debt Service Fund. Emergency supplemental funding in 2017 totaled \$641,079 which aided to mitigate this issue.

*Criteria:* According to NMAC 6.20.2.14 Cash Control Standards – A, “School districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the Office of Management and Budget (OMB) Circular A-102, and applicable state and federal laws and regulations” and NMAC 6.20.2.14 Cash Control Standards- E, “ The school district shall verify that there is sufficient cash and budget prior to the disbursement of cash. A revenue ledger is required for each revenue code as approved in the finalized budget, and additional revenue ledgers may be added as necessary.”

*Effect:* Improper cash management may result in the need to finance normal operations and may potentially result in a going concern issue for the district.

*Cause:* This was a problem that was caused by funds spent in prior years and determined to be uncollectable. In addition, the District has been on emergency supplemental funding from the Public Education Department (PED) for numerous years. As the Districts funding agency, PED is aware of the situation.

*Auditor’s Recommendation:* It is recommended that the district implement policies and procedures to ensure that this situation does not occur in the future. Controls must require the monitoring of cash balances within funds to ensure compliance with state and federal guidelines. Policies and procedures should require the review of budgeted amounts to ensure expenditures do not exceed budgeted amounts and restrictions.

*Responsible Official’s View:* The management disagrees that the issue at hand is a cash management matter. The district is funded by several federal funds and due to the nature of the method of those disbursements, which in fact is on a reimbursement basis, leaves no room for cash management. The general fund is mostly funded by the state equalization guarantee, which is driven by student enrollment, and is primarily utilized for the education of our students in the district. Since the district is located in a rural area The student enrollment is quite limited, therefore only generating nearly enough to ensure the education of our young students, let alone to cover federal deficit. All budgets approved by the PED where successfully managed and there was no instance of expenditures exceeding budget amounts. Management successfully cleared out old debt through the general fund, however was unsuccessful in utilizing the *general* fund to cover federal deficit. The district will however, continue to diligently work with the Board of Education and the PED to clear out expired grant remaining balances that will positively affect the next amount of cash the general fund will need to contribute to cover federal deficit's next year. The business manager has been requesting reimbursement for state and federal funds every 15 days to ensure a federal funds are recovered as they are spent. The superintendent reviews the request for reimbursements for state and federal funds. Since Chama Valley schools it on emergency supplemental funding, and has been the last seven years, it is not expected that the district will have a sir plus in the general fund to cover federal deficit on June 30, 2017. The district will attempt to resolve this audit finding by June 30, 2018.

*Corrective Action:* The District attempted to permanently transfer cash from the general fund and received prior approval from the PED to do so; however, due to the fact that the District is currently on Emergency Supplemental, there was absolutely no surplus in the General Fund to be transferred into deficit funds. The District will work diligently on clearing the deficit by permanently transferring the amount approved by the PED as it becomes possible.

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**FS 2017-001 –Prior Period Adjustment (Significant Deficiency)**

*Criteria:* Per NM Statute: Agencies should implement systematic and well-documented accounting system. A system is recommended, with appropriate controls on access and authorization of transactions to ensure prior period adjustments are not required in future years. It must generate all necessary accounting entries to the agency's general ledger.

*Condition:* The District was maintaining beginning balances in the Gear Up and Food Services funds that were not properly recorded in the prior year and, as a result, adjustments, totaling \$105,564, were required to restate prior year beginning fund balances. The adjustments were made to appropriately allocate fund balances more properly between funds.

*Cause:* The District's internal control system did not allow for a proper review of the prior year financial statements. As a result, balances which were not accurate were recorded and reported.

*Effect:* The District had a net total adjustment to governmental fund balances of \$105,564. Fund balances and deferred revenue balances were improperly recognized.

*Auditors' Recommendation:* The District should ensure that all fund balances are entered into the system and are correctly classified in the financial reports.

*Responsible Official's Views:* In previous years, management was not provided sufficient time to review the financial statement. In the future, management will implement internal controls which require the auditor to provide financial statement drafts in sufficient time for managements review. This was accomplished for fiscal year 2017.

*Corrective Action:* The Districts current auditor provided financial statement drafts in sufficient time for a management review. Management will continue to have the Business Manager be responsible for oversight of the audit and financial statement process.

**FS 2017-002 — Pledged Collateral – Cash Equivalents and Deposits (Compliance)**

*Criteria:* Cash equivalents and deposits must be covered by 50% of pledged collateral in accordance with NMSA 1978 Section 6-10-16. The collateral held by the financial institution must be secured by securities indicated in NMSA2.60.4.10 "Required Types of Collateral.

*Condition:* During the year ended June 30, 2017 and 2016, the District's financial institution did not maintained securities under their collateralization of deposits in accordance with State of New Mexico Statutes (NMSA 2.60.4.10 "Required Types of Collateral"). This occurred when the District's previous financial institution merged in November 2015 with the current financial institution. This results in under collateralization of deposits as of June 30, 2016 and 2017. Non-compliance resulted in the District being \$516,456 under collateralized as of June 30, 2017.

*Cause:* The District's financial institution was changed through a merger and the new financial institution did not maintain collateralization in accordance with New Mexico Statutes.

*Effect:* The District's collateralization of its deposits at June 30, 2016 and 2017 was not in compliance with State Statutes (NMSA 2.60.4.10). As a result, the District maintained a balance of \$516,456 which was under-collateralized at June 30, 2017. Lack of proper collateralization may result in non-compliance with state statutes and increase potential liability and exposure to the loss of the District's public funds in the event of bank closure.

*Auditors' Recommendations:* The District must ensure all cash balances are collateralized as required by State Statutes. The District must ensure all agreements with their financial institution mandates compliance with State Statutes and that the financial institution understands the Statutes for which compliance is necessary.

**STATE OF NEW MEXICO**  
**CHAMA VALLEY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

*Corrective Action:* The Districts business manager and superintendent have discussed the collateralization with their financial institution to insure compliance immediately and in the future. The business manager is responsible to monitor the collateralization compliance issue as of January 2018 forward.

**Section III – Prior Year Audit Findings**

FS 2014-003 – Dormant Funds – Revised and Repeated  
FS 2016-001 – Lack of Review and Approval over Journal Entries – Resolved  
FS 2016-002 – Cash Management – Revised and Repeated

**Section VI – Other Disclosures**

Auditor Prepared Financials

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

Exit Conference

The contents of this report were discussed on October 30, 2017. The following individuals were in attendance.

Chama Valley Independent School District  
Anthony Casados, Superintendent  
Danette Madrid Business Manager  
Monica Cordova, Board Member

Griego Professional Services, LLC  
JJ Griego, CPA