

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2017

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
TABLE OF CONTENTS
JUNE 30, 2017**

	<u>Page</u>
INTRODUCTORY SECTION	
Table of Contents	i
Official Roster	iii
 FINANCIAL SECTION	
Independent Auditor’s Report	1
Management Discussion and Analysis (Unaudited)	4
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds	16
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to Statement of Activities	23
Statement of Revenues and Expenditures – Budget and Actual (Non-GAAP Budgetary Basis) –	
General Operational Fund (11000)	24
Transportation Fund (13000)	25
Instructional Materials Fund (14000)	26
Food Service (21000)	27
Title I (24101)	28
IDEA-B (24106)	29
Statement of Fiduciary Assets and Liabilities – Agency Funds	30
Notes to Financial Statements	31
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	
Schedule of the District’s Proportionate Share of Net Pension Liability	58
Schedule of the District’s Contributions	59
Notes to Required Supplementary Information	60

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
TABLE OF CONTENTS (CONTINUED)
JUNE 30, 2017**

	<u>Page</u>
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – Nonmajor Governmental Funds	61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	62
Combining and Individual Fund Statements and Schedules:	
Nonmajor Special Revenue Funds – Fund Descriptions	63
Combining Balance Sheet – Nonmajor Special Revenue Funds	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	73
Nonmajor Capital Projects Funds – Fund Descriptions	80
Combining Balance Sheet – Nonmajor Capital Projects Funds	81
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	82
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds	83
Schedule of Collateral Pledged by Depository for Public Funds	84
Schedule of Cash and Temporary Investment Accounts	91
Schedule of Cash Reconciliation	92
COMPLIANCE SECTION	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	98
Independent Auditor’s Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance	100
Schedule of Expenditures of Federal Awards	102
Notes to Schedule of Expenditures of Federal Awards	103
Summary Schedule of Prior Audit Findings	104
Schedule of Findings and Questioned Costs	105
Exit Conference	115

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
OFFICIAL ROSTER
JUNE 30, 2017**

Board of Education

<u>Name</u>	<u>Title</u>
Paul Cordova	President
Terry Martin	Vice - President
Justin Howalt	Secretary
Kyle Snider	Member
Cindy Osburn	Member

School Officials

Jody Balch	Superintendent
Joe Strickland	Deputy Superintendent of Instruction
Carrie Bunce	Deputy Superintendent of Operations
Dr. Kerry Parker	Assistant Superintendent of Human Resources
Shawna Russell	Assistant Superintendent of Finance

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Mr. Tim Keller
New Mexico State Auditor and
The Board of Education
Clovis Municipal Schools
Clovis, New Mexico

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Mr. Tim Keller
New Mexico State Auditor and
The Board of Education
Clovis Municipal Schools

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 the District as of June 30, 2017, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 13 and the Schedule of the District's Proportionate Share of Net Pension Liability and Schedule of the District's Contributions on pages 58 and 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information as required by the New Mexico State Audit Rule (NMAC 2.2.2) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Mr. Tim Keller
New Mexico State Auditor and
The Board of Education
Clovis Municipal Schools

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2017 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
November 13, 2017

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2017**

Introduction

This discussion and analysis of Clovis Municipal School District's (District) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the financial performance of the District as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

- The assets of the District exceeded its liabilities at the end of the fiscal year by \$52,792,874. Of this amount, \$112,335,275 is invested in capital assets, \$20,673,596 is restricted for capital projects, debt service purposes, and special revenue funds and (\$80,215,997) is unrestricted.
- The District's total net position decreased by \$1,251,270 due to the lowering of the unit value mid-year and the cash reduction initiated by the State of New Mexico, as more fully described on the next page.
- The District's liabilities increased by \$13,694,590 in fiscal year 2017 primarily because of an increase in the net pension liability of \$10,423,001.
- At June 30, 2017, the fund balance for the general fund was \$9,609,576, which reflects a decrease of \$1,397,309.
- The District's General Obligation Bond debt balance is \$41,170,000, which reflects an overall \$2,375,000 increase due to the issuance of new bonds with the majority of principal payments occurring in later years. Voters authorized new bonds for \$20,000,000 in an election on February 7, 2017, which allows the District to issue this new debt over a four-year period beginning with the fiscal year ending 2018. The final debt issue will be sold in the fall of 2021. During the same time, the District will begin working on a new bond sale to be voted on in February 2021.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2017**

The District's Condensed Statement of Net Position at June 30 is as follows:

	<u>2017</u>	<u>2016</u>
Current Assets	\$ 34,004,652	\$ 30,479,126
Non-Current Assets	<u>153,505,275</u>	<u>151,396,321</u>
Total assets	<u>187,509,927</u>	<u>181,875,447</u>
Deferred Outflow of Resources	<u>14,504,129</u>	<u>8,937,613</u>
Current Liabilities	5,412,026	4,409,437
Long-Term Liabilities Other than Pension	38,400,000	36,130,000
Net Pension Liability	<u>103,786,965</u>	<u>93,363,964</u>
Total liabilities	<u>147,598,991</u>	<u>133,903,401</u>
Deferred Inflow of Resources	<u>1,622,191</u>	<u>2,865,515</u>
Net Investment in Capital Assets	112,335,275	112,601,321
Restricted	20,673,596	16,545,494
Unrestricted (Deficit)	<u>(80,215,997)</u>	<u>(75,102,671)</u>
Total net position	<u>\$ 52,792,874</u>	<u>\$ 54,044,144</u>

At June 30, 2017, ending net position was \$52,792,874 and at June 30, 2016, ending net position was \$54,044,144 for decrease of \$1,251,270.

The decrease in net position was a result of the increase in Total Assets and Deferred Outflow of Resources Offset by an increase in Total Liabilities and a decrease in Deferred Inflow of Resources, a requirement of GASB 68. Further review of the effects of GASB 68 can be found later in this discussion. For further information, please see the GASB breakdown under Overview of Clovis Municipal School's Financial Position and Operations.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2017**

The District's Condensed Statement of Activities for the years ended June 30 is as follows:

	<u>2017</u>	<u>2016</u>
Revenues		
Charges for services	\$ 357,104	\$ 413,456
Operating grants/contributions	13,955,563	12,975,648
Capital grants/contributions	3,133,016	1,869,637
Local property taxes	5,812,985	6,029,316
State aid	56,578,931	58,499,279
Interest income	118,004	109,070
Other	<u>(483,868)</u>	<u>(771,384)</u>
Total revenues	<u>79,471,735</u>	<u>79,125,022</u>
Expenses		
Direct instruction	44,317,506	42,318,853
Support services	16,996,469	17,670,205
Central services	2,135,902	1,931,835
Operation & maintenance of plant	8,782,961	8,358,854
Student transportation	1,795,513	1,943,363
Operation of non-support services	5,576,330	5,702,927
Interest on long-term debt	<u>1,118,324</u>	<u>1,033,255</u>
Total expenses	<u>80,723,005</u>	<u>78,959,292</u>
Changes in net position	(1,251,270)	165,730
Net position, beginning of year	<u>54,044,144</u>	53,878,414
Net position, end of year	<u>\$ 52,792,874</u>	<u>\$ 54,044,144</u>

Overview of Financial Statements

The District's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2017**

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to that of a private sector business.

The *statement of net position* presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both *the statement of net position* and *the statement of activities* distinguish functions of District that are primarily supported by property taxes and state revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through fees and charges. The governmental activities of the district include education, pupil transportation, food service, instructional materials allocations, and community service. The District does not have any business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other school districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Government Funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2017**

The District maintains nine individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the government funds statement of revenues, expenditures, and changes in fund balance for the following funds:

- General Operational Fund
- Transportation Fund
- Instructional Materials Fund
- Food Service Fund
- Title I
- IDEA-B Entitlement
- Bond Building Fund
- Capital Improvements – SB9 (Local) Fund
- Debt Service Fund
- Other Governmental Funds

The first nine funds are considered major funds. Individual fund data for each of the funds included in the Other Governmental Funds, which are considered to be non-major funds, is provided in the form of combining statements following the notes to the financial statements. The District adopts an annual appropriated budget for each of its funds. Budgetary comparative statements have been provided for the major funds to demonstrate compliance with the budgets.

Fiduciary Funds

Fiduciary Funds are used to account for resources held in trust for the benefit of parties outside the District. Fiduciary fund financial statements consist of a statement of fiduciary net position and a statement of changes in fiduciary net assets. These funds are not reported in the government-wide financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Overview of Clovis Municipal School's Financial Position and Operations

As noted earlier, over time, net position may serve as a useful indicator of a government's financial position. A portion (213%) of the District's net position is invested in capital assets (e.g., land, land improvements, buildings and building improvements, and furniture, fixtures, and equipment), less any related debt used to acquire those assets that is still outstanding. The Net Investment in Capital Assets decreased by \$266,046, primarily because of the cost of completed building and building projects and adjusted by depreciation expense and changes in debt associated with buildings. The District uses these capital assets to provide educational services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2017**

On July 1, 2014, the District implemented GASB 68. GASB 68 required the District to record the net unfunded pension liability of the District's entire participant group (current and former employees) in the State's educational retirement system on the District's financial statements (Statement of Net Position). The table below presents the effect of the pension liability in the Statement of Net Position at June 30:

	<u>2017</u>	<u>2016</u>
Pension liability	\$ (103,786,965)	\$ (93,363,964)
Deferred inflows related to pension liability	(1,622,191)	(2,865,515)
Deferred outflows related to the pension liability	<u>14,504,129</u>	<u>8,937,613</u>
Total net position (deficit) related to pension liability	<u>\$ (90,905,027)</u>	<u>\$ (87,291,866)</u>

GASB 68 does not allow for the components of the unrestricted net position to be presented separately in the financial statements; however, for the purposes of management's discussion and analysis, we present the following information for the readers of these financial statements:

	<u>2017</u>	<u>2016</u>
Unrestricted (deficit) net position - pension obligation	\$ (90,905,027)	\$ (87,291,866)
Unrestricted net position - other	<u>10,689,030</u>	<u>12,189,195</u>
Total unrestricted (deficit) net position	<u>\$ (80,215,997)</u>	<u>\$ (75,102,671)</u>

Changes in the pension liability during the year ended June 30, 2017 resulted **in an additional** pension expense of \$3,613,171 in the Statement of Activities.

Additionally, for comparative analysis, if the effects of GASB 68 were not recorded in the District's financial statements, the District's unrestricted net position would have decreased from \$12,189,195 at June 30, 2016 to \$10,689,030 at June 30, 2017.

All other portions of net position are restricted for the stated purpose. Current and other assets increased by \$3,925,006. This increase was primarily due to an increase in restricted cash in the Bond Building and Capital Improvement Funds, and an increase in receivables in the Operational Fund.

The District continues to utilize local Bond Funds and State Appropriations to construct new schools and make improvements to existing facilities. As a result, long-term liabilities increased \$2,270,000.

The following are major elements of the District's governmental activities leading to the decrease in the changes in net position.

As noted in the preceding schedule, the District is heavily dependent on federal and state aid, which comprises 92% of total revenues. Correspondingly, it spends almost 63% of total expenditures on direct instruction and support services – student/instruction/school administration; the two primary functions that indicate direct school spending. Revenues from local sources experienced a slight increase. The District experienced an increase of \$366,597 in property tax revenues. Federal and State Aid, Operating Grants and contribution sources experienced an increase of \$263,446 compared to 2016. This increase is due to the increase in the

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2017**

Capital and Operating Grants and Contributions and an increase and Food Service offset by the significant decrease in State Equalization Guarantee funds of \$1,920,348 where the State of New Mexico decreased the unit value by \$60.61 or 1.5%. For Clovis Schools, that equated to an \$884,506 decrease in state funding. Due to the economic factors of the communities we serve, the District qualifies for substantial Federal assistance.

The remaining major funds had a better outlook when comparing 2016 to 2017. The Debt Service Fund has increased as a result of the changes in long-term debt; refunding higher interest debt and the accelerated bond re-payment plan the District has chosen. The Capital Improvements Fund also showed an increase in FY 2017 revenues. The Bond Building Fund increased due to the issuance of debt.

The fund balance of the District's general fund decreased by \$1,397,309 during the current fiscal year. The combination of the mid-year decreases in the unit value and the cash balance reduction cost \$2,037,690. This District made frugal decisions on spending and was able to maintain the District's high bond rating. The current fiscal year budget reflects a stable cash balance. The District continues to be cautious in its spending, mindful that there are unfunded State of New Mexico mandates, which allow teachers to move levels based on their evaluation instead of completing a dossier. Each level move per teacher costs the District approximately \$12,000 per year.

The District's Debt Service fund balance was \$3,974,216 and is restricted for the payment of debt service. This is a net increase in fund balance of \$285,091. The increase was due to an increase in property tax payments and refunding of higher interest bonds.

There was an increase of \$1,326,783 in the fund balance of the Bond Building Capital Fund resulting in a fund balance of \$6,730,026. The increase was the result of the sale of the final issue of the municipal bond in September 2016. The proceeds of that bond sale will pay the final payments on the new Parkview Elementary School.

General Fund Budgetary Highlights

The District's budget is prepared in compliance with New Mexico State Statutes and New Mexico Public Education Department regulations and is based on revenue and expenditure trends, current year projections for certain transactions including cash receipts, disbursements, and encumbrances and is driven by the Educational Plan for Student Success and Individual Site 90-day plans. The primary focus of the District's budget development process is the General Fund due to funding challenges, legislative mandates for the educational programs and provision of student services, staffing, and other operating decisions. During the course of fiscal year 2017, the District amended its budget as needed. Differences between the original budgeted revenues and the final amended budgeted revenues resulted in a budget decrease of \$2,037,690. This was a result of the funding formula decrease of \$60.61 per unit and the Cash Reduction (CS/SB 114 Laws of 2017, Chapter 3) discussed earlier.

The General Fund had significantly lower actual expenditures compared to final budget amounts in Instruction, Operations and Maintenance of Plant, and Other Support Services due to the strong budgeting controls the District has implemented.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2017**

Capital Asset and Debt Administration

At the end of fiscal year 2017, the District had \$223,861,427 invested in capitalized assets with associated accumulated depreciation of \$70,356,152. This investment in capital assets includes land, construction in progress, land improvements, buildings and building improvements, and furniture, fixtures and equipment. For all governmental activities, the amount of capital assets owned by the District was \$153,505,275 at historical cost, net of accumulated depreciation.

Major capital asset events during the current fiscal year included the following:

- CHS Gym Restroom Renovation
- Playgrounds at Barry, Cameo, James Bickley, Mesa, Sandia and Zia Elementary Schools
- CHS Tennis Court - Design
- Marshall Auditorium Roof and Cameo Roof
- Parking Lot Replacements at Cameo Elementary, Freshman Academy, Bella Vista, Barry, and Central Office
- Parkview Design
- Student Desk and Chair replacements in all classrooms at Freshman Academy and Cameo

Construction in progress consisted of major construction projects currently underway in the District which include the New Parkview School; Barry, Cameo, Freshman Academy, and Zia Parking Lot Improvements; new playground equipment at Lincoln Jackson and Los Ninos; the CHS Gym Restroom Renovation; Marshall Chain Length Fencing Project; the Entry Renovation at Bella Vista and other various projects throughout the District.

Long-Term Obligations

At the end of the current year, the District had \$41,456,328 in long-term debt related to governmental activities. Of this debt, \$41,170,000 was related to general obligation bonds outstanding at year-end. The debt position of the District is summarized below and is more fully analyzed in the financial statements.

	Balance <u>June 30, 2016</u>	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Bonds payable	\$ 38,795,000	\$ 8,515,000	\$ (6,140,000)	\$41,170,000	\$ 2,770,000
Compensated absences	296,309	287,263	(297,244)	286,328	286,328
Total	<u>\$ 39,091,309</u>	<u>\$ 8,802,263</u>	<u>\$ (6,437,244)</u>	<u>\$41,456,328</u>	<u>\$ 3,056,328</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2017**

The District's total debt amount was \$41,170,000 at June 30, 2017. On August 1, 2016, the District reduced the debt principal by \$2,315,000 in accordance with scheduled bond payments. Additionally, the District refunded the 2008 bond, decreasing the interest rate on that bond by an average of 1.57%. Overall, the District increased its debt balances by \$2,365,019, which was due to the issuance of new debt in September 2016.

The District maintained an Aa3/Underlying Aaa bond rating from Moody's Investor Service, Inc. during FY 16-17 despite the cash reduction of \$1,153,184 mandated by the State of New Mexico. Additionally, the District held a bond election on February 7, 2017 in which the voters passed by a margin of over 5 to 1. Clovis Municipal Schools intends to hold its next bond election on February 7, 2021.

Relevant Current Economic Factors, Decisions and Conditions

The economy of Curry County and the City of Clovis is based primarily upon agriculture, military, industrial manufacturing, and wholesale/retail distribution. With 4,732 active-duty members, 652 government civilians and 568 permanent party contractors, Cannon Air Force Base is vital to the economic stability of the area. Curry County is the largest agricultural center and has the largest concentration of cattle farms in New Mexico. Unemployment in Curry County has remained lower than the nation, at 5.9% in July 2017.

The population of Curry County has seen a slight increase over the previous year and the student population has shown a slight decrease. The peak enrollment was in the FY 10-11 school year, with 8,470 students. The final student enrollment count for FY 16-17 was 8,367, which included 889 military students from Cannon Air Force Base. Projected enrollment for FY 17-18 was 8,325, which reflects a slight decrease in the student population. Since the District, like all other New Mexico school districts, is funded on a prior year funding formula, (i.e. the student population from this year will determine the amount of funding received in the following year), it must maintain tight budgetary controls in order to meet current year needs with last year's funding. The District's primary general source of revenues is derived from the state funding formula.

Even with a decline in student population, the need still exists to update and renovate some of the District's older schools. By rebuilding older schools such as Parkview Elementary and Highland Elementary, the District will eliminate the need for 11 portable buildings within the next two years. The District is in the process of replacing furniture in all K-12 classrooms. In addition, the District is working towards repairing and/or replacing parking lots in need of improvement and Artificial Turf at the CHS Football field.

In February 2017, the voters approved new bonds for \$20,000,000. This debt authorization will be sold over a four-year period beginning in September 2017 and will conclude in September 2020. The final bond from the May 2013 election sold in September 2016. As old debt is retired, new debt is issued, thereby maintaining a Debt Service tax rate of \$4.95 per \$1,000 of assessed value.

The District receives approximately 60% of its total annual operating budget from the State of New Mexico through the State Equalization Guarantee Funding. The objectives of the formula are (1) to equalize educational opportunity statewide (by manner) and (2) to retain local autonomy in actual use of funds by allowing funds to be used in local districts at the discretion of local policy making bodies. The basis for the formula is in the number of students enrolled. Weighting factors are assigned to students that receive special services (i.e., special education and bilingual education services), as well as other factors based on the training and experience of the teaching staff and the District's at-risk population.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2017**

Request for Information

This financial report is designed to provide various interested parties with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or require additional information, contact the District's Finance Department:

Shawna E. Russell, Assistant Superintendent of Finance
Clovis Municipal Schools
1009 N. Main Street/PO Box 19000
Clovis, NM 88101
(575) 769-4327
shawna.russell@clovis-schools.org

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

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 8,703,851
Restricted cash and cash equivalents	22,316,820
Receivables	2,557,968
Inventory	<u>426,013</u>
Total current assets	34,004,652
Non-current Assets	
Capital assets, net	<u>153,505,275</u>
Total assets	<u>187,509,927</u>
Deferred Outflows of Resources	
Related to pensions	<u>14,504,129</u>
LIABILITIES	
Current Liabilities	
Accounts payable	1,116,120
Accrued payroll liabilities	814,675
Accrued interest	424,903
Compensated absences	286,328
Due within one year - debt	<u>2,770,000</u>
Total current liabilities	<u>5,412,026</u>
Long-Term Liabilities	
Due in more than one year - debt	38,400,000
Net pension liability	<u>103,786,965</u>
Total long-term liabilities	<u>142,186,965</u>
Total liabilities	<u>147,598,991</u>
Deferred Inflows of Resources	
Related to pensions	<u>1,622,191</u>
NET POSITION	
Net investment in capital assets	112,335,275
Restricted for	
Debt service	3,549,313
Capital projects	12,356,962
Other	4,767,321
Unrestricted (deficit)	<u>(80,215,997)</u>
Total net position	<u>\$ 52,792,874</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental activities:					
Instruction	\$ 44,317,506	\$ 191,517	\$ 3,589,026	\$ -	\$ (40,536,963)
Support services:					
Students	8,505,143	-	3,958,019	-	(4,547,124)
Instruction	3,695,135	-	272,638	-	(3,422,497)
General administration	982,177	-	-	-	(982,177)
School administration	3,746,201	-	-	-	(3,746,201)
Other support service	67,813	-	-	-	(67,813)
Central services	2,135,902	-	-	-	(2,135,902)
Operation & maintenance of plant	8,782,961	-	-	3,133,016	(5,649,945)
Student transportation	1,795,513	-	1,784,704	-	(10,809)
Food services operation	5,534,503	165,587	4,351,176	-	(1,017,740)
Community services	41,827	-	-	-	(41,827)
Interest on long-term obligations	<u>1,118,324</u>	-	-	-	<u>(1,118,324)</u>
Total Primary Government	<u>\$ 80,723,005</u>	<u>\$ 357,104</u>	<u>\$ 13,955,563</u>	<u>\$ 3,133,016</u>	<u>(63,277,322)</u>
General revenues:					
Property taxes:					
Levied for general purpose					368,745
Levied for debt services					3,869,875
Levied for capital projects					1,574,365
State equalization guarantee					56,578,931
Unrestricted investment earnings					118,004
Loss on disposal of capital assets					(523,465)
Miscellaneous					<u>39,597</u>
Total general revenues					<u>62,026,052</u>
Changes in net position					(1,251,270)
Net position, beginning of year					<u>54,044,144</u>
Net position - end of year					<u>\$ 52,792,874</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017**

	OPERATIONAL FUNDS			
	Fund 11000	Fund 13000	Fund 14000	Fund 21000
	General Operational	Transportation	Instructional Materials	Food Service
Assets				
Cash and cash equivalents	\$ 3,161,766	\$ -	\$ 836,752	\$ 3,055,516
Restricted cash and cash equivalents	5,242,397	-	-	-
Accounts receivable				
Property taxes	36,006	-	-	-
Due from other governments	16,238	-	-	-
Other receivables	-	-	-	-
Interfund receivables	1,872,309	-	-	-
Inventory	256,563	-	-	169,450
Total Assets	<u>\$ 10,585,279</u>	<u>\$ -</u>	<u>\$ 836,752</u>	<u>\$ 3,224,966</u>
Liabilities				
Accounts payable	\$ 138,252	\$ -	\$ -	\$ 19,013
Accrued payroll liabilities	814,675	-	-	-
Interfund payables	-	-	-	-
Unearned revenues	-	-	-	-
Total Liabilities	<u>952,927</u>	<u>-</u>	<u>-</u>	<u>19,013</u>
Deferred Inflows of Resources				
Delinquent property taxes	22,776	-	-	-
Total Liabilities and Deferred Inflows of Resources	<u>975,703</u>	<u>-</u>	<u>-</u>	<u>19,013</u>
Fund Balance				
Nonspendable	256,563	-	-	169,450
Restricted for:				
General fund	-	-	836,752	-
Special revenue	-	-	-	3,036,503
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	9,353,013	-	-	-
Total Fund Balance	<u>9,609,576</u>	<u>-</u>	<u>836,752</u>	<u>3,205,953</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 10,585,279</u>	<u>\$ -</u>	<u>\$ 836,752</u>	<u>\$ 3,224,966</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017**

	<i>Fund 24101</i>	<i>Fund 24106</i>	<i>Fund 31100</i>	<i>Fund 31701</i>
	Title I	IDEA-B Entitlement	Bond Building	Capital Improvements SB-9 Local
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	-	-	7,668,307	5,158,545
Accounts receivable				
Property taxes	-	-	-	151,520
Due from other governments	552,790	709,209	-	-
Other receivables	-	-	-	-
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
Total Assets	<u>\$ 552,790</u>	<u>\$ 709,209</u>	<u>\$ 7,668,307</u>	<u>\$ 5,310,065</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 938,281	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	552,790	709,209	-	-
Unearned revenues	-	-	-	-
Total Liabilities	<u>552,790</u>	<u>709,209</u>	<u>938,281</u>	<u>-</u>
Deferred Inflows of Resources				
Delinquent property taxes	-	-	-	95,929
Total Liabilities and Deferred Inflows of Resources	<u>552,790</u>	<u>709,209</u>	<u>938,281</u>	<u>95,929</u>
Fund Balance				
Nonspendable	-	-	-	-
Restricted for:				
General fund	-	-	-	-
Special revenue	-	-	-	-
Capital projects	-	-	6,730,026	5,214,136
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	<u>-</u>	<u>-</u>	<u>6,730,026</u>	<u>5,214,136</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 552,790</u>	<u>\$ 709,209</u>	<u>\$ 7,668,307</u>	<u>\$ 5,310,065</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017**

	<i>Fund 41000</i>		
	Debt Service	Other Governmental	Total
Assets			
Cash and cash equivalents	\$ -	\$ 1,649,817	\$ 8,703,851
Restricted cash and cash equivalents	3,834,771	412,800	22,316,820
Accounts receivable			
Property taxes	380,320	-	567,846
Due from other governments	-	660,626	1,938,863
Other receivables	-	51,259	51,259
Interfund receivables	-	-	1,872,309
Inventory	-	-	426,013
Total Assets	<u>\$ 4,215,091</u>	<u>\$ 2,774,502</u>	<u>\$ 35,876,961</u>
Liabilities			
Accounts payable	\$ -	\$ 20,574	\$ 1,116,120
Accrued payroll liabilities	-	-	814,675
Interfund payables	-	610,310	1,872,309
Unearned revenues	-	-	-
Total Liabilities	<u>-</u>	<u>630,884</u>	<u>3,803,104</u>
Deferred Inflows of Resources			
Delinquent property taxes	<u>240,875</u>	<u>-</u>	<u>359,580</u>
Total Liabilities and Deferred Inflows of Resources	<u>240,875</u>	<u>630,884</u>	<u>4,162,684</u>
Fund Balance			
Nonspendable	-	-	426,013
Restricted for:			
General fund	-	-	836,752
Special revenue	-	1,730,818	4,767,321
Capital projects	-	412,800	12,356,962
Debt service	3,974,216	-	3,974,216
Assigned	-	-	-
Unassigned	-	-	9,353,013
Total Fund Balance	<u>3,974,216</u>	<u>2,143,618</u>	<u>31,714,277</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 4,215,091</u>	<u>\$ 2,774,502</u>	<u>\$ 35,876,961</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

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

Fund balances - total governmental funds	\$	31,714,277
------------------------------------------	----	------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:

Capital assets		223,861,427
Accumulated depreciation		(70,356,152)

Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Property taxes		359,580
----------------	--	---------

Deferred inflow of resources are not financial resources and are not reported in the funds and include:

Related to pensions		(1,622,191)
---------------------	--	-------------

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bond payable		(41,170,000)
Accrued interest payable		(424,903)
Compensated absences		(286,328)
Net pension liability		(103,786,965)

Deferred outflow of resources are not financial resources and are not reported in the funds and include:

Related to pensions		14,504,129
---------------------	--	------------

Total net position - government funds	\$	<u>52,792,874</u>
----------------------------------------------	-----------	--------------------------

See Notes to Financial Statements.

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

	OPERATIONAL FUNDS			
	<i>Fund 11000</i>	<i>Fund 13000</i>	<i>Fund 14000</i>	<i>Fund 21000</i>
	General Operational	Transportation	Instructional Materials	Food Service
Revenues				
Property taxes	\$ 375,938	\$ -	\$ -	\$ -
State grants	56,578,931	1,784,327	376,325	-
Federal grants	234,298	-	-	4,235,588
Miscellaneous	144,268	-	5,535	-
Charges for services	7,391	-	-	165,933
Interest	97,944	-	-	-
Total revenues	<u>57,438,770</u>	<u>1,784,327</u>	<u>381,860</u>	<u>4,401,521</u>
Expenditures				
Current				
Instruction	36,223,810	-	294,473	-
Support services				
Students	5,020,791	-	-	-
Instruction	1,917,767	-	-	-
General administration	598,981	-	-	-
School administration	3,501,471	-	-	-
Central services	2,037,166	-	-	-
Operation & maintenance of plant	8,418,593	-	-	-
Student transportation	-	1,785,081	-	-
Other support services	8,313	-	-	-
Food services operations	-	-	-	4,386,138
Community services	-	-	-	-
Capital outlay	1,109,187	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>58,836,079</u>	<u>1,785,081</u>	<u>294,473</u>	<u>4,386,138</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,397,309)</u>	<u>(754)</u>	<u>87,387</u>	<u>15,383</u>
Other financing sources (uses)				
Operating transfers	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from refunding debt issuance	-	-	-	-
Bond underwriter discount	-	-	-	-
Bond underwriter premium	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(1,397,309)	(754)	87,387	15,383
Fund balances, beginning of year	<u>11,006,885</u>	<u>754</u>	<u>749,365</u>	<u>3,190,570</u>
Fund balances, end of year	<u>\$ 9,609,576</u>	<u>\$ -</u>	<u>\$ 836,752</u>	<u>\$ 3,205,953</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	<i>Fund 24101</i>	<i>Fund 24106</i>	<i>Fund 31100</i>	<i>Fund 31701</i>
	Title I	IDEA-B Entitlement	Bond Building	Capital Improvements SB-9 Local
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ 1,603,710
State grants	-	-	1,081,140	-
Federal grants	2,032,389	2,314,449	-	-
Miscellaneous	-	-	-	4,828
Charges for services	-	-	-	-
Interest	-	-	8,572	7,779
Total revenues	<u>2,032,389</u>	<u>2,314,449</u>	<u>1,089,712</u>	<u>1,616,317</u>
Expenditures				
Current				
Instruction	1,167,709	370,001	-	-
Support services				
Students	564,415	1,662,913	-	-
Instruction	-	8,265	-	-
General administration	234,016	57,055	-	15,480
School administration	35,311	177,250	-	-
Central services	-	37,696	-	-
Operation & maintenance of plant	1,245	-	-	-
Student transportation	8,470	1,269	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	21,223	-	-	-
Capital outlay	-	-	4,867,179	74,813
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>2,032,389</u>	<u>2,314,449</u>	<u>4,867,179</u>	<u>90,293</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(3,777,467)</u>	<u>1,526,024</u>
Other financing sources (uses)				
Operating transfers	-	-	-	3,688,112
Proceeds from bond issuance	-	-	5,104,250	-
Proceeds from refunding debt issuance	-	-	-	-
Bond underwriter discount	-	-	-	-
Bond underwriter premium	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,104,250</u>	<u>3,688,112</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>1,326,783</u>	<u>5,214,136</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>5,403,243</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,730,026</u>	<u>\$ 5,214,136</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

Fund 41000

Revenues	Debt Service	Other Governmental	Total
Property taxes	\$ 3,945,011	\$ -	\$ 5,924,659
State grants	-	2,399,023	62,219,746
Federal grants	-	2,311,437	11,128,161
Miscellaneous	-	204,313	358,944
Charges for services	-	184,126	357,450
Interest	3,709	-	118,004
Total revenues	<u>3,948,720</u>	<u>5,098,899</u>	<u>80,106,964</u>
Expenditures			
Current			
Instruction	-	957,531	39,013,524
Support services			
Students	-	1,205,610	8,453,729
Instruction	-	4,230	1,930,262
General administration	38,847	33,740	978,119
School administration	-	16,070	3,730,102
Central services	-	44,369	2,119,231
Operation & maintenance of plant	-	-	8,419,838
Student transportation	-	693	1,795,513
Other support services	59,500	-	67,813
Food services operations	-	115,588	4,501,726
Community services	-	20,604	41,827
Capital outlay	-	1,826,361	7,877,540
Debt service			
Principal	6,140,000	-	6,140,000
Interest	1,118,324	-	1,118,324
Total expenditures	<u>7,356,671</u>	<u>4,224,796</u>	<u>86,187,548</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,407,951)</u>	<u>874,103</u>	<u>(6,080,584)</u>
Other financing sources (uses)			
Operating transfers	-	(3,688,112)	-
Proceeds from bond issuance	-	-	5,104,250
Proceeds from refunding debt issuance	3,410,750	-	3,410,750
Bond underwriter discount	-	-	-
Bond underwriter premium	282,292	-	282,292
Total other financing sources (uses)	<u>3,693,042</u>	<u>(3,688,112)</u>	<u>8,797,292</u>
Net changes in fund balances	285,091	(2,814,009)	2,716,708
Fund balances, beginning of year	<u>3,689,125</u>	<u>4,957,627</u>	<u>28,997,569</u>
Fund balances, end of year	<u>\$ 3,974,216</u>	<u>\$ 2,143,618</u>	<u>\$ 31,714,277</u>

See Notes to Financial Statements.

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

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

Net changes in fund balances - total governmental funds	\$ 2,716,708
---------------------------------------------------------	--------------

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 position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.

Depreciation expense	(5,072,595)
Capital outlays	7,705,014

Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

Change in deferred inflow related to the property taxes receivable	(80,301)
--------------------------------------------------------------------	----------

The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayments of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Bond proceeds	(8,515,000)
Principal payments on bonds	2,665,000
Refunded bonds	3,475,000

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds:

Decrease in accrued interest payable	12,922
Decrease in accrued compensated absences	9,981
Loss on disposal of capital assets	(523,465)
Contributions to pension plan subsequent to measurement date	5,575,967
Pension expense	<u>(9,220,501)</u>

Change in net position of governmental activities	<u>\$ (1,251,270)</u>
----------------------------------------------------------	------------------------------

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL OPERATIONAL FUND (11000)
YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actual Amount	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 356,054	\$ 370,082	\$ 370,082	\$ -
State grants	58,628,815	56,591,125	56,578,931	(12,194)
Federal grants	199,439	199,439	218,060	18,621
Miscellaneous	95,950	126,850	144,268	17,418
Charges for services	2,025	2,025	7,391	5,366
Interest	90,000	90,000	97,944	7,944
Total revenues	59,372,283	57,379,521	\$ 57,416,676	\$ 37,155
EXPENDITURES				
Current				
Instruction	39,849,235	39,886,850	\$ 36,205,385	\$ 3,681,465
Support services				
Students	6,522,179	6,312,705	5,020,791	1,291,914
Instruction	2,551,304	2,551,304	1,917,767	633,537
General administration	704,037	710,178	598,958	111,220
School administration	3,945,993	3,953,893	3,501,471	452,422
Central services	1,966,598	2,180,870	2,037,166	143,704
Operation & maintenance of plant	10,694,151	10,082,625	8,299,980	1,782,645
Student transportation	10,000	10,000	-	10,000
Other support services	79,802	99,802	8,313	91,489
Operation of non-instructional services				
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	3,700,000	2,242,310	1,109,187	1,133,123
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Total expenditures	70,023,299	68,030,537	\$ 58,699,018	\$ 9,331,519
BUDGETED CASH BALANCE	\$ (10,651,016)	\$ (10,651,016)		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ 57,416,676
Change in receivables	22,094
Modified accrual basis	\$ 57,438,770
EXPENDITURES	
Budgetary basis	\$ 58,699,018
Change in payables	137,061
Modified accrual basis	\$ 58,836,079

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TRANSPORTATION FUND (13000)
YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actual Amount	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	1,729,091	1,784,704	1,784,327	(377)
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Total revenues	1,729,091	1,784,704	\$ 1,784,327	\$ (377)
EXPENDITURES				
Current				
Instruction	-	-	\$ -	\$ -
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	1,729,091	1,785,082	1,785,081	1
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Total expenditures	1,729,091	1,785,082	\$ 1,785,081	\$ 1
BUDGETED CASH BALANCE	\$ -	\$ (378)		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ 1,784,327
Change in receivables	-
Modified accrual basis	\$ 1,784,327
EXPENDITURES	
Budgetary basis	\$ 1,785,081
Change in payables	-
Modified accrual basis	\$ 1,785,081

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INSTRUCTIONAL MATERIALS FUND (14000)
YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actual Amount	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	452,158	305,763	376,325	70,562
Federal grants	-	-	-	-
Miscellaneous	-	482	5,535	5,053
Charges for services	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>452,158</u>	<u>306,245</u>	<u>\$ 381,860</u>	<u>\$ 75,615</u>
EXPENDITURES				
Current				
Instruction	452,158	1,055,610	\$ 294,473	\$ 761,137
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Total expenditures	<u>452,158</u>	<u>1,055,610</u>	<u>\$ 294,473</u>	<u>\$ 761,137</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ (749,365)</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ 381,860
Change in receivables	-
Modified accrual basis	<u>\$ 381,860</u>
EXPENDITURES	
Budgetary basis	\$ 294,473
Change in payables	-
Modified accrual basis	<u>\$ 294,473</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOOD SERVICE SPECIAL REVENUE FUND (21000)
YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actual Amount	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	3,500,000	3,500,000	3,890,076	390,076
Miscellaneous	280,000	280,000	-	(280,000)
Charges for services	190,000	190,000	165,933	(24,067)
Interest	-	-	-	-
Total revenues	3,970,000	3,970,000	\$ 4,056,009	\$ 86,009
EXPENDITURES				
Current				
Instruction	-	-	\$ -	\$ -
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	6,333,936	6,333,936	3,933,815	2,400,121
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Total expenditures	6,333,936	6,333,936	\$ 3,933,815	\$ 2,400,121
BUDGETED CASH BALANCE	\$ (2,363,936)	\$ (2,363,936)		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ 4,056,009
Change in receivables	345,512
Modified accrual basis	\$ 4,401,521
EXPENDITURES	
Budgetary basis	\$ 3,933,815
Change in payables	452,323
Modified accrual basis	\$ 4,386,138

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE I SPECIAL REVENUE FUND (24101)
YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actual Amount	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	2,155,733	2,586,604	2,044,532	(542,072)
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Total revenues	2,155,733	2,586,604	\$ 2,044,532	\$ (542,072)
EXPENDITURES				
Current				
Instruction	1,183,385	1,632,206	\$ 1,167,709	\$ 464,497
Support services				
Students	483,246	576,746	564,415	12,331
Instruction	-	-	-	-
General administration	308,591	267,991	234,016	33,975
School administration	73,761	59,911	35,311	24,600
Central services	-	-	-	-
Operation & maintenance of plant	1,750	1,750	1,245	505
Student transportation	-	14,000	8,470	5,530
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Community services	105,000	34,000	21,223	12,777
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Total expenditures	2,155,733	2,586,604	\$ 2,032,389	\$ 554,215
BUDGETED CASH BALANCE	\$ -	\$ -		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ 2,044,532
Change in receivables	(12,143)
Modified accrual basis	\$ 2,032,389
EXPENDITURES	
Budgetary basis	\$ 2,032,389
Change in payables	-
Modified accrual basis	\$ 2,032,389

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
IDEA-B SPECIAL REVENUE FUND (24106)
YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actual Amount	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	1,688,565	2,573,041	2,086,344	(486,697)
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>1,688,565</u>	<u>2,573,041</u>	<u>\$ 2,086,344</u>	<u>\$ (486,697)</u>
EXPENDITURES				
Current				
Instruction	535,081	526,501	\$ 369,999	\$ 156,502
Support services				
Students	886,522	1,742,612	1,662,915	79,697
Instruction	-	8,300	8,265	35
General administration	41,260	68,529	57,055	11,474
School administration	185,456	185,624	177,250	8,374
Central services	38,396	39,275	37,696	1,579
Operation & maintenance of plant	750	750	-	750
Student transportation	1,100	1,450	1,269	181
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Total expenditures	<u>1,688,565</u>	<u>2,573,041</u>	<u>\$ 2,314,449</u>	<u>\$ 258,592</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

Reconciliation of budgetary basis to modified accrual statements

REVENUES	
Budgetary basis	\$ 2,086,344
Change in receivables	228,105
Modified accrual basis	<u>\$ 2,314,449</u>
EXPENDITURES	
Budgetary basis	\$ 2,314,449
Change in payables	-
Modified accrual basis	<u>\$ 2,314,449</u>

See Notes to Financial Statements.

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

Assets

Cash and cash equivalents	<u>\$ 1,203,034</u>
---------------------------	---------------------

Liabilities

Deposits held in trust for others	<u>\$ 1,203,034</u>
-----------------------------------	---------------------

See Notes to Financial Statements.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Clovis Municipal School District's (District) operation is in the primary and secondary education of school-age children within its state designated boundaries. The District operates under a school board form of government and provides services traditionally provided by public schools through the 12th grade.

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 the notes are the representation of the District's management who is responsible for their integrity and objectivity.

The accounting and reporting policies of the District reflected in the accompanying financial statements conform to accounting principles generally acceptable in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the *Governmental Accounting Standards Board (GASB)* in *Governmental Accounting and Financial Reporting Standards*.

A. Reporting entity

GASB Statement No. 14 established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

The *Governmental Accounting Standards Board's (GASB) 39, Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, provides additional guidance to determine whether certain organizations, for which the primary government is not financially accountable, should be reported as component units, based on the nature and significance of their relationship with the primary government. Under both GASB 39 and GASB 61 criteria, the Clovis Municipal Schools Foundation (Foundation) meets the criteria for discrete component unit presentation. However, the Foundation does not meet the definition of a material component unit under either generally accepted auditing standards or the NMAC 2.2.2 and, therefore, is not included in these financial statements. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the District in support of its programs. There are no other component units.

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 non-fiduciary 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.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and fund financial statements (Continued)

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

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

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

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

Deferred outflows of resources. A consumption of net position 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 position 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.

STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 capital assets, and the servicing of 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 long-term debt not being financed by proprietary or nonexpendable trust funds.

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

Presentation of major funds. Under the requirements of GASB No. 34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Operational Fund (Fund 11000)), which include funds that were not required to be presented as major but were at the discretion of management:

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Other Operational Funds:

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

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

The *Food Service Fund (Fund 21000)* is used to account for federal and local sources of income relating to the food services programs. The Food Service Fund is segregated into two categories: the federal funds category and the non-federal funds category. Federal funds consist of the National School Breakfast and Lunch Programs which are 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. The non-federal funds consist of income derived from the snack-bar facilities located throughout the District. Authority for creation of this fund is NMSA 22-13-13.

The *Title I Special Revenue Fund (Fund 24101)* is used to provide supplemental educational opportunity for academically disadvantaged children in the area of residing. Schools are identified for program participation by the percentage of students on free or reduced-price lunches. Any school with a free and reduced-price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identifies a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the State of New Mexico Public Education Department. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

The *IDEA-B Entitlement Special Revenue Fund (Fund 24106)* is used to account for programs funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100,639, and 101-476, 20 U.S.C. 1411-1420.

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

Capital Improvements SB-9 Capital Projects Fund (Fund 31701) 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).

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The *Debt Service Fund (Fund 41000)* is used to account for the accumulation of resources for the payment of long-term debt principal and interest.

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

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

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

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

The District reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function.

The District employs indirect cost allocation systems for certain federal programs. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated on the statement of activities. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities.

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 Money Market Funds, Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool. At June 30, 2017, the District's investments included Money Market Funds and Certificates of Deposit. They are reported at cost.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, liabilities and net position or equity (Continued)

Funds deposited in the debt service funds are restricted to pay future principal and interest payments. Proceeds deposited into capital projects funds are legally restricted for capital projects.

Receivables and Payables. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in Curry 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 amounts remitted by the Curry County Treasurer in July and August 2017 is considered ‘measurable and available’ and, accordingly, is recorded as revenue during the year ended June 30, 2017.

Certain Special Revenue Funds are administered on a reimbursement method of funding; the District does not currently have 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. The District also receives federal Medicaid funds that are on a fee for service basis as a contractor.

Instructional Materials. The State of New Mexico Public Education Department 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, 50% is restricted to the requisition of material listed in the State Board of Education ‘State Adopted Instructional Material’ list, while the other 50% of each allocation is available for purchases directly from vendors, for which the school district receives cash draw-downs, or transfer to the 70% account for requisition of material from the adopted list.

Inventory. Inventory is valued at lower of cost (first-in, first-out) or market. Inventory in the General Fund consists of expendable supplies held for consumption. Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed. The U.S.D.A. commodities are recorded at year-end by audit adjusting entries. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories and deferred revenue. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, liabilities and net position or equity (Continued)

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2017. Capital expenditures made on the District's building construction projects by the NM Public School Facilities Authority have been recorded as a revenue and expenditure in the fund financial statements and have been included as capital assets in the District's government-wide financial statements.

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

Buildings/building improvements	50 years
Vehicles, telecommunications & computer equipment	5-20 years
Office equipment	5-20 years
Other school equipment	10-15 years
Library books	10 years

Unearned Revenues. The District recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues.

Compensated Absences. The District permits 12-month employees to accumulate a limited amount of earned, but unused, vacation to be paid if not used upon termination from the District. All 12-month personnel accumulate vacation and will receive up to 20 days of vacation payout upon their resignation or termination. This is not limited to administrative personnel. In the government-wide financial statements, the total amount of earned and unused vacation is recorded as a liability. Vacation pay that is expected to be liquidated within the next twelve months is reported as a current liability on the government-wide financial statements and in the

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, liabilities and net position or equity (Continued)

governmental fund which will pay it. In the governmental funds, the cost of compensated absences is recognized when payments are made to employees. No liability is reported in the financial statements for unpaid accumulated sick leave as no payment is required upon employee termination.

Long-Term Obligations. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

For fund financial reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

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

Net Position. Governmental funds report fund balance classifications that are comprised of a hierarchy, based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

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

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

Restricted Net Position: Consists of 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 are restricted for "debt service or capital projects."

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

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, liabilities and net position or equity (Continued)

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

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

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

E. Revenues

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; and 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance.

Tax Revenues. The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Tax revenues are recognized when they are in the hands of the collecting agency.

The District records only the portion of the taxes considered to be 'measurable' and 'available'. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes. Property taxes attach an enforceable lien on property as of January 1. Tax notices are sent to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. Curry County collects County, City and School taxes and distributes them to each fund once per month, except in June when the taxes are distributed twice to close out the fiscal year.

Federal Impact Aid. The District also receives Federal Impact Aid in lieu of property taxes for the presumed loss of property taxes that results from the federally owned lands of the Cannon Air Force Base that lie within the District's boundaries but are not subject to property taxes.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues (Continued)

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 12th attending public school within the District.

Instructional Materials. The State of 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, 50% is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while the other 50% of each allocation is available for purchases directly from vendors.

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

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

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

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

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

SB-9 State Match. The Director shall distribute to any school district that has imposed a tax under the Public School Capital Outlay Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues (Continued)

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 100% 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.

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

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.

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

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

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

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the State of New Mexico Public Education Department (PED) 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 PED by the District shall contain headings and details as described by law and have been approved by the PED.
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.

The "operating" budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.

4. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the PED. 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.

Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

5. 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.
6. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes. The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico state law prohibits a Governmental Agency from exceeding an individual line item.

Legal budget control for expenditures is by major function as follows: Instruction, Support Services, Operation of Non-Instructional Services, Capital Outlay, and Debt Service.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 3. CASH AND CASH EQUIVALENTS AND RESTRICTED 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. The District's investment policy does not further its investment choices. All invested funds of the District properly followed State investment requirements as of June 30, 2017.

Reconciliation of Cash and Temporary Investments

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

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than 100% of the asked price on United States treasury bills of the same maturity on the day of deposit.

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

The collateral pledged is presented as other supplementary information in this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

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

Deposits

New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Schools for a least one half of the amount on deposit with the institution.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 3. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS (CONTINUED)

The detail of the District's bank accounts and the insured portion of the deposits is as follows:

	Bank of Clovis	Western Bank of Clovis	NM Bank & Trust	Citizen's Bank	Total
Deposits					
Checking	\$ 13,551,877	\$ 6,606,534	\$ 2,924,105	\$ 8,831,933	\$ 31,914,450
Certificates of Deposit	5,825,220	-	-	-	5,825,220
FDIC coverage	<u>(500,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(1,250,000)</u>
Total uninsured public funds	<u>18,877,097</u>	<u>6,356,534</u>	<u>2,674,105</u>	<u>8,581,933</u>	<u>36,489,670</u>
 Collateral requirement (50% of uninsured public funds)	 9,438,548	 3,178,267	 434,741	 4,290,967	 17,342,523
 Pledged collateral held by pledging bank's trust department or agent but not in agency's name	 <u>25,919,953</u>	 <u>7,281,250</u>	 <u>2,900,175</u>	 <u>9,426,470</u>	 <u>45,527,848</u>
 Total over collateralized	 <u>\$ 16,481,405</u>	 <u>\$ 4,102,983</u>	 <u>\$ 2,465,434</u>	 <u>\$ 5,135,503</u>	 <u>\$ 28,185,325</u>

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2017, \$36,489,670 of the District's bank balance of \$37,739,670 was exposed to custodial credit risk as it was uninsured and the collateral was held by the pledging bank's trust department, not in the District's name. At June 30, 2017, the carrying amount of these deposits was \$32,223,705.

The following table provides a reconciliation from the financial statements to the bank balance:

Government Funds - Balance Sheet	
Cash and cash equivalents and investments	\$ 31,020,671
Statement of Fiduciary Assets and Liabilities - Agency Funds	
Cash and cash equivalents and investments	<u>1,203,034</u>
	32,223,705
Outstanding checks and other reconciling items	5,516,177
Petty cash	<u>(212)</u>
Bank balance of deposits	<u>\$ 37,739,670</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 3. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS (CONTINUED)

The District utilizes internal pooled accounts for certain programs and funds. Negative cash balances in individual funds that were part of the pooled accounts were reclassified as due to/from accounts in the balance sheets as of June 30, 2017.

NOTE 4. RECEIVABLES

Receivables (deemed 100% collectible) as of June 30, 2017, are as follows:

	Operational Fund	Title I	IDEA-B	
Property taxes	\$ 36,006	\$ -	\$ -	
Intergovernmental	16,238	552,790	709,209	
Other	-	-	-	
	<u>\$ 52,244</u>	<u>\$ 552,790</u>	<u>\$ 709,209</u>	
	Capital Improvements (SB-9) Local	Debt Service	Other Governmental	Total
Property taxes	\$ 151,520	\$ 380,320	\$ -	\$ 567,846
Intergovernmental	-	-	660,626	1,938,863
Other	-	-	51,259	51,259
	<u>\$ 151,520</u>	<u>\$ 380,320</u>	<u>\$ 711,885</u>	<u>\$ 2,557,968</u>

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. The composition of interfund balances as of June 30, 2017 is as follows:

	Receivables	Payables
Major Funds		
General Fund	\$ 1,872,309	\$ -
Title I	-	552,790
IDEA-B	-	709,209
Nonmajor Funds		
Special Revenue Funds	-	610,310
	<u>\$ 1,872,309</u>	<u>\$ 1,872,309</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 6. CAPITAL ASSETS

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

	Balance June 30, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Capital Assets not being depreciated:					
Land	\$ 1,025,970	\$ 462,289	\$ -	\$ -	\$ 1,488,259
Construction in process	<u>17,789,691</u>	<u>5,378,664</u>	<u>-</u>	<u>(20,600,991)</u>	<u>2,567,364</u>
Total capital assets not being depreciated	<u>18,815,661</u>	<u>5,840,953</u>	<u>-</u>	<u>(20,600,991)</u>	<u>4,055,623</u>
Capital Assets being depreciated:					
Land improvements	16,364,500	-	-	2,092,067	18,456,567
Buildings and building improvements	161,260,435	27,397	-	18,508,924	179,796,756
Furniture, fixtures, vehicles and equipment	<u>20,744,617</u>	<u>1,836,664</u>	<u>(1,028,800)</u>	<u>-</u>	<u>21,552,481</u>
Total capital assets being depreciated	<u>198,369,552</u>	<u>1,864,061</u>	<u>(1,028,800)</u>	<u>20,600,991</u>	<u>219,805,804</u>
Less accumulated depreciation:					
Land improvements	6,650,479	509,564	-	-	7,160,043
Buildings and building improvements	43,337,677	3,076,294	(285)	-	46,413,686
Furniture, fixtures, vehicles, and equipment	<u>15,800,736</u>	<u>1,486,737</u>	<u>(505,050)</u>	<u>-</u>	<u>16,782,423</u>
Total accumulated depreciation	<u>65,788,892</u>	<u>5,072,595</u>	<u>(505,335)</u>	<u>-</u>	<u>70,356,152</u>
Net capital assets being depreciated	<u>132,580,660</u>	<u>(3,208,534)</u>	<u>(523,465)</u>	<u>20,600,991</u>	<u>149,449,652</u>
Government activities capital assets, net	<u>\$ 151,396,321</u>	<u>\$ 2,632,419</u>	<u>\$ (523,465)</u>	<u>\$ -</u>	<u>\$ 153,505,275</u>

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

Depreciation expenses	
Instruction	\$ 1,823,581
Support services - Students	51,414
Support services - Instruction	1,764,873
Support services - General Administration	4,058
Support services - School Administration	16,099
Fiscal services	16,671
Operation & maintenance of plant	363,123
Food services	<u>1,032,776</u>
	<u>\$ 5,072,595</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 7. LONG-TERM DEBT

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

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Bonds payable	\$ 38,795,000	\$ 8,515,000	\$ (6,140,000)	\$41,170,000	\$ 2,770,000
Compensated absences	<u>296,309</u>	<u>287,263</u>	<u>(297,244)</u>	<u>286,328</u>	<u>286,328</u>
Total	<u>\$ 39,091,309</u>	<u>\$ 8,802,263</u>	<u>\$ (6,437,244)</u>	<u>\$41,456,328</u>	<u>\$ 3,056,328</u>

The District's general obligation bonds were issued for the purposes of creating, remodeling, making additions to and furnishing school buildings, and purchasing and improving school grounds and are payable solely from general property taxes that are levied against all taxable property in the District. The bonds are payable out of the Debt Service Fund (Fund 41000). Interest payments are due semi-annually on August 1 and February 1. Interest rates on the bonds range from 2% to 4%. Principal payments in varying amounts are due annually on August 1 through 2032.

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	\$ 2,770,000	\$ 986,105	\$ 3,756,105
2019	2,720,000	920,488	3,640,488
2020	2,390,000	858,439	3,248,439
2021	2,355,000	798,970	3,153,970
2022	2,640,000	736,305	3,376,305
2023-2027	17,000,000	2,507,905	19,507,905
2028-2032	<u>11,295,000</u>	<u>465,367</u>	<u>11,760,367</u>
	<u>\$ 41,170,000</u>	<u>\$ 7,273,579</u>	<u>\$ 48,443,579</u>

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

Compensated Absences

Twelve-month 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 decreased \$9,981 from the prior year accrual. See Note 1 for more details.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 8. RISK MANAGEMENT

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

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

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

NOTE 9. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

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

None

B. Excess of expenditures over appropriations:

None

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD

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

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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

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

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined Section 22-112, NMSA 1978. Employees of public schools, universities, colleges, junior colleges, technical-vocational institutions, state special schools, charter schools, and state agencies providing an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

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

Contributions. The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2017, employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$5,575,967 for the year ended June 30, 2017 which equals the required contribution.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions. At June 30, 2017, the District reported a liability of \$103,786,965 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the District's portion was established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2016, the District's proportion was 1.44220%, which was an increase of .00079% from its proportion measured at June 30, 2015.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

For the year ended June 30, 2017, the District recognized pension expense of \$9,220,501. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual actuarial experience change of assumptions	\$ 450,266	\$ 987,145
Net difference between projected and actual earnings on pension plan investments	6,195,218	-
Changes in assumptions	2,112,687	-
Changes in proportion and differences between District contributions and proportionate share of contributions	169,991	635,046
District contributions subsequent to the measurement date	5,575,967	-
Total	\$ 14,504,129	\$ 1,622,191

The District reported \$5,575,967 as deferred outflows of resources related to pensions resulting from the District's 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2018	\$ 1,322,906
2019	1,528,592
2020	2,943,709
2021	1,510,765
2022	-
Total	\$ 7,305,972

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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

Inflation	3.00%
Salary increases	Composed of 3% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.
Investment rate of return	7.75% compounded annually, net of expenses. This is made up of a 3% inflation rate and a 4.75% real rate of return. The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.
Average of Expected Remaining Service Lives	3.77 years.
Mortality	Healthy males: Based on the RP-2000 Combined Mortality Table with White Collar adjustments, generational mortality improvements with Scale BB. Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table's base year of 2012. Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB. Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB. Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for pre-retirement mortality.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Retirement age	Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.
Cost-of-living increases	2% per year, compounded annually.
Payroll growth	3.5% per year (with no allowance for membership growth).
Contribution accumulation	5.5% increase per year for all years prior to the valuation date. (Contributions are credited with 4% interest, compounded annually, applicable to the account balance in the past as well as the future.)
Disability Incidence	Approved rates applied to eligible members with at least 10 years of service.

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	35%	
Fixed income	28%	
Alternatives	36%	
Cash	1%	
	<u>100%</u>	<u>7.75%</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Discount rate. A single discount rate of 7.75% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.75%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

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

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.75%, 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%) or 1-percentage-point higher (8.75%) than the current rate.

	1 % Decrease 6.75%	Current Discount Rate 7.75%	1 % Increase 8.75%
District's proportionate share of the net pension liability	\$ 137,463,425	\$ 103,786,965	\$ 75,845,017

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 the years ended June 30, 2017 and 2016, which are publicly available at www.nmerb.org.

NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

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

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

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person’s behalf unless that person retires before the employer’s RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

employer's effective date and the date of retirement; (2) retirees defined by the Act who retired prior to July 1, 1990; (3) former legislators who served at least two years; and (4) former governing authority members who served at least four years.

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 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% of each participating employee's annual salary; each participating employee was required to contribute 1% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2017, 2016, and 2015 were \$814,998, \$873,672, and \$819,594, respectively, which equal the required contributions for each year.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 12. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial. The District is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

NOTE 13. BUDGETED ACTIVITY FUNDS

The Student Activity Funds, are considered for reporting purposes as agency funds and the related activity has been reported as such in the Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds.

NOTE 14. COMMITMENTS

The District contracts with outside vendors for construction and renovation of various facilities. At June 30, 2017, the District's maintains a portion of contracts outstanding for capital projects.

NOTE 15. GOVERNMENTAL 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.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 15. GOVERNMENTAL FUND BALANCE (CONTINUED)

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

NOTE 16. RELATED PARTY TRANSACTIONS

On May 26, 2016, the Board of Education approved a waiver for fiscal year 2017, in accordance with Section 13-1-194, NMSA 1978, to allow a company owned by a Board Member (Snider Electric) to bid or contract for the procurement of services with the District. Also, on May 26, 2016, the Board of Education approved a waiver for fiscal year 2017, in accordance with Section 13-1-194, NMSA 1978, to allow a company owned by a Board Member (Osburn Tire) to bid or contract for the procurement of services with the District. During the year ended June 30, 2017, the District incurred approximately \$231,064 and \$2,080 in expenditures with Snider Electric and Osburn Tire, respectively. No amounts were owed to or from the companies/District at June 30, 2017.

NOTE 17. NEW ACCOUNTING PRONOUNCEMENT EFFECTIVE FOR THE YEAR ENDED JUNE 30, 2018

The Governmental Accounting Standards Board (GASB) issued a new accounting pronouncement (Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*) effective for the year ended June 30, 2018.

As a cost-share employer participating in the Retiree Health Care Authority (Plan or “RHCA”) (see note 11), the District will be required to include in its June 30, 2018 financial statements, the pro rata share of the Plan’s collective “Net Retiree Healthcare Liability”. The Plan’s “Net Retiree Healthcare Liability” represents the difference between Plan’s Total Plan Liability and the Plan’s Net Plan Position, reported at the market value of the investment assets. The amount of the District’s pro rata share of the Plan’s collective “Net Retiree Healthcare Liability” is currently unknown. However, the amount to be included in the District’s June 30, 2018 financial statements, is expected to be material.

NOTE 18. TAX ABATEMENTS

Abatements of Other Governments. The District is subject to tax abatements granted by the City of Clovis through the Industrial Revenue Bond Act. This program has the stated purposes of promoting industry and trade other than retail trade in the county and municipalities.

Industrial Revenue Bonds. Under the Industrial Revenue Bond Act [3-32 NMSA 1978], the City Council can vote to induce an industrial revenue bond in order to induce a manufacturing, industrial, or commercial enterprise to locate or expand in that region, by financing a specified project. The City may include in the agreement a stipulation of an amount or a percentage reduction of property taxes, which can be as much as 100%. This reduction or exemption is applicable for the life of the bond issue, not to exceed 30 years from the date the bonds were issued, and is a significant benefit for borrowers that would not otherwise qualify for a property tax exemption under other constitutional or statutory provisions. Information relevant to disclosure of those programs for the fiscal year ended June 30, 2017 follows:

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 18. TAX ABATEMENTS (CONTINUED)

Agency number for Agency making the disclosure (Abating Agency)	#6038
Abating Agency Name	City of Clovis
Abating Agency Type	Municipality
Tax Abatement Agreement Name	Industrial Revenue Bond
Name of agency affected by abatement agreement (Affected Agency)	Clovis Municipal Schools
Agency number of Affected Agency	#7017
Agency type of Affected Agency	School District
Recipient(s) of tax abatement	Southwest Cheese
Tax abatement program (name and brief description)	Industrial Revenue Bond - 100% Tax Abatement with Payment In Lieu of Taxes to School District/Foundation
Specific Tax(es) Being Abated	Real and Personal Property Taxes
Authority under which abated tax would have been paid to Affected Agency	State of New Mexico Industrial Revenue Bond Act
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$484,046
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$100,000 to the Clovis School Foundation
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	None Omitted

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
NET PENSION LIABILITY
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2017, 2016 AND 2015
LAST 10 FISCAL YEARS* (UNAUDITED)**

	June 30			
	Fiscal Year Measurement Date	2017 2016	2016 2015	2015 2014
District's proportion of the net pension liability	1.44220%	1.44141%	1.46196%	
District's proportionate share of the net pension liability	\$103,786,965	\$ 93,363,964	\$ 83,415,477	
District's covered-employee payroll	\$ 40,114,874	\$ 39,355,110	\$ 40,970,214	
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	259%	237%	204%	
ERB Plan fiduciary net position as a percentage of the total pension liability	61.58%	63.97%	66.54%	

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

See Notes to Required Supplementary Information.

STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2017, 2016 AND 2015
LAST 10 FISCAL YEARS* (UNAUDITED)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 5,575,967	\$ 5,695,136	\$ 5,299,067
Contributions in relation to the contractually required	<u>(5,575,967)</u>	<u>(5,695,136)</u>	<u>5,299,067</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 40,114,874	\$ 39,355,110	\$ 40,970,214
Contribution as a percentage of covered-employee payroll	13.90%	14.47%	12.93%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

See Notes to Required Supplementary Information.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2017**

Changes of benefit terms and assumptions. For the overall NMERB Plan, there were no benefit or assumption changes adopted since the last actuarial valuation. However, the actual cost of living adjustment (COLA) was less than the expected 2%, which resulted in a net \$138 million decrease in the unfunded actuarial accrued liability.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 1,649,817	\$ -	\$ 1,649,817
Restricted cash and cash equivalents	-	412,800	412,800
Accounts receivable, collectible			
Taxes	-	-	-
Due from other governments	338,483	322,143	660,626
Other receivables	51,259	-	51,259
Interfund receivables	-	-	-
Inventory	-	-	-
Total Assets	<u>\$ 2,039,559</u>	<u>\$ 734,943</u>	<u>\$ 2,774,502</u>
Liabilities			
Accounts payable	\$ -	\$ 20,574	\$ 20,574
Accrued payroll liabilities	-	-	-
Interfund payables	308,741	301,569	610,310
Unearned revenues	-	-	-
Total Liabilities	<u>308,741</u>	<u>322,143</u>	<u>630,884</u>
Deferred Inflows of Resources			
Delinquent property taxes	-	-	-
Total Liabilities and Deferred Inflows of Resources	<u>308,741</u>	<u>322,143</u>	<u>630,884</u>
Fund Balance			
Nonspendable	-	-	-
Restricted for:			
General fund	-	-	-
Special revenue	1,730,818	-	1,730,818
Capital projects	-	412,800	412,800
Debt service	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total Fund Balance	<u>1,730,818</u>	<u>412,800</u>	<u>2,143,618</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,039,559</u>	<u>\$ 734,943</u>	<u>\$ 2,774,502</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues			
Property taxes	\$ -	\$ -	\$ -
State grants	351,836	2,047,187	2,399,023
Federal grants	2,311,437	-	2,311,437
Miscellaneous	204,313	-	204,313
Charges for services	184,126	-	184,126
Interest	-	-	-
Total revenues	<u>3,051,712</u>	<u>2,047,187</u>	<u>5,098,899</u>
Expenditures			
Current			
Instruction	957,531	-	957,531
Support services			
Students	1,205,610	-	1,205,610
Instruction	4,230	-	4,230
General administration	33,740	-	33,740
School administration	16,070	-	16,070
Central services	44,369	-	44,369
Operation & maintenance of plant	-	-	-
Student transportation	693	-	693
Other support services	-	-	-
Food services operations	115,588	-	115,588
Community services	20,604	-	20,604
Capital outlay	45,731	1,780,630	1,826,361
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>2,444,166</u>	<u>1,780,630</u>	<u>4,224,796</u>
Excess of revenues over expenditures	607,546	266,557	874,103
Other financing sources (uses)			
Operating transfers	-	(3,688,112)	(3,688,112)
Proceeds from bond issuances	-	-	-
Bond underwriter discount	-	-	-
Bond underwriter premium	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(3,688,112)</u>	<u>(3,688,112)</u>
Net changes in fund balances	607,546	(3,421,555)	(2,814,009)
Fund balances, beginning of year	<u>1,123,272</u>	<u>3,834,355</u>	<u>4,957,627</u>
Fund balances, end of year	<u>\$ 1,730,818</u>	<u>\$ 412,800</u>	<u>\$ 2,143,618</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS – FUND DESCRIPTIONS
JUNE 30, 2017**

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

Athletics (Fund 22000). This fund is used to account for fees generated at athletic activities throughout the 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 (Fund 24103). The purpose of this program is to assist the District in providing a summer school program for migrant students. Federal revenues accounted for in this fund are administered by the New Mexico Public Education Department. Authority for creation of this fund is Chapter I of Title I of the Elementary and Secondary Education Act (ESEA) of 1965 as amended, Public Law 103-382.

IDEA-B Competitive (Fund 24108). Research-based model program for the New Mexico Autism Project to improve the outcomes for students with Autism Spectrum Disorders.

IDEA-B Preschool (Fund 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 age three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17.

IDEA-B Early Intervention (Fund 24112). Coordinated Early Intervention Services to provide students with services before they are identified as special education.

English Language Acquisition (Fund 24153). To provide funds to improve the educational performance of limited English proficient students by assisting the children to learn English and meet State academic content standards.

Teacher/Principal Training & Recruiting (Fund 24154). To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students.

Carl D. Perkins (Funds 24174 and 24176). The objective of this grant is to provide secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Department of Education. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332.

Migrant Education Program (Fund 24187). This fund accounts for the identification and recruitment of migrant students.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS – FUND DESCRIPTIONS (CONTINUED)
JUNE 30, 2017**

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

Title XIX MEDICAID (Fund 25153). To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children.

ROTC (Fund 25200). To account for federal funds received for the implementation of the ROTC program. The authority for creation of this fund is in the State of New Mexico PED Policies and Procedures Manual.

ENLACE UNM (Fund 26103). The Engaging Latino Communities for Education initiative is to provide a path of education to pursue a higher education by collaborating with parents and families, communities, school districts, colleges and universities, professional and community organizations; to identify and nurture leaders and teachers to keep kids in school and prepare them for college.

Walton Family Foundation (Fund 26148). This fund initiative is focused on education, workforce development, economic opportunity, environmental sustainability, and health and wellness. The authority for creation of this fund is in the State of New Mexico PED Policies and Procedures Manual.

Clovis Municipal Schools Foundation (Fund 26184). Fund to account for the monies provided to the District to provide additional educational opportunities in and out of the classroom. Funding provided by foundation donation, the authority provided by the Clovis Municipal School Board.

Albertson's Community Grant (Fund 26217). This fund is to account for money from the Albertson's community partners program to support school activities.

Dual Credit Instructional Materials (Fund 27103). To purchase college textbooks for students who dual enroll in college credited courses while still attending high school.

New Mexico Reads to Lead! (Fund 27114). Reading Initiative legislative funded.

Truancy Initiative PED (Fund 27141). The purpose of the Truancy and Dropout Prevention Coaches program is to establish a cohort of truancy and dropout prevention coaches placed in Elementary, Middle and High Schools whose role is to work with students, families, communities, schools, and districts to improve attendance for habitually truant students as well as to decrease the number of students dropping out of school.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NONMAJOR SPECIAL REVENUE FUNDS – FUND DESCRIPTIONS (CONTINUED)
JUNE 30, 2017**

Breakfast for Elementary Students (Fund 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.

Kindergarten Three Plus (27166). The K-3 Plus program provides funding for additional educational time for students in Kindergarten through third grade with at least 25 instructional days, beginning up to two months earlier than the regular school year.

After School Enrichment Program (27168). The After School & Summer Enrichment Program creates learning centers that will provide students with a broad range of exceptional school linked learning and developmental opportunities designed to complement the students' regular academic program.

Parent Advocacy (Fund 27193). To account for the availability of a Student-Parent Portal program to every district in NM affording them the opportunity to receive services to develop a student-parent portal. These portals can be used to deliver student information and reports to students and parents online. The authority for creation of this fund is in the State of New Mexico PED Policies and Procedures Manual.

Private Direct Grants (Fund 29102). To account for local grants awarded to provide additional funding for specific projects.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017**

	<i>Fund 22000</i>	<i>Fund 24103</i>	<i>Fund 24108</i>	<i>Fund 24109</i>
	Athletics	Migrant Children Education	IDEA-B Competitive	IDEA-B Preschool
Assets				
Cash and cash equivalents	\$ 88,365	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	-	-	-	-
Accounts receivable, collectible				
Taxes	-	-	-	-
Due from other governments	-	27,337	322	5,242
Other receivables	-	-	-	-
Interfund receivables	-	-	-	-
Investments	-	-	-	-
Restricted investments	-	-	-	-
Inventory	-	-	-	-
Total Assets	<u>\$ 88,365</u>	<u>\$ 27,337</u>	<u>\$ 322</u>	<u>\$ 5,242</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	27,337	322	5,242
Unearned revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>27,337</u>	<u>322</u>	<u>5,242</u>
Deferred Inflows of Resources				
Delinquent property taxes	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	<u>-</u>	<u>27,337</u>	<u>322</u>	<u>5,242</u>
Fund Balance				
Nonspendable	-	-	-	-
Restricted for:				
General fund	-	-	-	-
Special revenue	88,365	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	<u>88,365</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 88,365</u>	<u>\$ 27,337</u>	<u>\$ 322</u>	<u>\$ 5,242</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	<i>Fund 24112</i> IDEA-B Early Intervention	<i>Fund 24129</i> Partnerships in Charter Education	<i>Fund 24153</i> English Language Acquisition	<i>Fund 24154</i> Teacher/Principal Training & Recruiting
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	-	-	-	-
Accounts receivable, collectible				
Taxes	-	-	-	-
Due from other governments	46,045	-	15,935	82,134
Other receivables	-	-	-	-
Interfund receivables	-	-	-	-
Investments	-	-	-	-
Restricted investments	-	-	-	-
Inventory	-	-	-	-
Total Assets	<u>\$ 46,045</u>	<u>\$ -</u>	<u>\$ 15,935</u>	<u>\$ 82,134</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	46,045	-	15,935	82,134
Unearned revenues	-	-	-	-
Total Liabilities	<u>46,045</u>	<u>-</u>	<u>15,935</u>	<u>82,134</u>
Deferred Inflows of Resources				
Delinquent property taxes	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	<u>46,045</u>	<u>-</u>	<u>15,935</u>	<u>82,134</u>
Fund Balance				
Nonspendable	-	-	-	-
Restricted for:				
General fund	-	-	-	-
Special revenue	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 46,045</u>	<u>\$ -</u>	<u>\$ 15,935</u>	<u>\$ 82,134</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	<i>Fund 24174</i> Carl D Perkins Secondary Current	<i>Fund 24176</i> Carl D Perkins Secondary Redistribution	<i>Fund 24187</i> Migrant Regional Recruiting	<i>Fund 25145</i> Impact Aid Special Education
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 60,200
Restricted cash and cash equivalents	-	-	-	-
Accounts receivable, collectible				
Taxes	-	-	-	-
Due from other governments	19,141	5,218	7,446	9,225
Other receivables	-	-	-	-
Interfund receivables	-	-	-	-
Investments	-	-	-	-
Restricted investments	-	-	-	-
Inventory	-	-	-	-
Total Assets	<u>\$ 19,141</u>	<u>\$ 5,218</u>	<u>\$ 7,446</u>	<u>\$ 69,425</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	19,141	5,218	7,446	-
Unearned revenues	-	-	-	-
Total Liabilities	<u>19,141</u>	<u>5,218</u>	<u>7,446</u>	<u>-</u>
Deferred Inflows of Resources				
Delinquent property taxes	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	<u>19,141</u>	<u>5,218</u>	<u>7,446</u>	<u>-</u>
Fund Balance				
Nonspendable	-	-	-	-
Restricted for:				
General fund	-	-	-	-
Special revenue	-	-	-	69,425
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,425</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 19,141</u>	<u>\$ 5,218</u>	<u>\$ 7,446</u>	<u>\$ 69,425</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	<i>Fund 25153</i>	<i>Fund 25200</i>	<i>Fund 26103</i>	<i>Fund 26148</i>
	Title XIX Medicaid	ROTC	ENLACE UNM	Walton Family Foundation
Assets				
Cash and cash equivalents	\$ 1,487,102	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	-	-	-	-
Accounts receivable, collectible				
Taxes	-	-	-	-
Due from other governments	71,776	7,480	-	-
Other receivables	-	-	51,259	-
Interfund receivables	-	-	-	-
Investments	-	-	-	-
Restricted investments	-	-	-	-
Inventory	-	-	-	-
Total Assets	<u>\$ 1,558,878</u>	<u>\$ 7,480</u>	<u>\$ 51,259</u>	<u>\$ -</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	7,480	51,259	-
Unearned revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>7,480</u>	<u>51,259</u>	<u>-</u>
Deferred Inflows of Resources				
Delinquent property taxes	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	<u>-</u>	<u>7,480</u>	<u>51,259</u>	<u>-</u>
Fund Balance				
Nonspendable	-	-	-	-
Restricted for:				
General fund	-	-	-	-
Special revenue	1,558,878	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	<u>1,558,878</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,558,878</u>	<u>\$ 7,480</u>	<u>\$ 51,259</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	<i>Fund 26184</i>	<i>Fund 26217</i>	<i>Fund 27103</i>	<i>Fund 27114</i>
	Clovis Schools Foundation	Albertson's Grant	Dual Credit Instructional Materials	NM Reads to Lead
Assets				
Cash and cash equivalents	\$ 9,031	\$ 1,000	\$ -	\$ -
Restricted cash and cash equivalents	-	-	-	-
Accounts receivable, collectible				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Other receivables	-	-	-	-
Interfund receivables	-	-	-	-
Investments	-	-	-	-
Restricted investments	-	-	-	-
Inventory	-	-	-	-
Total Assets	<u>\$ 9,031</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	-	-	-
Unearned revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Delinquent property taxes	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance				
Nonspendable	-	-	-	-
Restricted for:				
General fund	-	-	-	-
Special revenue	9,031	1,000	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	<u>9,031</u>	<u>1,000</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 9,031</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	<i>Fund 27140</i> Family & Youth Resource Pro - PED	<i>Fund 27141</i> Truancy Initiative PED	<i>Fund 27154</i> Beginning Teacher Mentoring Program	<i>Fund 27155</i> Breakfast for Elementary Students
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	-	-	-	-
Accounts receivable, collectible				
Taxes	-	-	-	-
Due from other governments	-	41,182	-	-
Other receivables	-	-	-	-
Interfund receivables	-	-	-	-
Investments	-	-	-	-
Restricted investments	-	-	-	-
Inventory	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 41,182</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	41,182	-	-
Unearned revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>41,182</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Delinquent property taxes	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	<u>-</u>	<u>41,182</u>	<u>-</u>	<u>-</u>
Fund Balance				
Nonspendable	-	-	-	-
Restricted for:				
General fund	-	-	-	-
Special revenue	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ -</u>	<u>\$ 41,182</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2017**

	<i>Fund 27166</i> Kindergarten Three Plus	<i>Fund 27168</i> After School Enrichment Program	<i>Fund 27193</i> Parent Advocacy	<i>Fund 29102</i> Private Direct Grants	Total
Assets					
Cash and cash equivalents	\$ 75	\$ -	\$ -	\$ 4,044	\$ 1,649,817
Restricted cash and cash equivalents	-	-	-	-	-
Accounts receivable, collectible					
Taxes	-	-	-	-	-
Due from other governments	-	-	-	-	338,483
Other receivables	-	-	-	-	51,259
Interfund receivables	-	-	-	-	-
Investments	-	-	-	-	-
Restricted investments	-	-	-	-	-
Inventory	-	-	-	-	-
Total Assets	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,044</u>	<u>\$ 2,039,559</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-	-
Interfund payables	-	-	-	-	308,741
Unearned revenues	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>308,741</u>
Deferred Inflows of Resources					
Delinquent property taxes	-	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>308,741</u>
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted for:					
General fund	-	-	-	-	-
Special revenue	75	-	-	4,044	1,730,818
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balance	<u>75</u>	<u>-</u>	<u>-</u>	<u>4,044</u>	<u>1,730,818</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,044</u>	<u>\$ 2,039,559</u>

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

	<i>Fund 22000</i>	<i>Fund 24103</i>	<i>Fund 24108</i>	<i>Fund 24109</i>
	Athletics	Migrant Children Education	IDEA-B Competitive	IDEA-B Preschool
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	87,152	5,164	73,668
Miscellaneous	-	-	-	-
Charges for services	184,126	-	-	-
Interest	-	-	-	-
Total revenues	<u>184,126</u>	<u>87,152</u>	<u>5,164</u>	<u>73,668</u>
Expenditures				
Current				
Instruction	266,013	14,926	-	341
Support services				
Students	-	62,552	5,164	71,397
Instruction	-	-	-	-
General administration	-	3,559	-	1,930
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	6,115	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>266,013</u>	<u>87,152</u>	<u>5,164</u>	<u>73,668</u>
Excess (deficiency) of revenues over (under) expenditures	(81,887)	-	-	-
Other financing sources				
Operating transfers	-	-	-	-
Proceeds from bond issuances	-	-	-	-
Bond underwriter discount	-	-	-	-
Bond underwriter premium	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(81,887)	-	-	-
Fund balances, beginning of year	<u>170,252</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 88,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	<i>Fund 24112</i>	<i>Fund 24129</i>	<i>Fund 24153</i>	<i>Fund 24154</i>
	IDEA-B Early Intervention	Partnerships in Charter Education	English Language Acquisition	Teacher/Principal Training & Recruiting
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	156,925	-	81,300	388,214
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>156,925</u>	<u>-</u>	<u>81,300</u>	<u>388,214</u>
Expenditures				
Current				
Instruction	-	-	68,884	325,201
Support services				
Students	153,159	-	1,428	-
Instruction	-	-	-	-
General administration	3,766	-	5,937	13,341
School administration	-	-	5,051	5,303
Central services	-	-	-	44,369
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>156,925</u>	<u>-</u>	<u>81,300</u>	<u>388,214</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources				
Operating transfers	-	-	-	-
Proceeds from bond issuances	-	-	-	-
Bond underwriter discount	-	-	-	-
Bond underwriter premium	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	<i>Fund 24174</i> Carl D Perkins Secondary Current	<i>Fund 24176</i> Carl D Perkins Secondary Redistribution	<i>Fund 24187</i> Migrant Regional Recruiting	<i>Fund 25145</i> Impact Aid Special Education
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	90,748	11,569	67,357	43,207
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>90,748</u>	<u>11,569</u>	<u>67,357</u>	<u>43,207</u>
Expenditures				
Current				
Instruction	88,371	10,728	-	-
Support services				
Students	-	-	39,169	29,108
Instruction	-	-	-	-
General administration	2,377	283	1,764	783
School administration	-	558	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	693	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	25,731	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>90,748</u>	<u>11,569</u>	<u>67,357</u>	<u>29,891</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	13,316
Other financing sources				
Operating transfers	-	-	-	-
Proceeds from bond issuances	-	-	-	-
Bond underwriter discount	-	-	-	-
Bond underwriter premium	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	13,316
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,109</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,425</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	<i>Fund 25153</i>	<i>Fund 25200</i>	<i>Fund 26103</i>	<i>Fund 26148</i>
	Title XIX Medicaid	ROTC	ENLACE UNM	Walton Family Foundation
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	1,297,489	8,644	-	-
Miscellaneous	-	-	165,465	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>1,297,489</u>	<u>8,644</u>	<u>165,465</u>	<u>-</u>
Expenditures				
Current				
Instruction	-	8,644	64,098	-
Support services				
Students	591,876	-	86,878	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	14,489	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>591,876</u>	<u>8,644</u>	<u>165,465</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	705,613	-	-	-
Other financing sources				
Operating transfers	-	-	-	-
Proceeds from bond issuances	-	-	-	-
Bond underwriter discount	-	-	-	-
Bond underwriter premium	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	705,613	-	-	-
Fund balances, beginning of year	<u>853,265</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,558,878</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	<i>Fund 26184</i>	<i>Fund 26217</i>	<i>Fund 27103</i>	<i>Fund 27114</i>
	Clovis Schools Foundation	Albertson's Grant	Dual Credit Instructional Materials	NM Reads to Lead
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	30,891	-
Federal grants	-	-	-	-
Miscellaneous	30,349	1,000	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>30,349</u>	<u>1,000</u>	<u>30,891</u>	<u>-</u>
Expenditures				
Current				
Instruction	35,734	-	30,891	-
Support services				
Students	5,000	-	-	-
Instruction	4,230	-	-	-
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	-	-	-	-
Total expenditures	<u>44,964</u>	<u>-</u>	<u>30,891</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(14,615)	1,000	-	-
Other financing sources				
Operating transfers	-	-	-	-
Proceeds from bond issuances	-	-	-	-
Bond underwriter discount	-	-	-	-
Bond underwriter premium	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(14,615)	1,000	-	-
Fund balances, beginning of year	<u>23,646</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 9,031</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	<i>Fund 27140</i> Family & Youth Resource Pro - PED	<i>Fund 27141</i> Truancy Initiative PED	<i>Fund 27154</i> Beginning Teacher Mentoring Program	<i>Fund 27155</i> Breakfast for Elementary Students
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	157,052	-	115,588
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>-</u>	<u>157,052</u>	<u>-</u>	<u>115,588</u>
Expenditures				
Current				
Instruction	-	-	-	-
Support services				
Students	-	157,052	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	115,588
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>157,052</u>	<u>-</u>	<u>115,588</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources				
Operating transfers	-	-	-	-
Proceeds from bond issuances	-	-	-	-
Bond underwriter discount	-	-	-	-
Bond underwriter premium	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	<i>Fund 27166</i> Kindergarten Three Plus	<i>Fund 27168</i> After School Enrichment Program	<i>Fund 27193</i> Parent Advocacy	<i>Fund 29102</i> Private Direct Grants	Total
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	48,305	-	-	-	351,836
Federal grants	-	-	-	-	2,311,437
Miscellaneous	-	-	-	7,499	204,313
Charges for services	-	-	-	-	184,126
Interest	-	-	-	-	-
Total revenues	<u>48,305</u>	<u>-</u>	<u>-</u>	<u>7,499</u>	<u>3,051,712</u>
Expenditures					
Current					
Instruction	40,245	-	-	3,455	957,531
Support services					
Students	2,827	-	-	-	1,205,610
Instruction	-	-	-	-	4,230
General administration	-	-	-	-	33,740
School administration	5,158	-	-	-	16,070
Central services	-	-	-	-	44,369
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	693
Other support services	-	-	-	-	-
Food services operations	-	-	-	-	115,588
Community services	-	-	-	-	20,604
Capital outlay	-	-	-	20,000	45,731
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>48,230</u>	<u>-</u>	<u>-</u>	<u>23,455</u>	<u>2,444,166</u>
Excess (deficiency) of revenues over (under) expenditures	75	-	-	(15,956)	607,546
Other financing sources					
Operating transfers	-	-	-	-	-
Proceeds from bond issuances	-	-	-	-	-
Bond underwriter discount	-	-	-	-	-
Bond underwriter premium	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	75	-	-	(15,956)	607,546
Fund balances, beginning of year	-	-	-	20,000	1,123,272
Fund balances, end of year	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,044</u>	<u>\$ 1,730,818</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NONMAJOR CAPITAL PROJECTS FUNDS – FUND DESCRIPTIONS
JUNE 30, 2017**

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

Public Schools Capital Outlay (Fund 31200). This fund is used to account for Critical Capital Outlay funds and other special capital outlay funds received from the State of New Mexico. The funds are restricted for the purposes outlined in the applicable legislation under which the funds were approved. This generally includes construction of new schools or improvements to existing schools.

Special Capital Outlay - Local (Fund 31300). This fund is used to account revenues that are derived from local sources such as the sale of a building.

Special Capital Outlay - State Match (Fund 31700) The 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).

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2017**

	<i>Fund 31200</i>	<i>Fund 31300</i>	<i>Fund 31700</i>	
	Public School Capital Outlay	Public School Capital Outlay Local	Capital Improvements SB-9 State Match	Total
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	-	412,800	-	412,800
Accounts receivable, collectible				-
Taxes	-	-	-	-
Due from other governments	-	-	322,143	322,143
Other receivables	-	-	-	-
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 412,800</u>	<u>\$ 322,143</u>	<u>\$ 734,943</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 20,574	\$ 20,574
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	-	301,569	301,569
Unearned revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>322,143</u>	<u>322,143</u>
Deferred Inflows of Resources				
Delinquent property taxes	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>322,143</u>	<u>322,143</u>
Fund Balance				
Nonspendable	-	-	-	-
Restricted for:				
General fund	-	-	-	-
Special revenue	-	-	-	-
Capital projects	-	412,800	-	412,800
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	<u>-</u>	<u>412,800</u>	<u>-</u>	<u>412,800</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ -</u>	<u>\$ 412,800</u>	<u>\$ 322,143</u>	<u>\$ 734,943</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR CAPITAL PROJECT FUNDS
YEAR ENDED JUNE 30, 2017**

	<i>Fund 31200</i> Public School Capital Outlay State	<i>Fund 31300</i> Public School Capital Outlay Local	<i>Fund 31700</i> Capital Improvements SB-9 State Match	Total
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	755,130	-	1,292,057	2,047,187
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>755,130</u>	<u>-</u>	<u>1,292,057</u>	<u>2,047,187</u>
Expenditures				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	755,130	-	1,025,500	1,780,630
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>755,130</u>	<u>-</u>	<u>1,025,500</u>	<u>1,780,630</u>
Excess of revenues over expenditures	-	-	266,557	266,557
Other financing sources (uses)				
Operating transfers	-	-	(3,688,112)	(3,688,112)
Proceeds from bond issues	-	-	-	-
Bond underwriter discount	-	-	-	-
Bond underwriter premium	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(3,688,112)</u>	<u>(3,688,112)</u>
Net changes in fund balances	-	-	(3,421,555)	(3,421,555)
Fund balances, beginning of year	-	412,800	3,421,555	3,834,355
Fund balances, end of year	<u>\$ -</u>	<u>\$ 412,800</u>	<u>\$ -</u>	<u>\$ 412,800</u>

OTHER SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Barry Elementary	\$ 11,428	\$ 20,568	\$ (17,637)	\$ 14,359
Bella Vista Elementary	11,449	8,528	(9,360)	10,617
Cameo Elementary	13,922	12,385	(13,272)	13,035
Central Office	102,317	52,838	(15,990)	139,165
Choices School	993	-	(993)	-
Clovis High School	422,232	905,292	(931,803)	395,721
Freshman Academy	58,156	71,348	(67,540)	61,964
Gattis Middle School	59,707	79,955	(94,274)	45,388
Highland Elementary	16,118	4,882	(2,587)	18,413
James Bickley Elementary	15,445	9,114	(8,432)	16,127
Lacasita Elementary	16,096	14,609	(13,314)	17,391
Lincoln Jackson Elementary	20,763	22,938	(14,023)	29,678
Lockwood Elementary	11,228	22,372	(21,275)	12,325
Los Niño's Intervention	46,967	29,893	(16,032)	60,828
Marshall Junior High	36,983	58,952	(59,965)	35,970
Mesa Elementary	45,071	70,053	(81,802)	33,322
Parkview Elementary	17,279	18,823	(23,619)	12,483
Ranchvale Elementary	12,808	-	-	12,808
Sandia Elementary	26,438	32,208	(31,848)	26,798
Scholarship	158,736	6,790	(5,475)	160,051
SSC	1,506	632	(225)	1,913
Yucca Junior High	47,832	90,935	(104,734)	34,033
Zia Elementary	53,251	70,401	(73,007)	50,645
Total All Schools	<u>\$ 1,206,725</u>	<u>\$ 1,603,516</u>	<u>\$ (1,607,207)</u>	<u>\$ 1,203,034</u>

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

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2017	Name and Location of Safe Keeper
Citizen's Bank of Clovis	GNMA II Pool #MA0213 CUSIP 36179MGW4 3.0% Due 7/20/2042	\$ 1,144,831	Texas Independent Bank Dallas, Texas
Citizen's Bank of Clovis	GNMA II Pool #MA0775 CUSIP 36179M2G4 3.0% Due 2/20/2043	1,552,305	Texas Independent Bank Dallas, Texas
Citizen's Bank of Clovis	GNMA MA3610 CUSIP 36179SAK3 3.0% Due 04/20/2046	2,285,536	Texas Independent Bank Dallas, Texas
Citizen's Bank of Clovis	GNMA MA3688 CUSIP 36179SCZ8 2.0% Due 05/20/2046	2,456,626	Texas Independent Bank Dallas, Texas
Citizen's Bank of Clovis	GNR 2012-17 CD CUSIP 38378DBL8 4.0% Due 09/20/2040	1,105,548	Texas Independent Bank Dallas, Texas
Citizen's Bank of Clovis	GNR 2013-41 KE CUSIP 38378JR79 3.0% Due 10/20/2042	<u>881,623</u>	Texas Independent Bank Dallas, Texas
Subtotal Citizen's Bank of Clovis		<u>9,426,470</u>	
New Mexico Bank & Trust	HARRIS CNTY TEX CUSIP 414005WR5 5.00% Due 08/15/2036	<u>2,900,175</u>	SunTrust Bank Atlanta, Georgia
Subtotal New Mexico Bank & Trust		<u>2,900,175</u>	
Western Bank of Clovis	FHLMC GOLD G08737, 3128MJZB9 CUSIP 1393000065 3.00% Due 12/01/2046	1,001,486	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	FHLMC GOLD G08741, 3128MJZF0 CUSIP 1393000063 3.00% Due 01/01/2047	981,709	Federal Home Loan Bank Dallas, Texas

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY
DEPOSITORY FOR PUBLIC FUNDS (CONTINUED)
AS OF JUNE 30, 2017**

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2017	Name and Location of Safe Keeper
Western Bank of Clovis	FNMA AR2626, 3138NY4L6 CUSIP 1393000061 2.5000% Due 2/01/2043	\$ 860,005	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	FNMA MA0614, 31417YVG9 CUSIP 1393000034 4.000% Due 1/1/2041	139,137	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	FNMA 2496, 31418BX27 CUSIP 1393000059 3.000% Due 01/01/2036	1,589,410	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	GNMA II MA4116, 36179SSD0 CUSIP 7016001769 3.000% Due 12/20/2046	982,927	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	GNMA II 004597, 36202FDA1 CUSIP 9932002552 4.000% Due 12/20/2039	139,423	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	GNMA II ARM #008062, 36202J5X2 CUSIP 3890013566 Variable Int Due 10/20/2022	15,983	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	GNMA II ARM #008096, 36202J7H5 CUSIP 3890014163 Variable Int Due 12/20/2022	21,703	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	GNMA II ARM #008889, 36202K2W4 CUSIP 4321014354 Variable Int Due 12/20/2021	16,388	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	GNMA II 080781, 36225C2P0 CUSIP 3890015244 Variable Int Due 12/20/2033	15,905	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	GNMA II ARM 080156, 36225CE69 CUSIP 812000061 Variable Int Due 1/20/2028	13,881	Federal Home Loan Bank Dallas, Texas

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY
DEPOSITORY FOR PUBLIC FUNDS (CONTINUED)
AS OF JUNE 30, 2017**

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2017	Name and Location of Safe Keeper
Western Bank of Clovis	GNMA II ARM 080204, 36225CGN0 CUSIP 4321014313 Variable Int Due 6/20/2028	\$ 14,350	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	GNMA II ARM 080230, 36225CHG4 CUSIP 3890009556 Variable Int Due 10/20/2028	36,461	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	GNMA II ARM 080272, 36225CJS6 CUSIP 4321014314 Variable Int Due 4/20/2029	13,882	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	GECC 36962G3U6 CUSIP 2562000144 5.625% Due 5/01/2018	310,530	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	SBAP 2009-20F 1, 83162CSP9 CUSIP 1393000022 Variable Int Due 06/01/2029	180,054	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	SBAP 2010-20D 1, 83162CTE3 CUSIP 190006492 Variable Int Due 04/01/2030	418,049	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	SBAP 2011-20 1, 83162CUG6 CUSIP 2562000141 2.850% Due 09/01/2031	287,867	Federal Home Loan Bank Dallas, Texas
Western Bank of Clovis	SBAP 2012-20B 1, 83162CUP6 CUSIP 1393000037 Variable Int Due 02/01/2032	<u>242,100</u>	Federal Home Loan Bank Dallas, Texas
Subtotal Western Bank of Clovis		<u>7,281,250</u>	
Bank of Clovis	Las Cruces SD NM CUSIP 517534PV9 3.00% Due 08/01/2017	200,434	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	West Las Vegas SD #1 NM CUSIP 953769JX5 2.75% Due 08/15/2019	254,035	Plains Capital Bank Clovis, New Mexico

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY
DEPOSITORY FOR PUBLIC FUNDS (CONTINUED)
AS OF JUNE 30, 2017**

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2017	Name and Location of Safe Keeper
Bank of Clovis	Santa Rosa SD 8 NM CUSIP 802751DS3 2.00% Due 05/15/2020	\$ 383,171	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	Taos Gross Receipts NM 23 CUSIP 87601RAL4 4.10% Due 06/1/2023	546,254	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	Alamogordo Muni SD #1 NM 2 CUSIP 011464HN7 2.50% Due 08/01/2025	621,270	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	Clovis Gross Receipts NM 26 CUSIP 189387DH3 2.40% Due 06/01/2026	447,770	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	Austin TX CUSIP 052396YAO 3.25% Due 09/01/2028	1,036,840	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	FHLMC 15 YR CUSIP 3128MD3J0 3.25% Due 10/01/2028	543,287	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	FHLMC Conv 15 High LTV bigger CUSIP 3132LKAY6 3.5% Due 08/01/2030	945,453	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	FHLMC OTHER CUSIP 3132G5B57 3.50% Due 01/01/2031	966,999	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	FHLMC 20 YR CUSIP 3128P7RE5 4.00% Due 08/01/2031	625,859	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	Terrell ISD-REF TX CUSIP 881405LB8 3.00% Due 08/01/2031	397,220	Plains Capital Bank Clovis, New Mexico

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY
DEPOSITORY FOR PUBLIC FUNDS (CONTINUED)
AS OF JUNE 30, 2017**

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2017	Name and Location of Safe Keeper
Bank of Clovis	FHR 4240 A CUSIP 3137B3TW8 3.00% Due 08/15/2031	\$ 763,799	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	FNMA 20 YR CUSIP 31417Y6Q5 4.00% Due 10/01/2031	768,730	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	FNMA 20 YR CUSIP 31418AAJ7 4.00% Due 11/01/2031	716,438	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	FNMA 20 YR CUSIP 3138ETBH8 4.00% Due 02/01/2032	1,509,714	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	FNMA 20 YR CUSIP 3138ENTQ2 4.00% Due 03/01/2032	599,211	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	Carroll ISD-REF TX 33 CUSIP 1452316B7 4.00% Due 02/15/2033	588,312	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	Longview ISD-BLDG TX 34 CUSIP 543264SV8 5.00% Due 02/15/2034	1,183,908	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	FHR 2881 AE CUSIP 31395J5C6 5.00% Due 08/15/2034	82,597	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	FNMA Conv <30 Mtg CUSIP 3138EPNB6 4.00% Due 01/01/2035	800,590	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	GNMA II 5x1 CUSIP 36225DQM9 2.13% Due 05/20/2035	257,929	Plains Capital Bank Clovis, New Mexico

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY
DEPOSITORY FOR PUBLIC FUNDS (CONTINUED)
AS OF JUNE 30, 2017**

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2017	Name and Location of Safe Keeper
Bank of Clovis	FNR 2009-82 QA CUSIP 31398FPM7 4.00% Due 08/25/2035	\$ 175,023	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	FHR 3910 JG CUSIP 3137AELV5 2.75% Due 12/15/2037	493,511	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	FNR 2013-127 LA CUSIP 3136AHAZ3 2.50% Due 05/25/2039	486,727	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	FHR 4012 KE CUSIP 3137AMP50 3.00% Due 07/15/2039	572,898	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	GNR 2016-58 TA CUSIP 38379WXJ6 2.00% Due 12/20/2039	895,498	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	FHR 3984 MA CUSIP 3137AKF30 2.00% Due 01/15/2040	436,430	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	FHR 3819 GA CUSIP 3137A8LT3 2.00% Due 06/15/2040	591,586	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	FNR 2012-113 PB CUSIP 3136A8V64 2.00% Due 10/25/2040	637,951	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	FNR 2011-73 PA CUSIP 3136A0US4 3.50% Due 05/25/2041	677,683	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	FHR 4016 CA CUSIP 3137AN5X9 2.00% Due 07/15/2041	742,740	Plains Capital Bank Clovis, New Mexico

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY
DEPOSITORY FOR PUBLIC FUNDS (CONTINUED)
AS OF JUNE 30, 2017**

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2017	Name and Location of Safe Keeper
Bank of Clovis	FHR 4027 TA CUSIP 3137ANTK1 3.50% Due 07/15/2041	\$ 728,041	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	FNR 4253 PA CUSIP 3137B4KW5 3.50% Due 08/15/2041	732,784	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	GNR 2011-156 MA CUSIP 38378A3G4 2.00% Due 09/16/2041	417,761	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	FNR 2012-73 JB CUSIP 3136A65G5 3.50% Due 01/25/2042	733,357	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	FHR 4238 DG CUSIP 3137B4CB0 3.00% Due 02/15/2042	985,141	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	FNR 2014-40 EP CUSIP 3136AKMJ9 3.50% Due 10/25/2042	884,420	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	FHR 4579 BA CUSIP 31337BPP29 3.00% Due 11/15/2043	890,875	Plains Capital Bank Clovis, New Mexico
Bank of Clovis	FNR 2014-38 QD CUSIP 3136AKNRO 2.00% Due 12/25/2043	597,706	Plains Capital Bank Clovis, New Mexico
Subtotal Bank of Clovis		<u>25,919,953</u>	
Total All Banks		<u>\$ 45,527,848</u>	

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
AS OF JUNE 30, 2017**

Bank Account Type	Bank of Clovis	NM Bank & Trust	Western Bank of Clovis	Citizen's Bank of Clovis	Totals
Checking - General Account	\$ 6,199,259	\$ -	\$ -	\$ -	\$ 6,199,259
Checking - Activity	37,724	-	-	-	37,724
Checking - Bond Building	7,273,586	-	-	-	7,273,586
Checking - Operational	41,308	-	-	-	41,308
Certificate of Deposit - Activity	624,131	-	-	-	624,131
Certificate of Deposit - Operational	5,201,089	-	-	-	5,201,089
Checking - General Building	-	1,744,687	-	-	1,744,687
Checking - Accounts Payable	-	1,179,418	-	-	1,179,418
Checking - SB-9	-	-	3,802,220	-	3,802,220
Checking - Debt Service	-	-	2,804,315	-	2,804,315
Checking - Payroll Account	-	-	-	5,094,426	5,094,426
Checking - Food Services	-	-	-	3,080,563	3,080,563
Checking - Activity	-	-	-	656,944	656,944
Total on Deposit	19,377,097	2,924,105	6,606,534	8,831,933	37,739,670
Reconciling Items	<u>(122,055)</u>	<u>(1,061,829)</u>	<u>-</u>	<u>(4,332,293)</u>	<u>(5,516,177)</u>
Reconciled Balance, June 30, 2017	<u>\$ 19,255,042</u>	<u>\$ 1,862,276</u>	<u>\$ 6,606,534</u>	<u>\$ 4,499,640</u>	32,223,493
Plus: Petty Cash					<u>212</u>
Cash (includes restricted) per Government-wide Financial Statements and Agency Funds					<u>\$ 32,223,705</u>

Checking accounts with the Bank of Clovis, NM Bank & Trust, and Citizen's Bank of Clovis are non-interest bearing

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF CASH RECONCILIATION
YEAR ENDED JUNE 30, 2017**

	<i>Fund 11000</i>	<i>Fund 13000</i>	<i>Fund 14000</i>
	Operational	Transportation Account	Instructional Materials
	<u> </u>	<u> </u>	<u> </u>
Cash balance,* June 30, 2016	\$ 9,619,515	\$ 754	\$ 749,371
Additions to cash			
2016-17 revenue	57,416,676	1,784,327	381,860
Receipt of prior year loans	1,472,830	-	-
Transfer from other funds	-	-	-
Loans from other funds	-	-	-
Total additions to cash	<u>68,509,021</u>	<u>1,785,081</u>	<u>1,131,231</u>
Deductions to cash			
2016-17 expenditures	59,543,741	1,785,081	294,479
Repayment of loans	-	-	-
Transfer to other funds	(497,411)	-	-
Loans to other funds	1,872,309	-	-
Total deductions to cash	<u>60,918,639</u>	<u>1,785,081</u>	<u>294,479</u>
Change due to held checks	<u>814,675</u>	<u>-</u>	<u>-</u>
Cash balance,* June 30, 2017	<u><u>\$ 8,405,057</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 836,752</u></u>

*Cash balances include cash and restricted cash.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
YEAR ENDED JUNE 30, 2017**

	<i>Fund 21000</i>	<i>Fund 22000</i>	<i>Fund 24000</i>
	Food Services	Athletics Account	Federal Flow-through
	<u> </u>	<u> </u>	<u> </u>
Cash balance,* June 30, 2016	\$ 3,433,322	\$ 170,254	\$ (1,534)
Additions to cash			
2016-17 revenue	4,056,009	184,126	5,119,941
Receipt of prior year loans	-	-	-
Transfer from other funds	-	-	1,672
Loans from other funds	-	-	1,470,819
Total additions to cash	<u>7,489,331</u>	<u>354,380</u>	<u>6,590,898</u>
Deductions to cash			
2016-17 expenditures	3,933,815	266,015	5,308,923
Repayment of loans	-	-	1,281,825
Transfer to other funds	500,000	-	150
Loans to other funds	-	-	-
Total deductions to cash	<u>4,433,815</u>	<u>266,015</u>	<u>6,590,898</u>
Change due to held checks	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance,* June 30, 2017	<u><u>\$ 3,055,516</u></u>	<u><u>\$ 88,365</u></u>	<u><u>\$ -</u></u>

*Cash balances include cash and restricted cash.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
YEAR ENDED JUNE 30, 2017**

	<i>Fund 25000</i>	<i>Fund 26000</i>	<i>Fund 27000</i>
	Federal Direct	Local Grants	State Flow-through
	<u> </u>	<u> </u>	<u> </u>
Cash balance,* June 30, 2016	\$ 831,016	\$ 23,645	\$ 515
Additions to cash			
2016-17 revenue	1,339,216	210,499	436,713
Receipt of prior year loans	-	-	-
Transfer from other funds	-	-	-
Loans from other funds	7,480	51,259	41,182
Total additions to cash	<u>2,177,712</u>	<u>285,403</u>	<u>478,410</u>
Deductions to cash			
2016-17 expenditures	630,410	210,428	351,759
Repayment of loans	-	64,944	126,061
Transfer to other funds	-	-	515
Loans to other funds	-	-	-
Total deductions to cash	<u>630,410</u>	<u>275,372</u>	<u>478,335</u>
Change due to held checks	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance,* June 30, 2017	<u>\$ 1,547,302</u>	<u>\$ 10,031</u>	<u>\$ 75</u>

*Cash balances include cash and restricted cash.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
YEAR ENDED JUNE 30, 2017**

	<i>Fund 28000</i>		<i>Fund 29000</i>		<i>Fund 31100</i>	
	State Direct		Local/ State		Bond Building State	
Cash balance,* June 30, 2016	\$	-	\$	15,001	\$	5,668,205
Additions to cash						
2016-17 revenue		-		7,499		6,134,462
Receipt of prior year loans		-		-		-
Transfer from other funds		-		-		-
Loans from other funds		-		-		-
Total additions to cash		-		<u>22,500</u>		<u>11,802,667</u>
Deductions to cash						
2016-17 expenditures		-		23,456		4,074,860
Repayment of loans		-		-		59,500
Transfer to other funds		-		(5,000)		-
Loans to other funds		-		-		-
Total deductions to cash		-		<u>18,456</u>		<u>4,134,360</u>
Change due to held checks		-		-		-
Cash balance,* June 30, 2017	\$	-	\$	<u>4,044</u>	\$	<u>7,668,307</u>

*Cash balances include cash and restricted cash.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
YEAR ENDED JUNE 30, 2017**

	<i>Fund 31200</i>	<i>Fund 31300</i>	<i>Fund 31700</i>
	Public School Capital Outlay	Public School Capital Outlay Local	Capital Improvements SB 9
	<u> </u>	<u> </u>	<u> </u>
Cash balance,* June 30, 2016	\$ -	\$ 412,800	\$ 3,392,013
Additions to cash			
2016-17 revenue	-	-	1,001,099
Receipt of prior year loans	-	-	-
Transfer from other funds	-	-	-
Loans from other funds	-	-	301,569
Total additions to cash	<u>-</u>	<u>412,800</u>	<u>4,694,681</u>
Deductions to cash			
2016-17 expenditures	-	-	1,004,926
Repayment of loans	-	-	-
Transfer to other funds	-	-	3,689,755
Loans to other funds	-	-	-
Total deductions to cash	<u>-</u>	<u>-</u>	<u>4,694,681</u>
Change due to held checks	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance,* June 30, 2017	<u><u>\$ -</u></u>	<u><u>\$ 412,800</u></u>	<u><u>\$ -</u></u>

*Cash balances include cash and restricted cash.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
YEAR ENDED JUNE 30, 2017**

	<i>Fund 31701</i>	<i>Fund 41000</i>	
	Capital Improvements SB 9	Debt Service Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Cash balance,* June 30, 2016	\$ 1	\$ 3,494,871	\$ 27,809,749
Additions to cash			
2016-17 revenue	1,560,726	7,581,429	87,214,582
Receipt of prior year loans	-	59,500	1,532,330
Transfer from other funds	3,688,112	-	3,689,784
Loans from other funds	<u>-</u>	<u>-</u>	<u>1,872,309</u>
Total additions to cash	<u>5,248,839</u>	<u>11,135,800</u>	<u>122,118,754</u>
Deductions to cash			
2016-17 expenditures	90,294	7,297,171	84,815,358
Repayment of loans	-	-	1,532,330
Transfer to other funds	-	3,858	3,691,867
Loans to other funds	<u>-</u>	<u>-</u>	<u>1,872,309</u>
Total deductions to cash	<u>90,294</u>	<u>7,301,029</u>	<u>91,911,864</u>
Change due to held checks	<u>-</u>	<u>-</u>	<u>814,675</u>
Cash balance,* June 30, 2017	<u>\$ 5,158,545</u>	<u>\$ 3,834,771</u>	31,021,565
		Fiduciary Fund Cash	<u>1,203,034</u>
		Total Cash	<u>\$ 32,224,599</u>

*Cash balances include cash and restricted cash.

COMPLIANCE SECTION



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

Mr. Tim Keller
New Mexico State Auditor and
The Board of Education
Clovis Municipal Schools
Clovis, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of Clovis Municipal Schools (the “District”), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated November 13, 2017.

Internal Control over Financial Reporting

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

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

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

Mr. Tim Keller
New Mexico State Auditor and
The Board of Education
Clovis Municipal Schools

described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as items 2017-002, 2017-004, and 2017-005.

Compliance and Other Matters

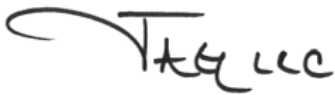
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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* as items 2016-002, 2017-001, and 2017-003.

The District's Responses to Findings

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "JAG LLC". The signature is stylized with a large, sweeping initial letter.

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
November 13, 2017



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

Mr. Tim Keller
New Mexico State Auditor and
The Board of Education
Clovis Municipal Schools
Clovis, New Mexico

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Mr. Tim Keller
New Mexico State Auditor and
The Board of Education
Clovis Municipal Schools

Opinion on Each Major Federal Program

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

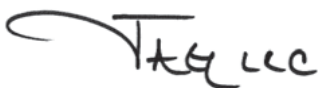
Report on Internal Control over Compliance

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

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

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

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



Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
November 13, 2017

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

Federal Grantor or Pass-Through Grantor/Program Title	Pass-through Number	Federal CFDA	Passed-through to Subrecipients	Federal Expenditures
U.S. Department of Defense				
ROTC	25200	12.357	\$ -	\$ 8,644
U.S. Department of Education				
<i>Pass-through State of New Mexico Public Education Department</i>				
Title I Grants to Local Educational Agencies	24101	84.010	-	2,032,389
Migrant Education - State Grant Program	24103	84.011	-	87,151
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States (IDEA B)	24106	84.027	-	2,314,449
Special Education - Grants to States (IDEA B - Competitive)	24108	84.027	-	5,164
Special Education - Preschool Grants (IDEA B - Pre School)	24109	84.173	-	73,668
Special Education - Preschool Grants (IDEA B - Early Intervention)	24112	84.173	-	156,925
<i>Special Education Cluster (IDEA) Total</i>			-	2,550,206
English Language Acquisition State Grants	24153	84.365A	-	81,301
Improving Teacher Quality State Grants (Title II)	24154	84.367	9,461	388,214
Career and Technical Education - Basic Grants to States (Carl D Perkins - Secondary Current)	24174	84.048	-	90,748
Career and Technical Education - Basic Grants to States (Carl D. Perkins - Secondary - Redistribution)	24176	84.048	-	11,569
<i>Subtotal - Pass-through State of New Mexico Public Education Department</i>			9,461	5,241,578
<i>Direct U.S. Department of Education</i>				
Impact Aid	11000	84.041	-	107,705
Impact Aid - Special Education	25145	84.041	-	29,891
<i>Subtotal - Direct U.S. Department of Education</i>			-	137,596
Total U.S. Department of Education			9,461	5,379,174
U.S. Department of Agriculture				
<i>Child Nutrition Cluster</i>				
<i>Pass-through State of New Mexico Public Education Department</i>				
<i>Cash Assistance</i>				
School Breakfast	21000	10.553		1,395,362
National School Lunch Program	21000	10.555	-	2,494,714
<i>Pass-through State of New Mexico Human Services Department</i>				
Non-Cash Assistance (Commodities) National School Lunch Program	21000	10.555	-	345,512
<i>Total Child Nutrition Cluster</i>			-	4,235,588
Total U.S. Department of Agriculture			-	4,235,588
Total Federal Financial Assistance			\$ 9,461	\$ 9,623,406

See Notes to Schedule of Expenditures of Federal Awards.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2017**

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Clovis Municipal Schools (District) under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. SUBRECIPIENT

The District provided the following federal award to a subrecipient during the year:

CFDA 84.367, Improving Teacher Quality State Grants (Title II)
Clovis Christian School in the amount of \$9,461

NOTE 4. NONCASH FEDERAL ASSISTANCE

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast program. Per USDA guidance (FPI-18-2), donated USDA commodities should be grouped with the National School Lunch Program and use the same CFDA number as the National School Lunch Program. The value of commodities received for the year ended June 30, 2017 was \$345,512. Commodities are recorded as revenues and expenditures in the Food Service fund.

NOTE 5. INDIRECT COST RATE

During the year ended June 30, 2017, the New Mexico Public Education Department reimbursed the District for indirect costs at 2.69%.

NOTE 6. RECONCILIATION OF FEDERAL REVENUE TO FEDERAL EXPENDITURES

Federal expenditures as reported on Schedule of Expenditure of Federal Awards	\$ 9,623,406
District as contractor relationship:	
Medicaid (Fund 25153)	1,297,489
Migrant Regional Recruiting (Fund 24187)	67,357
Indirect cost recovery (Fund 11000)	126,593
Advance reimbursement grant (Impact Aid - Fund 25145)	<u>13,316</u>
Federal revenue as reported in the financial statements	<u>\$ 11,128,161</u>

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

2016-001

Actual Expenditures Exceeded Budgeted Expenditures
Non-Compliance

Resolved

2016-002

Compliance with School Personnel Act
Non-Compliance

Modified and Repeated

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Section I – Summary of Audit Results

Financial Statements:

- | | |
|----------------------------------------------------------------------------------|------------|
| 1. Type of auditor’s report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to financial statements noted? | No |

Federal Awards:

- | | |
|---------------------------------------------------------------------------------------------------------------|------------|
| 1. Internal control over major programs: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 2. Type of auditor’s report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | No |
| 4. Identification of major programs: | |

CFDA		
<u>Number</u>	<u>Federal Program</u>	
84.010	Title I Grants to Local Educational Agencies	

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

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

2016-002 COMPLIANCE WITH SCHOOL PERSONNEL ACT

TYPE OF FINDING: Non-Compliance

CONDITION

Our testing found that two employee contracts (from a random sample of five) were not executed within the required time frame, 10 days before the first day the employee returns for the school year. There was also a new hire with an effective contract date of August 9, 2016; however, he was offered the job and signed the contract on August 10, 2016.

Management made progress on this finding, but due to the timing of the prior year auditing finding, this repeated since contracts were signed in August.

CRITERIA

22-10A-23(B) NMSA 1978 states that delivery of the written acceptance of reemployment by a certified school instructor creates a binding employment contract between the certified school instructor and the local school board or the governing authority of the state agency until the parties enter into a formal written employment contract. Written employment contracts between local school boards or governing authorities of state agencies and certified school instructors shall be executed by the parties not later than ten days before the first day of a school year.

EFFECT

Without contracts signed timely, the District may be at risk of students' classrooms and services not staffed as planned.

CAUSE

It is difficult to contact employees for their signatures during the summer. One employee in the sample was a new hire.

RECOMMENDATION

We recommend that the District implement new procedures and monitor their effectiveness to ensure that the District remain in compliance with all elements of the School Personnel Act. Implementing an electronic system may be helpful to this process.

MANAGEMENT RESPONSE

Corrective Action: In order to be in compliance with the School Personnel Act 22-10A-23(B) NMSA 1978, future Certified Instructor Contracts will be issued earlier in the fiscal year and certified staff will be required to sign their contract not later than ten (10) days before the first day of the school year. Additionally, a new process was established for the 17-18 school year where contracts were electronically generated and signed, giving employees the flexibility to review and sign contracts during the summer break.

Due Date of Completion: July 2017

Responsible Party: Assistant Superintendent of Human Resources

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings (Continued)

2017-001 CAPITAL ASSET DISPOSALS

TYPE OF FINDING: Non-Compliance

CONDITION

During our testing of the District's compliance with the New Mexico Sale of Public Property Act, we noted one exception:

- The District was unable to provide supporting documentation for one item group (from a high dollar sample of five). The item group not in compliance included 35 tables and stools with an original cost of \$61,220. The Office of the State Auditor was not notified 30 days prior to disposal and the disposal was not approved by the board. Upon further inquiry, it was found that these items were incorrectly removed from the fixed asset listing because they were thought to be lost; however, the items are still in the District's possession, so they were added back onto the capital asset listing.

CRITERIA

13-6-1(B) NMSA 1978 states that the governing authority shall, as a prerequisite to the disposition of any items of tangible personal property, designate a committee of at least three officials of the governing authority to approve and oversee the disposition. The authority shall give notification at least thirty days prior to its action making the deletion by sending a copy of its official finding and the proposed disposition of the property to the state auditor and the appropriate approval authority designated in Section 13-6-2 NMSA 1978, duly sworn and subscribed under oath by each member of the authority approving the action. A copy of the official finding and proposed disposition of the property sought to be disposed of shall be made a permanent part of the official minutes of the governing authority and maintained as a public record subject to the Inspection of Public Records Act [14-2-4 NMSA 1978].

EFFECT

Without proper controls over compliance with disposals, items could be improperly disposed of or unaccounted for.

CAUSE

The District did not properly account for capital assets disposals and their locations.

RECOMMENDATION

We recommend training of all employees who are handling capital assets and reviewing the implementation of controls over capital asset compliance.

MANAGEMENT RESPONSE

Corrective Action: Management reviewed 13-6-1(B) NMSA 1978 with the Fixed Asset Clerk regarding the rules for the Disposition of Obsolete, Worn-Out and Unusable Personal Property. The 35 tables and stools were initially recorded in the Skyward Financial Management System under one tag. This tag was inactivated with the intent to tag each item separately, which did not occur. The original tag 72819 will be reported to the board to

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings (Continued)

2017-001 CAPITAL ASSET DISPOSALS (CONTINUED)

ask permission to remove the tag from the District inventory. The items will be individually tagged and added back into Fixed Assets Supply Assets because the individual cost for each item was less than \$5,000 each.

Due Date of Completion: January 2018

Responsible Party: Assistant Superintendent of Finance

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings (Continued)

2017-002 IT ACCESS - SEGREGATION OF DUTIES

TYPE OF FINDING: Significant Deficiency

CONDITION

In the electronic accounting system, Skyward, both the CFO and the Supervisor of Accounting had more access than was necessary. This access included the ability to add, edit, and delete (super users of Finance and Human Resources) until March of 2017. Although the CFO monitored segregation of duties access the majority of the year, in March 2017, her ability to view access by employee was removed with her super user access was removed. Access levels were subsequently monitored by IT Personnel.

CRITERIA

Effective system access controls help prevent and detect unauthorized use, damage, loss, or modification of programs and data, including sensitive and confidential information. No one employee should have the ability to record, review, and approve transactions within the system. Effective change controls should ensure that program changes and changes to data are valid, meet user needs, are reviewed and approved independently, and are implemented accurately.

EFFECT

There is an increased risk of unauthorized or inaccurate changes in Skyward.

CAUSE

After the March 2017 transfer of user access change privilege to IT, there was a lack of communication between the IT and Finance departments regarding the proper design and implementation of user access roles.

RECOMMENDATION

Finance and HR management should work with IT personnel to regularly review user access control, so that users have only those roles that are necessary, and do not have any incompatible roles.

MANAGEMENT RESPONSE

Corrective Action: System Wide access is allocated only to authorized personnel in the Technology Department. Technology now runs a quarterly report of Financial group permissions which is reviewed by the Assistant Superintendent of Finance to ensure that separation of duties is still present. Both Finance and Technology continue to work together when assigning Financial security during the year.

Due Date of Completion: June 2018

Responsible Party: Executive Director of Technology

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings (Continued)

2017-003 ANTI-DONATION CLAUSE OF THE NEW MEXICO CONSTITUTION

TYPE OF FINDING: Non-Compliance

CONDITION: The District disbursed operational funds for student scholarships totaling \$1,200 during the year ended June 30, 2017.

CRITERIA

New Mexico Constitution Article IX, Section 14 states, “neither the state, nor any county, school district, or municipality, except as otherwise provided in this constitution, shall directly or indirectly lend or pledge its credit, or make any donation to or in aid of any person, association or public or private corporation. A donation within the meaning of this provision is a “gift”, an allocation or appropriation of something of value, without consideration.” This section is commonly referred to as the “Anti-Donation Clause”.

EFFECT

Non-compliance with the State Constitution subjects District officials to penalties as required by state statutes.

CAUSE

District leadership wanted to provide scholarships for students; however, leadership did not realize the impact of using excess operational funds.

RECOMMENDATION

We recommend the District review the Anti-Donation Clause to ensure the District is not benefiting a particular individual or organization without an exchange transaction (i.e. receiving something in return). After such review, all necessary changes or adjustments should be approved, instituted, and included in the District’s policies.

MANAGEMENT RESPONSE

Corrective Action: Management has reviewed the New Mexico Constitution Article IX, Section 14 with the Superintendent and Board. The Board Scholarship will no longer be funded with School District Funds.

Due Date of Completion: October 2017

Responsible Party: Assistant Superintendent of Finance

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings (Continued)

2017-004 ACTIVITY FUNDS

TYPE OF FINDING: Significant Deficiency

CONDITION

During our testing of the District’s activity funds and walkthrough of three campus’s controls, we noted the following:

- At one school, the bookkeeper keeps the detailed activity fund records in two separate account packages (Skyward and Quicken). While this may enhance the reconciliation process, it may not be the best use of the bookkeeper’s time.
- At the same campus, this bookkeeper represented she was told to shred cash receipt ticket detailed documentation at year-end (summer break) resulting in non-compliance with record retention policies.
- One receipt (#15609582) for \$247 did not have a register tape for the deposit for Snack Shack.
- At the High School there is a safe; however, access is not restricted enough. During our walkthrough, several people had free access to the open vault which had an available key to the safe inside.
- At certain sporting events, tickets are not controlled and tracked. Some sporting events utilized donated ticket rolls and the ranges of ticket numbers sold are not reconciled to the cash receipts sheet for the event.
- There are certain instances where the High School receipts are not counted until the next day; leaving time for theft to occur and increasing the potential for missing gate receipts.
- Controls over season, reserve, and comp tickets to games are not tracked consistently.

CRITERIA

NM Public Education Department (PED) Manual of Procedures – PSAB Supplement 18 – Student Activity & Athletics As governments increasingly respond to the demands for fiscal and operational accountability, best practice dictates the creation of strong controls surrounding activity funds, including assurance that all transactions are recorded and reported in district and charter school financial records. Additionally, at a minimum, proper lines of authority combined with strong control practices, such as segregation of duties, multiple checks and balances, requirements for annual audits, and regular financial reporting, are the elements to protect against error, waste, fraud or misuse.

EFFECT

Without proper controls over activity funds, there is an increased chance fraud or errors could occur. This can be devastating to the staff, students, parents, and community members who have supported the District financially.

CAUSE

Risk assessments have not been performed at each school and, although Central Office does train employees, there may not be implementation of the strong controls over activity funds necessary.

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings (Continued)

2017-004 ACTIVITY FUNDS (CONTINUED)

RECOMMENDATION

We recommend assessing risk over each cash receipts revenue stream at each school, frequently monitoring controls that are then implemented over activity funds, and holding employees accountable for non-compliance with policies and procedures.

MANAGEMENT RESPONSE

Corrective Action: The District Finance team continues to perform audits of deposits and petty cash, as has been past practice. To help identify employees who are unfamiliar with all District procedures, the secretary training was revamped in July 2017. Each site and department secretary was asked what their processes are for deposits and procurement. The secretary response will help the Finance Department determine weaknesses that can be addressed immediately and followed up on at the monthly secretary meetings.

To help alleviate the problems of record retention, Finance will scan all financial records into the Skyward Financial Management Software. This will eliminate the need for the school sites to retain records.

All Secondary Schools have been equipped with combination style fire-proof safes to keep money, tickets, and any other valuables. The Assistant Superintendent of Finance is the only person who has access to change the combination. Each school has a unique combination in which the Principal, Assistant Principal and Finance Secretary have access to. At the High School Level, the Athletic Director and Athletic Secretary will also have access to the combination.

The Deposit Balancing Report has been revamped to include a place to sign out Petty Cash and tickets. A ticket reconciliation has been added to the report to help identify any discrepancies in tickets sold and money deposited. This report is completed before any monies are put into the safe. An initial inventory of tickets was taken and a quarterly audit of tickets will be included in the Financial Audits that will be reported to the Board. Work is still being done to tighten controls over season, reserve, and comp tickets.

Random audits have been increased with findings reported to the Principals. Principals are now required to respond with corrective action. The internal audit report with responses is reported to the Board.

Due Date of Completion: February 2018

Responsible Party: Assistant Superintendent of Finance

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings (Continued)

2017-005 INVENTORY PRICING

TYPE OF FINDING: Significant Deficiency

CONDITION

During our testing of the District's supplies inventory, we noted one exception out of the twelve items we tested. The item was listed on the supplies inventory stock valuation report at a unit cost equal to the original cost per box, however the number of units was listed by individual package. As a result, this item's extended valuation of \$10,516 was overstated by approximately \$9,868.

CRITERIA

- NMAC 6.20.2.11 states that every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP.

- NMAC 6.20.2.16 states that at fiscal year-end, each school district shall take a physical inventory of remaining goods and materials of an expendable nature. School districts shall establish adequate internal accounting control procedures over supplies inventory in accordance with GAAP.

CAUSE

The inventory pricing was not reviewed for accuracy.

EFFECT

The value of the District's inventory was overstated during the year and at year-end.

RECOMMENDATION

We recommend that policies and procedures related to the supplies inventory be implemented to ensure that all inventory related transactions be properly accounted for in accordance with GAAP, including accurate pricing and extended valuation.

MANAGEMENT RESPONSE

Corrective Action: The Warehouse Manager will begin performing random audits of warehouse items to ensure pricing matches what was invoiced. The unit of measure will be verified to ensure items that are received as a case are inventoried and sold as a case. They will also spot check inventory for accuracy.

Current Status/Plan of Action: The Warehouse Manager is currently reviewing the Inventory Value Report to look for items that appear to be over or under value. Plans are in place to perform random audits of Skyward entries and to spot check inventory for accuracy.

Responsible Party: Warehouse Manager

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

Section III – Federal Findings

None

**STATE OF NEW MEXICO
CLOVIS MUNICIPAL SCHOOLS
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2017**

The contents of this report were discussed on November 9, 2017. The following individuals were in attendance:

Clovis Municipal Schools

Denise Wolf - Audit Committee Member
Jody Balch - Superintendent
Joe Strickland - Deputy Superintendent of Instruction
Kerry Parker - Assistant Superintendent of Human Resources
Shawna Russell - Assistant Superintendent of Finance
Renee Mestas - Deputy Director of Federal Programs
Carlyn Hancock - Executive Director of Special Education
Bryan Jones - Chief Procurement Officer
Heather Nieto - Executive Assistant to Finance
Geri Schumpert - Finance
Gena Wilkerson - Finance
Monica Jackson - Finance
Barbara Hardin – Coordinator of Accounting Services
Carlos Molina – Comptroller
Cindy Osburn – Board Member
Dora Rivero – Federal Programs Bookkeeper
Eric Wimbish – Executive Director of Technology
Jarod Pearson – Special Education Bookkeeper
Seth Hamilton – Board Member
Sherry Dominquez – Fixed Asset/Accounting Clerk

Jaramillo Accounting Group LLC (JAG)

Audrey Jaramillo, CPA, CFE, Partner

Jaramillo Accounting Group LLC (JAG) 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.