

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

---

---

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

THIS PAGE INTENTIONALLY LEFT BLANK

# INTRODUCTORY SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

# TABLE OF CONTENTS

Year Ended June 30, 2017

## INTRODUCTORY SECTION

	Title Page
iii	Table of Contents
1	Official Roster

## FINANCIAL SECTION

5	Independent Auditors' Report
---	------------------------------

### BASIC FINANCIAL STATEMENTS:

#### Government-Wide Financial Statements:

8	Statement of Net Position
9	Statement of Activities

#### Fund Financial Statements:

10	Balance Sheet – Governmental Funds
13	Reconciliation of the Balance Sheet – All Governmental Funds to the Statement of Net Position
14	Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds
17	Reconciliation of the Statement of Revenue, Expenditures, and Changes In Fund Balance – All Governmental Funds to the Statement of Activities

#### Major Funds:

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):

18	General Fund	
	Special Revenue Funds:	
	<u>Fund #</u>	
19	Title I	24101
20	Entitlement IDEA-B	24106
21	Rural Education Achievement	25233
22	Reads to Leads	27114

23	Statement of Fiduciary Assets and Liabilities – Agency Funds
----	--------------------------------------------------------------

#### Notes to the Financial Statements

25	Contents	
26	Note I	Summary of Significant Accounting Policies
39	Note II	Stewardship, Compliance, and Accountability
40	Note III	Detailed Notes On All Funds
44	Note IV	Other Information

### REQUIRED SUPPLEMENTARY INFORMATION:

52	Schedule of the District's Proportionate Share of Net Pension Liability
52	Schedule of District's Contributions
52	Notes to the Required Supplementary Information

### OTHER SUPPLEMENTAL INFORMATION:

#### Combining and Individual Fund Financial Statements and Schedules:

##### General Fund:

54	Combining Balance Sheet	
55	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	
	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):	
	<u>Fund #</u>	
56	Operating Fund	11000
57	Teacherage Fund	12000
58	Transportation Fund	13000
59	Instructional Materials Fund	14000

# TABLE OF CONTENTS

Year Ended June 30, 2017

## OTHER SUPPLEMENTAL INFORMATION (cont'd):

### Major Capital Projects Funds:

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):

		<u>Fund #</u>
63	Capital Improvements SB-9	31701

### Nonmajor Governmental Funds:

69	Combining Balance Sheet	
72	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	

### Nonmajor Special Revenue Funds:

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):

		<u>Fund #</u>
78	Food Service	21000
79	Athletics	22000
80	Preschool IDEA-B	24109
81	IDEA-B "Risk Pool"	24120
82	Title II Teacher Quality	24154
83	Title XIX Medicaid	25153
84	Farm to School	25208
85	Dental NM Community Foundation	26176
86	Dual Credit Instructional Materials	27103
87	Libraries GO Bond 2012	27107
88	Youth Conservation Corp	28133
89	FFA Foundation	29102
90	School Based Health Center	29130

### Nonmajor Capital Projects Funds:

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):

		<u>Fund #</u>
91	Bond Building	31100
92	State SB-9 Match	31700
93	Ed Technology Equipment Act	31900

### Nonmajor Debt Service Funds:

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):

		<u>Fund #</u>
94	Debt Service	41000
95	Ed Tech Debt Service	43000

### **State Required Disclosures:**

#### Fiduciary Funds:

98	Schedule of Changes in Assets and Liabilities – All Agency Funds	
99	Schedule of Pledged Collateral	
100	Cash Reconciliation	

## COMPLIANCE SECTION

103	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	
105	Schedule of Findings and Responses	
108	Summary Schedule of Prior Year Audit Findings	
109	Required Disclosure	

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

OFFICIAL ROSTER  
June 30, 2017

---

BOARD OF EDUCATION

Damon Brown	President
Barry Hittson	Vice-President
Zach Osborn	Treasurer
Scott Warner	Member
Lloyd Miller	Member

SCHOOL OFFICIALS

Mark Chandler	Superintendent
Terri Trujillo	Business Manager
Debbie Martinez	Admin Asst./Bus Man
Rhonda Wingo	Admin Asst.

AUDIT COMMITTEE

Cindy Kennedy	Member
Scott Warner	Member
Barry Hittson	Member
Ginger Doherty	Member
Mark Chandler	Superintendent
Terri Trujillo	Business Manager

FINANCE COMMITTEE

Damon Brown	Member
Zach Osborn	Member
Ginger Doherty	Member
Mark Chandler	Superintendent
Terri Trujillo	Business Manager

THIS PAGE INTENTIONALLY LEFT BLANK



FINANCIAL SECTION

FISCAL YEAR 2017

JULY 1, 2016 THROUGH JUNE 30, 2017

THIS PAGE INTENTIONALLY LEFT BLANK

## INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor,  
The Board of Education and Audit Committee of  
Des Moines Municipal Schools

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

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

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

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

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

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

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

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

### ***Opinions***

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

Tim Keller, State Auditor,  
The Board of Education and Audit Committee of  
Des Moines Municipal Schools

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Accounting principles generally accepted in the United States of America also require that the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions on page 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. Our opinion on the basic financial statements is not affected by this missing information.

#### *Other Information*

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated October 2, 2017 on our consideration of the Des Moines Municipal Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards; in considering Des Moines Municipal Schools' internal control over financial reporting and compliance.

*Accounting & Financial Solutions, LLC*  
Farmington, New Mexico  
October 2, 2017

## BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

STATEMENT OF NET POSITION  
 June 30, 2017

	Governmental <u>Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 317,024
Receivables:	
Delinquent property taxes receivable	10,226
Grant	84,486
Due from other governments	1,070
Food inventory	1,327
Non-current:	
Non-depreciable assets	1,000
Depreciable capital assets, net	<u>3,954,789</u>
<b>Total Assets</b>	<u><u>4,369,922</u></u>
<b>Deferred Outflows of Resources:</b>	
Contributions to pension subsequent to the measurement date	151,635
Difference between expected and actual experience	11,861
Net difference between projected and actual investment earnings on plan investments	163,193
Net change in pension assumptions	55,652
Net change in proportionate share of pension liability	<u>92,604</u>
<b>Total Deferred Outflows of Resources</b>	<u><u>474,945</u></u>
<b>Liabilities</b>	
Accounts payable	6,175
Compensated absences	2,281
Aggregate net pension liability	<u>2,733,925</u>
<b>Total Liabilities</b>	<u><u>2,742,381</u></u>
<b>Deferred Inflows of Resources</b>	
Difference between expected and actual experience	26,003
Net change in proportionate share of pension liability	<u>7,998</u>
<b>Total Deferred Inflows of Resources</b>	<u><u>34,001</u></u>
<b>Net Position</b>	
Net investment in capital assets	3,955,789
Restricted for:	
Inventories	1,327
Special revenue funds	81,452
Capital projects	158,039
Debt service	17,448
Unrestricted	<u>(2,145,570)</u>
<b>Total Net Position</b>	<u><u>\$ 2,068,485</u></u>

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

STATE OF NEW MEXICO  
DES MOINES MUNICIPAL SCHOOLS

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Primary government:</b>					
<b>Governmental activities:</b>					
Instruction	\$ 1,307,940	\$ 6,000	\$ 154,043	\$ 306	\$ (1,147,591)
Support Services - Students	111,307	35,049	13,109	-	(63,149)
Support Services - Instruction	5,199	-	612	-	(4,587)
Support Services - General Administration	188,931	-	22,251	18	(166,662)
Support Services - School Administration	119,182	-	14,037	-	(105,145)
Central Services	87,614	-	10,319	-	(77,295)
Operations & Maintenance of Plant	350,765	-	41,311	1,616	(307,838)
Student Transportation	173,411	-	160,836	-	(12,575)
Other Support Services	1,043	-	123	-	(920)
Food Services	98,207	22,655	37,398	-	(38,154)
Bond interest paid	1,480	-	-	-	(1,480)
<b>Total governmental activities</b>	<b><u>\$ 2,445,079</u></b>	<b><u>\$ 63,704</u></b>	<b><u>\$ 454,039</u></b>	<b><u>\$ 1,940</u></b>	<b><u>(1,925,396)</u></b>
General revenues:					
Taxes:					
Property Taxes:					
General purposes					
Capital projects					
Debt service					
State equalization					
Grants and contributions not restricted					
Miscellaneous income					
Total general revenues					
					<u>1,745,399</u>
<i>Change in net position</i>					(179,997)
<b>Net position - beginning</b>					<u>2,248,482</u>
<b>Net position - ending</b>					<u>\$ 2,068,485</u>

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

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

GOVERNMENTAL FUNDS

**Balance Sheet**

**June 30, 2017**

	General Fund	Title I Fund #24101	Entitlement IDEA-B Fund #24106	Rural Education Achievement Fund #25233
<b>Assets</b>				
Cash and cash equivalents	\$ 73,400	\$ -	\$ -	\$ -
Receivables:				
Property taxes	919	-	-	-
Grant	-	16,772	11,318	15,479
Due from other governments	92	-	-	-
Due from other funds	84,486	-	-	-
Food inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<b><u>\$ 158,897</u></b>	<b><u>\$ 16,772</u></b>	<b><u>\$ 11,318</u></b>	<b><u>\$ 15,479</u></b>
 <b>Liabilities, deferred inflows, and fund balance</b>				
Liabilities:				
Accounts payable	\$ 3,619	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>16,772</u>	<u>11,318</u>	<u>15,479</u>
Total liabilities	<u>3,619</u>	<u>16,772</u>	<u>11,318</u>	<u>15,479</u>
Deferred inflows of resources:				
Delinquent property taxes	<u>891</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Unassigned	<u>154,387</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>154,387</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b><u>\$ 158,897</u></b>	<b><u>\$ 16,772</u></b>	<b><u>\$ 11,318</u></b>	<b><u>\$ 15,479</u></b>

( cont'd; 1 of 2 )



STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

GOVERNMENTAL FUNDS

**Balance Sheet**

**June 30, 2017**

	Reads to Leads Fund #27114	Capital Improvements SB-9 Fund #31701	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 121,898	\$ 121,726	\$ 317,024
Receivables:				
Property taxes	-	4,108	5,199	10,226
Grant	28,466	-	12,451	84,486
Due from other governments	-	433	545	1,070
Due from other funds	-	-	-	84,486
Food inventory	<u>-</u>	<u>-</u>	<u>1,327</u>	<u>1,327</u>
<b>Total assets</b>	<u>\$ 28,466</u>	<u>\$ 126,439</u>	<u>\$ 141,248</u>	<u>\$ 498,619</u>
 <b>Liabilities, deferred inflows, and fund balance</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 2,556	\$ 6,175
Due to other funds	<u>28,466</u>	<u>-</u>	<u>12,451</u>	<u>84,486</u>
Total liabilities	<u>28,466</u>	<u>-</u>	<u>15,007</u>	<u>90,661</u>
Deferred inflows of resources:				
Delinquent property taxes	<u>-</u>	<u>3,965</u>	<u>5,021</u>	<u>9,877</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	1,327	1,327
Restricted for:				
Special revenue funds	-	-	81,452	81,452
Capital projects funds	-	122,474	31,600	154,074
Debt service	-	-	12,427	12,427
Unassigned	<u>-</u>	<u>-</u>	<u>(5,586)</u>	<u>148,801</u>
Total fund balance	<u>-</u>	<u>122,474</u>	<u>121,220</u>	<u>398,081</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ 28,466</u>	<u>\$ 126,439</u>	<u>\$ 141,248</u>	<u>\$ 498,619</u>

( 2 of 2 )

THIS PAGE INTENTIONALLY LEFT BLANK

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

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

Fund balances - total governmental funds	\$	398,081
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		7,706,989
Accumulated depreciation		(3,751,200)
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable		9,877
Deferred inflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Contributions to pension subsequent to the measurement date		151,635
Difference between expected and actual experience		11,861
Net difference between projected and actual investment earnings on plan investments		163,193
Net change in pension assumptions		55,652
Net change in proportionate share of pension liability		92,604
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		
Accrued vacation payable		(2,281)
Net pension liability		(2,733,925)
Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Difference between expected and actual experience		(26,003)
Net change in proportionate share of pension liability		(7,998)
Net position of governmental activities	\$	<u><u>2,068,485</u></u>

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

GOVERNMENTAL FUNDS

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

	General <u>Fund</u>	Title I <u>Fund #24101</u>	Entitlement IDEA-B <u>Fund #24106</u>	Rural Education Achievement <u>Fund #25233</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ 16,235	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	56,437	31,264	15,479
Intergovernmental - state grants	1,737,715	-	-	-
Contributions - private grants	225	-	-	-
Charges for services	6,000	-	-	-
Investment and interest income	1,068	-	-	-
Miscellaneous	<u>32,241</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<u>1,793,484</u>	<u>56,437</u>	<u>31,264</u>	<u>15,479</u>
<b>Expenditures:</b>				
Current:				
Instruction	905,070	49,466	19,519	6,264
Support services:				
Students	74,320	-	-	9,215
Instruction	-	-	-	-
General Administration	167,927	4,181	-	-
School Administration	95,481	2,790	11,745	-
Central Services	80,876	-	-	-
Operation & Maintenance of Plant	260,020	-	-	-
Student transportation	160,074	-	-	-
Other Support services	963	-	-	-
Food services operations	32,600	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Bond interest paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>1,777,331</u>	<u>56,437</u>	<u>31,264</u>	<u>15,479</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>16,153</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing uses:</b>				
Transfers In	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	16,153	-	-	-
<b>Fund balance at beginning of the year</b>	<u>138,234</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ 154,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 1 of 2)

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

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

GOVERNMENTAL FUNDS

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

	Reads to Leads <u>Fund #27114</u>	Capital Improvements SB-9 <u>Fund #31701</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ -	\$ 69,929	\$ 82,084	\$ 168,248
Intergovernmental - federal grants	-	-	61,753	164,933
Intergovernmental - state grants	44,516	-	11,079	1,793,310
Contributions - private grants	-	-	30,604	30,829
Charges for services	-	-	57,704	63,704
Investment and interest income	-	355	517	1,940
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,241</u>
<b>Total revenues</b>	<u>44,516</u>	<u>70,284</u>	<u>243,741</u>	<u>2,255,205</u>
<b>Expenditures:</b>				
Current:				
Instruction	44,516	-	41,741	1,066,576
Support services:				
Students	-	-	19,212	102,747
Instruction	-	-	5,482	5,482
General Administration	-	696	1,597	174,401
School Administration	-	-	-	110,016
Central Services	-	-	-	80,876
Operation & Maintenance of Plant	-	31,684	32,084	323,788
Student transportation	-	-	-	160,074
Other Support services	-	-	-	963
Food services operations	-	-	58,054	90,654
Capital outlay	-	-	11,662	11,662
Debt service:				
Principal retirement	-	-	80,000	80,000
Bond interest paid	<u>-</u>	<u>-</u>	<u>1,480</u>	<u>1,480</u>
<b>Total expenditures</b>	<u>44,516</u>	<u>32,380</u>	<u>251,312</u>	<u>2,208,719</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>37,904</u>	<u>(7,571)</u>	<u>46,486</u>
<b>Other financing uses:</b>				
Transfers In	-	26	200	226
Transfers out	<u>-</u>	<u>-</u>	<u>(226)</u>	<u>(226)</u>
<b>Total other financing uses</b>	<u>-</u>	<u>26</u>	<u>(26)</u>	<u>-</u>
<i>Net change in fund balance</i>	-	37,930	(7,597)	46,486
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>84,544</u>	<u>128,817</u>	<u>351,595</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ 122,474</u>	<u>\$ 121,220</u>	<u>\$ 398,081</u>

( 2 of 2 )

THIS PAGE INTENTIONALLY LEFT BLANK

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

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

Net change in fund balance - total governmental funds	\$	46,486
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year</p>		
Capital outlay		11,662
Depreciation		(187,933)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Deferred property taxes at:		
June 30, 2017		9,877
<p>The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These differences in the treatment of long-term debt and related items consist of:</p>		
Current year principal payments		80,000
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Compensated absences at:		
June 30, 2016		2,964
June 30, 2017		(2,281)
Deferred contributions to pension plan		151,635
Pension expense		(292,407)
Change in net position of governmental activities	\$	<u>(179,997)</u>

STATE OF NEW MEXICO  
DES MOINES MUNICIPAL SCHOOLS

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ 14,382	\$ 14,382	\$ 16,154	\$ 1,772
Intergovernmental - state grants	1,790,400	1,731,547	1,737,715	6,168
Contributions - private grants	-	-	225	225
Charges for services	6,000	6,000	6,000	-
Investment and interest income	300	300	1,068	768
Miscellaneous	<u>7,000</u>	<u>7,000</u>	<u>32,241</u>	<u>25,241</u>
<b>Total revenues</b>	<u>1,818,082</u>	<u>1,759,229</u>	<u>1,793,403</u>	<u>34,174</u>
<b>Expenditures:</b>				
Current:				
Instruction	942,357	962,305	905,806	56,499
Support services:				
Students	110,897	76,102	74,320	1,782
General Administration	166,032	172,996	167,294	5,702
School Administration	96,036	96,236	95,481	755
Central Services	103,314	104,014	80,876	23,138
Operation & Maintenance of Plant	271,160	294,486	257,899	36,587
Student transportation	185,705	175,267	160,074	15,193
Other Support services	3,059	3,059	963	2,096
Food services operations	<u>35,752</u>	<u>35,752</u>	<u>32,600</u>	<u>3,152</u>
<b>Total expenditures</b>	<u>1,914,312</u>	<u>1,920,217</u>	<u>1,775,313</u>	<u>144,904</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(96,230)	(160,988)	18,090	179,078
<i>Beginning cash balance budgeted</i>	96,230	160,988	-	(160,988)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>138,234</u>	<u>138,234</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>156,324</u>	<u>\$ 156,324</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			879	
Change in due from other governments			92	
Change in payables			(2,017)	
Change in deferred property taxes			<u>(891)</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 154,387</u>	

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



STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 56,727	\$ 66,558	\$ 67,914	\$ 1,356
<b>Expenditures:</b>				
Current:				
Instruction	49,132	58,788	49,466	9,322
Support services:				
General Administration	4,540	4,713	4,181	532
School Administration	3,055	3,057	2,790	267
<b>Total expenditures</b>	<u>56,727</u>	<u>66,558</u>	<u>56,437</u>	<u>10,121</u>
<i>Excess of revenues over expenditures</i>	-	-	11,477	11,477
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>11,477</u>	<u>\$ 11,477</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(11,477)	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 29,252	\$ 64,232	\$ 37,422	\$ (26,810)
<b>Expenditures:</b>				
Current:				
Instruction	18,843	52,354	19,520	32,834
Support services:				
School Administration	10,409	11,878	11,745	133
<b>Total expenditures</b>	<u>29,252</u>	<u>64,232</u>	<u>31,265</u>	<u>32,967</u>
<i>Excess of revenues over expenditures</i>	-	-	6,157	6,157
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>6,157</u>	<u>\$ 6,157</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(6,157)	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

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

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

RURAL EDUCATION ACHIEVEMENT FUND - NO. 25233  
**Statement of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 13,234	\$ 27,632	\$ -	\$ (27,632)
<b>Expenditures:</b>				
Current:				
Instruction	5,734	18,311	6,264	12,047
Support services:				
Students	7,500	9,321	9,215	106
<b>Total expenditures</b>	13,234	27,632	15,479	12,153
<i>Excess (deficiency) of revenues   over expenditures</i>	-	-	(15,479)	(15,479)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	(15,479)	\$ (15,479)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			15,479	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ 44,634	\$ 34,488	\$ (10,146)
<b>Expenditures:</b>				
Current:				
Instruction	-	44,634	44,516	118
<i>Excess (deficiency) of revenues   over expenditures</i>	-	-	(10,028)	(10,028)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	(10,028)	<u>\$ (10,028)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			10,028	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

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

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

<u>ASSETS</u>	
Pooled cash	\$ 53,734
Investments	<u>16,026</u>
Total assets	<u>\$ 69,760</u>
 <u>LIABILITIES</u>	
Deposits held for others	<u>\$ 69,760</u>

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

THIS PAGE INTENTIONALLY LEFT BLANK

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

---

NOTE	PAGE
I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES	
A. Reporting Entity	26
1. Blended Component Units	
2. Discretely Presented Component Units	
B. Implementation of New Accounting Principles	26
C. Government-Wide and Fund Financial Statements	32
D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	32
1. Major Funds	32
E. Assets, Liabilities, and Net Position or Equity	33
II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	
A. Budgetary Information	39
B. Budgetary Violations	40
C. Deficit Fund Equity	40
III. DETAILED NOTES ON ALL FUNDS	
A. Cash and Temporary Investments	40
B. Receivables	41
C. Inter-Fund Receivables and Payables	42
D. Inter-Fund Transfers	42
E. Capital Assets	43
F. Long-Term Debt	44
IV. OTHER INFORMATION	44

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

Des Moines Municipal Schools (District) is a special purpose government corporation governed by an elected five-member Board of Education. The District was created under the provision of Chapter 22 Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education in the Town of Des Moines, New Mexico and the surrounding areas. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

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

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

#### 1. Blended Component Units

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

#### 2. Discretely Presented Component Units

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

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

### B. Implementation of New Accounting Principles

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

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



# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

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

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

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

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

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

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

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

Specifically, this Statement addresses the following topics:

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

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

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

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

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

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

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

The statement of net position reports all of the Cooperative's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference being presented as net position.

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

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

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

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

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

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

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

The government reports the following major governmental funds:

#### ➤ GENERAL FUND

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

#### ➤ SPECIAL REVENUE FUNDS

##### **Title I** (Fund No. 24101)

Minimum Balance: None

To help local education agencies (LEAs) and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards. Funding authorization: Elementary and Secondary Education Act of 1965, Title I, Part A, 20 U.S.C. 6301 et seq.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

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

**Rural Education Achievement** (Fund No. 25233) Minimum Balance: None  
To account for funds received under the Small Rural School Achievement Program to enhance education.

**Reads to Lead** (Fund No. 27114) Minimum Balance: None  
Provides an aligned approach for districts and schools to ensure that children can read by the end of third grade—giving them essential skills for future career and college success. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators.

#### ➤ CAPITAL PROJECTS FUNDS

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

Additionally, the government reports the following fund types:

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

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

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

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

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

#### 1. Deposits and investments

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

#### 2. *Receivables and payables*

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

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

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

#### 3. *Inventories*

The District’s method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories are actually consumed. Inventory is valued at cost. Inventory in the Food Service Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased inventory is recorded as an expenditure at the time individual inventory items are consumed. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

#### 4. *Capital assets*

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

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

---

---

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

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

#### 5. *Compensated absences*

It is the District's policy to permit qualified employees to earn and accumulate annual leave of up to 240 days per year, depending on length of service, the employee's hire date, and employment status. Employees may accumulate and carry forward, from one fiscal year to the next, up to 240 days of annual leave. Upon termination, employees will be paid for up to 20 days may be paid to employees, 30 days for the superintendent, of accrued annual leave depending on employment status.

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

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

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

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

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

#### 7. *Pensions*

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

---

---

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

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

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

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

#### 9. Fund balance

##### a. Non-Spendable

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

##### b. Restricted

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

##### c. Committed

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

##### d. Assigned

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

##### e. Unassigned

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

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

---

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

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

#### 10. *Net Position*

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

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

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

##### b. Restricted Net Position

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

##### c. Unrestricted Net Position

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

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

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

#### 11. *Indirect Costs*

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

#### 12. *Estimates*

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

---

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

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

#### 14. Revenues

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$1,504,204 in state equalization guarantee distributions during the year ended June 30, 2017.

**Transportation Distribution:** School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$160,836 in transportation distributions during the year ended June 30, 2017.

**Instructional Materials:** The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the purchase of material listed on the PED 'Multiple List', while fifty percent of each allocation is available for purchases directly from vendors or transfer to the fifty percent account for purchase of material from the "Multiple List". Districts are allowed to carry forward unused textbook funds from year to year. The District received \$6,612 in instructional materials distributions during the year ended June 30, 2017.

#### 15. Tax Abatements

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. Budgetary Information

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

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

Actual expenditures may not exceed the budget on a line item basis, 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.

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

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

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

	ORIGINAL	FINAL
<b>Major Funds:</b>		
General Funds	\$ 1,914,312	\$ 1,920,217
<b>Special Revenue Funds:</b>		
Title I	56,727	66,558
Entitlement IDEA-B	29,252	64,232
Rural Education Achievement	13,234	27,632
Reads to Lead	-	44,634
<b>Capital Projects Funds:</b>		
Capital Improvements SB-9	135,272	135,272
<b>Nonmajor Funds:</b>		
Special Revenue Funds	185,316	192,315
Capital Projects Funds	76,457	82,616
Debt Service Fund	87,632	88,328
<b>Total Budget</b>	<b>\$ 2,498,202</b>	<b>\$ 2,621,804</b>

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

### B. Budgetary Violations

The District exceeded its legal budget in individual funds as follows:

Capital Improvements SB-9    General Administration    \$    55

The District is aware of legal binding of budgets and has implemented a system of checks that will help prevent any further violations of budgetary control.

### C. Deficit Fund Equity

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

## III. DETAILED NOTES ON ALL FUNDS

### A. Cash and Temporary Investments

At June 30, 2017, the carrying amount of the District's deposits was \$370,758 and the bank balance was \$488,649 with the difference consisting of outstanding checks. Of this balance \$279,017 was covered by federal depository insurance and \$209,632 was covered by collateral held in joint safekeeping by a third party.

	BALANCE
Financial institution:	
Farmers & Stockmans Bank	\$ 488,649
Less agency cash	(53,734)
Less net reconciling items	<u>(117,891)</u>
Total cash and equivalents	<u>\$ 317,024</u>

#### Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The District does not have a deposit policy for custodial credit risk, other than the following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The statement listed below will meet the State of New Mexico Office of the State Auditor's requirement in reporting the uninsured portion of the deposits. As of June 30, 2017, none of the District's bank deposits were exposed to custodial risk as follows:

	INSURED	UNDER INSURED	TOTAL
<b>Bank deposits:</b>			
Uninsured and uncollateralized	\$ -	\$ -	\$ -
Uninsured and collateral held by pledging bank's trust dept not in the District's name	<u>209,632</u>	<u>-</u>	<u>209,632</u>
Total uninsured	209,632	-	209,632
Insured (FDIC)	<u>279,017</u>	<u>-</u>	<u>279,017</u>
Total deposits	<u>\$ 488,649</u>	<u>\$ -</u>	<u>\$ 488,649</u>
 <b>State of New Mexico collateral requirement:</b>			
50% of uninsured public fund bank deposits	\$ 104,817	\$ -	\$ 104,817
Pledged security	<u>280,000</u>	<u>-</u>	<u>280,000</u>
Over collateralization	<u>\$ 175,183</u>	<u>\$ -</u>	<u>\$ 175,183</u>

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

### A. Cash and Temporary Investments (cont'd)

The collateral pledged is listed on Page 99 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the schools. Time deposits, savings deposits and interest bearing "Now" accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

#### Investments

##### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a written policy for limiting interest rate risk.

##### Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. U.S. obligations, investments explicitly guaranteed by the U.S. Government, and non-debt investments are excluded from this requirement. The District's investments are in time deposits or investments guaranteed by the U.S government and therefore are excluded from this requirement.

##### Custodial Credit Risk – Investments

As of June 30, 2017, the District's investments are in 6-month certificates of deposit of \$250,000 or less. Therefore, the District is not subject to custodial credit risk.

The District investments held in certificated of deposits as follows:

Current assets:	
Investments	\$ 16,206
Non-current assets:	
Investments	-
	<u>\$16,206</u>

### B. Receivables

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

	RECEIVABLES		DUE FROM OTHER	
	Property Taxes	Grants	Governments	Funds
Major Funds:				
General Funds	\$ 919	\$ -	\$ 92	\$ 84,486
Title I	-	16,772	-	-
Entitlement IDEA-B	-	11,318	-	-
Rural Education Achievement	-	15,479	-	-
Reads to Lead	-	28,466	-	-
Capital Improvements SB-9	4,108	-	433	-
Other Governmental Funds	5,199	12,451	545	-
Total	\$ 10,226	\$ 84,486	\$ 1,070	\$ 84,486

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

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

#### B. Receivables (cont'd)

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

	UNAVAILABLE	UNEARNED
Delinquent property taxes		
General Fund	\$ 891	\$ -
Capital Improvements SB-9	3,965	-
Other Governmental Funds	5,021	-
<b>Total deferred/unearned revenue for governmental funds</b>	<b>\$ 9,877</b>	<b>\$ -</b>

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

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

	<u>RECEIVABLES</u>	<u>PAYABLES</u>
Major Funds:		
General Funds	\$ 84,486	\$ -
Title I	-	16,772
Entitlement IDEA-B	-	11,318
Rural Education Achievement	-	15,479
Reads to Lead	-	28,466
Other Governmental Funds	-	12,451
<b>Total</b>	<b>\$ 84,486</b>	<b>\$ 84,486</b>

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

#### D. Inter-Fund Transfers

The inter-fund transfers during the year ended June 30, 2017 were:

	<u>TRANSFER IN</u>	<u>TRANSFER OUT</u>
Major Funds:		
General Funds	\$ -	\$ -
Capital Improvements SB-9	26	-
Other Governmental Funds	200	226
<b>Total</b>	<b>\$ 226</b>	<b>\$ 226</b>

The transfers were to clear funds that are no longer being used and were approved by the New Mexico Department of Education.



## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

#### E. Capital Assets

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

	BEGINNING	INCREASES	DECREASES	ENDING
<b>Governmental activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
<u>Capital assets being depreciated:</u>				
Land improvements	432,543	-	-	432,543
Buildings and improvements	6,185,995	11,662	-	6,197,657
Furniture, fixtures, and equipment	1,075,789	-	-	1,075,789
Total capital assets being depreciated	<u>7,694,327</u>	<u>11,662</u>	<u>-</u>	<u>7,705,989</u>
<u>Less accumulated depreciation for:</u>				
Land improvements	(245,629)	(11,487)	-	(257,116)
Buildings and improvements	(2,425,594)	(147,497)	-	(2,573,091)
Furniture, fixtures, and equipment	(892,044)	(28,949)	-	(920,993)
Total accumulated depreciation	<u>(3,563,267)</u>	<u>(187,933)</u>	<u>-</u>	<u>(3,751,200)</u>
Total capital assets being depreciated, net	<u>4,131,060</u>	<u>(176,271)</u>	<u>-</u>	<u>3,954,789</u>
Total capital assets, net	<u>\$ 4,132,060</u>	<u>\$ (176,271)</u>	<u>\$ -</u>	<u>\$ 3,955,789</u>

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

DEPRECIATION ALLOCATION TO FUNCTIONS	
Instruction	\$ 94,880
Support Services - Students	9,140
Support Services - Instruction	224
Support Services - General Administration	15,514
Support Services - School Administration	9,787
Central Services	7,195
Operations & Maintenance of Plant	28,803
Student Transportation	14,240
Other Support Services	86
Food Services	8,064
Total Depreciation Expense	<u>\$ 187,933</u>

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

#### Construction commitments

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

### F. Long-Term Debt

#### General Obligation Bonds

General Obligation Bonds – The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Bonds are direct obligations and pledge the full faith and credit of the District. The bonds will be paid from taxes levied against property owners living within the School District boundaries. The details of the bonds and notes as of June 30, 2017 are as follows:

BOND ISSUES		ORIGINAL AMOUNT	INTEREST RATES	BALANCE	CURRENT PORTION
Series	05/01/12	\$ 350,000	1.2% to 2.01%	\$ -	\$ -

Balances shown for bonds and notes do not include unamortized premiums or deferred amounts on refinancing.

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

	BALANCE	ADDITIONS	RETIREMENTS	BALANCE	CURRENT
Compensated absences:					
Compensated vacation	\$ 2,964	\$ 7,645	\$ 8,328	\$ 2,281	\$ 2,281
Bonds payable	80,000	-	80,000	-	-
	<u>\$ 82,964</u>	<u>\$ 7,645</u>	<u>\$ 88,328</u>	<u>\$ 2,281</u>	<u>\$ 2,281</u>

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

## IV. OTHER INFORMATION

### A. Risk Management

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## IV. OTHER INFORMATION (cont'd)

### B. Employee Retirement Plan

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

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

### IV. OTHER INFORMATION (cont'd)

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

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

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

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

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

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

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

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

Employer Contributions – In fiscal year 2017, the District was required to contribute 13.9% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 13.9% of the gross covered salary for employees whose annual salary is more than \$20,000. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2017 were \$151,635.

#### Employers

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## IV. OTHER INFORMATION (cont'd)

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

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

At June 30, 2017, the District reported a liability of \$2,733,925 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2016, the District's proportion was 0.03799 percent, which was a decrease of 0.00017 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$292,407.

PENSION EXPENSE CALCULATION	
Net pension liability - end of the year	\$ 2,733,925
Net pension liability - beginning of the year	(2,471,725)
Deferred outflows of resources during the year	(94,214)
Deferred inflows of resources during the year	(22,947)
Reductions to ending net pension liability due contributions paid	147,368
Total Pension Expense	\$ 292,407

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

	OUTFLOWS	INFLOWS
Difference between expected and actual experience	\$ 11,861	\$ 26,003
Change of assumptions	55,652	-
Net difference between projected and actual earnings on pension plan investments	163,193	-
Changes in proportion and differences between District contributions and proportionate share of contributions	92,604	7,998
District contributions subsequent to the measurement date	151,635	-
Total	\$ 474,945	\$ 34,001

Deferred outflows of resources related to pensions in the amount of \$151,635 resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

JUNE 30,	AMORTIZATION
2018	\$ 88,257
2019	86,208
2020	75,047
2021	39,797
2022	-
Thereafter	-
Total	\$ 289,309

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## IV. OTHER INFORMATION (cont'd)

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

#### Actuarial Assumptions

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

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2015. The total pension liability was rolled forward from the valuation date to the Plan's year ending June 30, 2016 using generally accepted actuarial principals. The liabilities reflect the impact of Senate Bill 115, signed into law on March 29, 2013, and new assumptions adopted by the Board of Trustees on June 12, 2015. Specifically, the liabilities measured as of June 30, 2016 and 2015 incorporate the following assumptions:

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## IV. OTHER INFORMATION (cont'd)

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

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

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

#### Rate of Return

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

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

These items are developed for each major asset class.



# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## IV. OTHER INFORMATION (cont'd)

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

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

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

		CURRENT SINGLE RATE		
		1% Decrease 6.75%	Assumption 7.75%	1% Increase 8.75%
ERB (All Employers)				
2016	\$	9,531,509,131	7,196,433,561	5,258,980,529
2015	\$	8,715,594,530	6,477,266,299	4,596,837,569
Des Moines Schools				
2016	\$	3,621,020	2,733,925	1,997,887
2015	\$	3,325,871	2,471,725	1,754,153

### C. Post-Retirement Health Care Benefits

*Plan Description*

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

Eligible retirees are:

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

## IV. OTHER INFORMATION (cont'd)

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

#### *Funding Policy*

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

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

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

The District's contributions to the RHCA for the years ended June 30, 2017 were \$21,818, which equal the required contributions for each year.

### D. Contingent Liabilities

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

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

### E. Cash Flows

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

### F. Subsequent Events

Subsequent events were evaluated through October 2, 2017 which is the date the financial statements were available to be issued.

## REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2017

### SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Educational Retirement Board (ERB) Pension Plan  
Last 10 Fiscal Years\*

	2017	2016	2015
District's proportion of the net pension liability	0.037990%	0.038160%	0.035380%
District's proportionate share of the net pension liability	\$ 2,733,925	\$ 2,471,725	\$ 2,018,679
District's covered-employee payroll	\$ 1,085,005	\$ 1,084,711	\$ 975,278
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	251.97%	227.87%	206.98%
Plan fiduciary net position as a percentage of the total pension liability	61.58%	63.97%	66.54%

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

### SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

Educational Retirement Board (ERB) Pension Plan  
Last 10 Fiscal Years\*

	2017	2016	2015
Contractually required contribution	\$ 150,815	\$ 150,744	\$ 128,249
Contributions in relation to the contractually required	<u>(150,815)</u>	<u>(150,744)</u>	<u>(128,249)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-employee Payroll	\$ 1,085,005	\$ 1,084,711	\$ 975,278
Contribution as a percentage of covered-employee payroll	13.90%	13.90%	13.15%

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

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2017

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

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

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

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

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

---

---

**OPERATING FUND (Fund No. 11000)**

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

**TEACHERAGE FUND (Fund No. 12000)**

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

**TRANSPORTATION FUND (Fund No. 13000)**

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

**INSTRUCTIONAL MATERIALS FUND (Fund No. 14000)**

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

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	Operational <u>Fund #11000</u>	Teacherage <u>Fund #12000</u>	Transportation <u>Fund #13000</u>	Instructional Materials <u>Fund #14000</u>	Total General <u>Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 48,843	\$ 9,671	\$ 762	\$ 14,124	\$ 73,400
Receivables:					
Property taxes	919	-	-	-	919
Due from other governments	92	-	-	-	92
Due from other funds	<u>84,486</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,486</u>
<b>Total assets</b>	<u>\$ 134,340</u>	<u>\$ 9,671</u>	<u>\$ 762</u>	<u>\$ 14,124</u>	<u>\$ 158,897</u>
 <b>Liabilities, deferred inflows and fund balance</b>					
Liabilities:					
Accounts payable	\$ 3,619	\$ -	\$ -	\$ -	\$ 3,619
Deferred inflows of resources:					
Delinquent property taxes	891	-	-	-	891
Fund balance:					
Unassigned	<u>129,830</u>	<u>9,671</u>	<u>762</u>	<u>14,124</u>	<u>154,387</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ 134,340</u>	<u>\$ 9,671</u>	<u>\$ 762</u>	<u>\$ 14,124</u>	<u>\$ 158,897</u>

STATE OF NEW MEXICO  
DES MOINES MUNICIPAL SCHOOLS

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

	<u>General Funds</u>				Total General Fund
	<u>Operational Fund #11000</u>	<u>Teacherage Fund #12000</u>	<u>Transportation Fund #13000</u>	<u>Instructional Materials Fund #14000</u>	
<b>Revenues:</b>					
Taxes:					
Property	\$ 16,235	\$ -	\$ -	\$ -	\$ 16,235
Intergovernmental - state grants	1,570,267	-	160,836	6,612	1,737,715
Contributions - private grants	225	-	-	-	225
Charges for services	-	6,000	-	-	6,000
Investment and interest income	965	44	-	59	1,068
Miscellaneous	<u>11,048</u>	<u>21,193</u>	<u>-</u>	<u>-</u>	<u>32,241</u>
<b>Total revenue</b>	<u>1,598,740</u>	<u>27,237</u>	<u>160,836</u>	<u>6,671</u>	<u>1,793,484</u>
<b>Expenditures:</b>					
Current:					
Instruction	901,166	-	-	3,904	905,070
Support services:					
Students	74,320	-	-	-	74,320
General Administration	167,927	-	-	-	167,927
School Administration	95,481	-	-	-	95,481
Central Services	80,876	-	-	-	80,876
Operation & Maintenance of Plant	234,898	25,122	-	-	260,020
Student transportation	-	-	160,074	-	160,074
Other Support services	963	-	-	-	963
Food services operations	<u>32,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,600</u>
<b>Total expenditures</b>	<u>1,588,231</u>	<u>25,122</u>	<u>160,074</u>	<u>3,904</u>	<u>1,777,331</u>
<i>Excess of revenues over expenditures</i>	10,509	2,115	762	2,767	16,153
<b>Fund balance at beginning of the year</b>	<u>119,321</u>	<u>7,556</u>	<u>-</u>	<u>11,357</u>	<u>138,234</u>
<b>Fund balance at end of the year</b>	<u>\$ 129,830</u>	<u>\$ 9,671</u>	<u>\$ 762</u>	<u>\$ 14,124</u>	<u>\$ 154,387</u>

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ 14,382	\$ 14,382	\$ 16,154	\$ 1,772
Intergovernmental - state grants	1,599,556	1,564,761	1,570,267	5,506
Contributions - private grants	-	-	225	225
Investment and interest income	300	300	965	665
Miscellaneous	<u>7,000</u>	<u>7,000</u>	<u>11,048</u>	<u>4,048</u>
<b>Total revenues</b>	<u>1,621,238</u>	<u>1,586,443</u>	<u>1,598,659</u>	<u>12,216</u>
<b>Expenditures:</b>				
Current:				
Instruction	937,218	944,395	901,299	43,096
Support services:				
Students	110,897	76,102	74,320	1,782
General Administration	166,032	172,996	167,294	5,702
School Administration	96,036	96,236	95,481	755
Central Services	103,314	104,014	80,876	23,138
Operation & Maintenance of Plant	258,737	259,737	232,777	26,960
Student transportation	-	14,431	-	14,431
Other Support services	3,059	3,059	963	2,096
Food services operations	<u>35,752</u>	<u>35,752</u>	<u>32,600</u>	<u>3,152</u>
<b>Total expenditures</b>	<u>1,711,045</u>	<u>1,706,722</u>	<u>1,585,610</u>	<u>121,112</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(89,807)	(120,279)	13,049	133,328
<i>Beginning cash balance budgeted</i>	89,807	120,279	-	(120,279)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>119,321</u>	<u>119,321</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>132,370</u>	<u>\$ 132,370</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			879	
Change in due from other governments			92	
Change in payables			(2,620)	
Change in deferred property taxes			<u>(891)</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 129,830</u>	

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Charges for services	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Investment and interest income	-	-	44	44
Miscellaneous	-	-	<u>21,193</u>	<u>21,193</u>
<b>Total revenues</b>	<u>6,000</u>	<u>6,000</u>	27,237	21,237
<b>Expenditures:</b>				
Current:				
Support services:				
Operation & Maintenance of Plant	<u>12,423</u>	<u>34,749</u>	<u>25,122</u>	<u>9,627</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(6,423)	(28,749)	2,115	30,864
<i>Beginning cash balance budgeted</i>	6,423	28,749	-	(28,749)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>7,556</u>	<u>7,556</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	9,671	<u>\$ 9,671</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			<u>-</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u><u>\$ 9,671</u></u>	

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 185,705	\$ 160,836	\$ 160,836	\$ -
<b>Expenditures:</b>				
Current:				
Support services:				
Student transportation	185,705	160,836	160,074	762
<i>Excess of revenues over expenditures</i>	-	-	762	762
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	762	\$ 762
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 762	



STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 5,139	\$ 5,950	\$ 6,612	\$ 662
Investment and interest income	<u>-</u>	<u>-</u>	<u>59</u>	<u>59</u>
<b>Total revenues</b>	5,139	5,950	6,671	721
<b>Expenditures:</b>				
Current:				
Instruction	<u>5,139</u>	<u>17,910</u>	<u>4,507</u>	<u>13,403</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	(11,960)	2,164	14,124
<i>Beginning cash balance budgeted</i>	-	11,960	-	(11,960)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>11,357</u>	<u>11,357</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	13,521	<u>\$ 13,521</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			<u>603</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 14,124</u>	

THIS PAGE INTENTIONALLY LEFT BLANK

## MAJOR CAPITAL PROJECTS FUND

THIS PAGE INTENTIONALLY LEFT BLANK

STATE OF NEW MEXICO  
DES MOINES MUNICIPAL SCHOOLS

CAPITAL IMPROVEMENTS SB-9 FUND - NO. 31701

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ 62,498	\$ 62,498	\$ 69,528	\$ 7,030
Investment and interest income	-	-	355	355
<b>Total revenues</b>	62,498	62,498	69,883	7,385
<b>Expenditures:</b>				
Current:				
Support services:				
General Administration	640	640	695	(55)
Operation & Maintenance of Plant	43,500	43,500	32,162	11,338
Capital outlay	91,132	91,132	-	91,132
<b>Total expenditures</b>	135,272	135,272	32,857	102,415
<i>Excess (deficiency) of revenues over expenditures</i>	(72,774)	(72,774)	37,026	109,800
<i>Beginning cash balance budgeted</i>	72,774	72,774	-	(72,774)
<b>Fund balance at beginning of the year</b>	-	-	84,544	84,544
<b>Fund balance at end of the year</b>	\$ -	\$ -	121,570	\$ 121,570
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in receivables			26	
Change in property tax receivable			3,933	
Change in due from other governments			433	
Change in payables			477	
Change in deferred property taxes			(3,965)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 122,474	

THIS PAGE INTENTIONALLY LEFT BLANK

## NONMAJOR GOVERNMENTAL FUNDS

THIS PAGE INTENTIONALLY LEFT BLANK



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

**Nonmajor Special Revenue Funds**

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

**Food Service** (Fund No. 21000) Minimum Balance: None  
This program provides financing for the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-4, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 stat. 889, as amended; 84 stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 stat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 stat. 3341; Public Law 100-71, 101 stat. 430.

**Athletics** (Fund No. 22000) Minimum Balance: None  
This fund provides financing for school athletic activities. Funding is provided by fees from patrons.

**Preschool IDEA-B** (Fund No. 24109) Minimum Balance: None  
The Preschool program is for the purpose of enhancing Special Education for handicapped children from ages 3 to 5. The program is funded by the United States government, under the Individuals With Disabilities Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, and 101-476.

**IDEA-B "Risk Pool"** (Fund No. 24120) Minimum Balance: None  
The IDEA-B "Risk Pool" program is to provide grants to states, that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

**Title II Teacher Quality** (Fund No. 24154) Minimum Balance: None  
To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in the academic achievement. Authorization is granted through the Elementary and Secondary Education Act of 1965, as amended, Title II, Part A, Public Law 107-110.

**Title XIX Medicaid** (Fund No. 25153) Minimum Balance: None  
To provide financial assistance from the Federal government which flows-through the State of New Mexico to school districts, for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women and the aged who meet income and resource requirements, and other categorically-eligible groups. The program is funded by the U.S. government under the Social Security Act, Title XIX, as amended; Public Laws 92-223, 92-602, 93-66, 93-233, 96-499, 97-35, 97-2248, 98-369, 99-272, 99-509, 100-93, 100-202, 100-203, 100-360, 100-436, 100-485, 100-647, 101-166, 101-234, 101-239, 101-508, 101-517, 102-234, 102-170, 102-394, 103-66, 103-14, 103-333, 104-91, 104-191, 104-193, 104-208, and 104-134; Balanced Budget Act of 1997, Public Law 105-33.

**Farm-to-School** (Fund No. 25208) Minimum Balance: None  
The purpose of the USDA Farm to School Grant Program is to assist eligible entities in implementing farm to school programs that improve access to local foods in eligible schools.

**Dental NM Community Foundation** (Fund No. 26176) Minimum Balance: None  
Funding received from the NM Community Foundation and recommendations from the School Based Health Clinic Advisory Committee.

**Dual Credit Instructional Materials** (Fund No. 27103) Minimum Balance: None  
To provide instructional materials to be used for a dual credit course approved by Higher Education Department (HED) and through a college/university for which the district has an approved agreement.

**Library GO Bonds 2012** (Fund No. 27107) Minimum Balance: None  
Funds to be used for library books and library resources for public school libraries statewide. Library resources include computers, software, projectors, televisions, other related hardware and software, shelving, desks, chairs, and book trucks/carts. Senate Bill 66, Laws of 2012, 2nd Session, Chapter 54, Section 10.B.(3).

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

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

- Youth Conservation Corp** (Fund No. 28133) Minimum Balance: None  
To account for funds received for the purpose of employing local youth.
- FFA Foundation** (Fund No. 29102) Minimum Balance: None  
Curriculum for Agricultural Science Education (CASE) curricular materials provide a high level of STEM educational experiences to students to enhance the rigor and relevance of agriculture, food, and natural resources (AFNR) subject matter.
- School Based Health Center** (Fund No. 29130) Minimum Balance: None  
To enhance school based health centers infrastructure, develop and implement billing protocols, improve communication with school personnel, families, and outside agencies, and improve behavioral health programs.

**Nonmajor Capital Projects Funds**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

- Bond Building** (Fund No. 31100) Minimum Balance: None  
This fund provides financing for the construction of buildings, the purchase of equipment, and the acquisition and improvement of land. Funding is provided by the sale of general obligation bonds, which have been approved by the voters of the district.
- State SB-9 Match** (Fund No. 31701) Minimum Balance: None  
To account for funds distributed under the Public School Capital Outlay Improvements Act (22-25-1 to 22-25-10 NMSA 1978) to any school district that has imposed a tax for capital outlays and maintenance. An amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.
- Ed Technology Equipment Act** (Fund No. 31900) Minimum Balance: None  
This fund is used to account for the revenues and expenditures associated with Education Technology Bonds in the purchasing of equipment used in the educational process.

**Nonmajor Debt Service Funds**

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

- Debt Service** (Fund No. 41000) Minimum Balance: None  
The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.
- Education Technology Debt Service** (Fund No. 43000) Minimum Balance: None  
Used to account for the accumulation of resources for and the payment of, general long-term debt principal, interest, and related costs associated with the Education Technology bond issues.

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	<b>Special Revenue Funds</b>						
	Food Service Fund #21000	Athletics Fund #22000	Preschool IDEA-B Fund #24109	IDEA-B "Risk Pool" Fund #24120	Title II Teacher Quality Fund #24154	Title XIX Medicaid Fund #25153	Farm to School Fund #25208
<b>Assets</b>							
Cash and cash equivalents	\$ 40,916	\$ 9,334	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:							
Property taxes	-	-	-	-	-	-	-
Grant	-	-	927	-	5,143	6,289	-
Due from other governments	-	-	-	-	-	-	-
Food inventory	<u>1,327</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<b><u>\$ 42,243</u></b>	<b><u>\$ 9,334</u></b>	<b><u>\$ 927</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 5,143</u></b>	<b><u>\$ 6,289</u></b>	<b><u>\$ -</u></b>
<b>Liabilities, deferred inflows and fund balance</b>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>927</u>	<u>-</u>	<u>5,143</u>	<u>6,289</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>927</u>	<u>-</u>	<u>5,143</u>	<u>6,289</u>	<u>-</u>
Deferred inflows of resources:							
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:							
Non-spendable:							
Inventories	1,327	-	-	-	-	-	-
Restricted for:							
Special revenue funds	40,916	9,334	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>42,243</u>	<u>9,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b><u>\$ 42,243</u></b>	<b><u>\$ 9,334</u></b>	<b><u>\$ 927</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 5,143</u></b>	<b><u>\$ 6,289</u></b>	<b><u>\$ -</u></b>

(cont'd; 1 of 3)

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	<b>Special Revenue Funds</b>						Total Non-Major Special Revenue Funds
	Dental NM Community Foundation Fund #26176	Dual Credit Instructional Materials Fund #27103	Libraries GO Bond 2012 Fund #27107	Youth Conservation Corp Fund #28133	FFA Foundation Fund #29102	School Based Health Center Fund #29130	
<b>Assets</b>							
Cash and cash equivalents	\$ 27,835	\$ -	\$ -	\$ 617	\$ 1,289	\$ 1,461	\$ 81,452
Receivables:							
Property taxes	-	-	-	-	-	-	-
Grant	-	92	-	-	-	-	12,451
Due from other governments	-	-	-	-	-	-	-
Food inventory	-	-	-	-	-	-	1,327
<b>Total assets</b>	<b>\$ 27,835</b>	<b>\$ 92</b>	<b>\$ -</b>	<b>\$ 617</b>	<b>\$ 1,289</b>	<b>\$ 1,461</b>	<b>\$ 95,230</b>
<b>Liabilities, deferred inflows and fund balance</b>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	92	-	-	-	-	12,451
Total liabilities	-	92	-	-	-	-	12,451
Deferred inflows of resources:							
Delinquent property taxes	-	-	-	-	-	-	-
Fund balance:							
Non-spendable:							
Inventories	-	-	-	-	-	-	1,327
Restricted for:							
Special revenue funds	27,835	-	-	617	1,289	1,461	81,452
Capital projects funds	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balance	27,835	-	-	617	1,289	1,461	82,779
<b>Total liabilities and fund balance</b>	<b>\$ 27,835</b>	<b>\$ 92</b>	<b>\$ -</b>	<b>\$ 617</b>	<b>\$ 1,289</b>	<b>\$ 1,461</b>	<b>\$ 95,230</b>

( cont'd; 2 of 3 )

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	Capital Project Funds			Total Non-Major Capital Projects Funds	Debt Service Funds		Total Non-Major Debt Service Fund	Total Nonmajor Governmental Funds
	Bond Building Fund #31100	State SB-9 Match Fund #31700	Ed Technology Equipment Act Fund #31900		Debt Service Fund #41000	Ed Tech Debt Service Fund #43000		
<b>Assets</b>								
Cash and cash equivalents	\$ 23,762	\$ -	\$ 10,394	\$ 34,156	\$ 92	\$ 6,026	\$ 6,118	\$ 121,726
Receivables:								
Property taxes	-	-	-	-	120	5,079	5,199	5,199
Grant	-	-	-	-	-	-	-	12,451
Due from other governments	-	-	-	-	-	545	545	545
Food inventory	-	-	-	-	-	-	-	1,327
<b>Total assets</b>	<b>\$ 23,762</b>	<b>\$ -</b>	<b>\$ 10,394</b>	<b>\$ 34,156</b>	<b>\$ 212</b>	<b>\$ 11,650</b>	<b>\$ 11,862</b>	<b>\$ 141,248</b>
<b>Liabilities, deferred inflows and fund balance</b>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ 2,556	\$ 2,556	\$ -	\$ -	\$ -	\$ 2,556
Due to other funds	-	-	-	-	-	-	-	12,451
Total liabilities	-	-	2,556	2,556	-	-	-	15,007
Deferred inflows of resources:								
Delinquent property taxes	-	-	-	-	120	4,901	5,021	5,021
Fund balance:								
Non-spendable:								
Inventories	-	-	-	-	-	-	-	1,327
Restricted for:								
Special revenue funds	-	-	-	-	-	-	-	81,452
Capital projects funds	23,762	-	7,838	31,600	-	-	-	31,600
Debt service	-	-	-	-	92	12,335	12,427	12,427
Unassigned	-	-	-	-	-	(5,586)	(5,586)	(5,586)
Total fund balance	23,762	-	7,838	31,600	92	6,749	6,841	121,220
<b>Total liabilities and fund balance</b>	<b>\$ 23,762</b>	<b>\$ -</b>	<b>\$ 10,394</b>	<b>\$ 34,156</b>	<b>\$ 212</b>	<b>\$ 11,650</b>	<b>\$ 11,862</b>	<b>\$ 141,248</b>

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	<b>Special Revenue Funds</b>				
	<u>Food Service</u> <u>Fund #21000</u>	<u>Athletics</u> <u>Fund #22000</u>	<u>Preschool</u> <u>IDEA-B</u> <u>Fund #24109</u>	<u>IDEA-B "Risk</u> <u>Pool"</u> <u>Fund #24120</u>	<u>Title II Teacher</u> <u>Quality</u> <u>Fund #24154</u>
<b>Revenues:</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	37,398	-	926	-	5,143
Intergovernmental - state grants	-	-	-	-	-
Contributions - private grants	-	1,130	-	-	-
Charges for services	22,655	35,049	-	-	-
Investment and interest income	<u>160</u>	<u>50</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<u>60,213</u>	<u>36,229</u>	<u>926</u>	<u>-</u>	<u>5,143</u>
<b>Expenditures:</b>					
Current:					
Instruction	-	35,635	-	-	5,143
Support services:					
Students	-	-	926	-	-
Instruction	-	-	-	-	-
General Administration	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Food services operations	58,054	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Bond interest paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>58,054</u>	<u>35,635</u>	<u>926</u>	<u>-</u>	<u>5,143</u>
<i>Excess (deficiency) of revenues</i> <i>over expenditures</i>	<u>2,159</u>	<u>594</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing uses:</b>					
Transfers In	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	2,159	594	-	-	-
<b>Fund balance at beginning of the year</b>	<u>40,084</u>	<u>8,740</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ 42,243</u>	<u>\$ 9,334</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

( cont'd; 1 of 5 )

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	<b>Special Revenue Funds</b>				
	Title XIX Medicaid <u>Fund #25153</u>	Farm to School <u>Fund #25208</u>	Dental NM Community Foundation <u>Fund #26176</u>	Dual Credit Instructional Materials <u>Fund #27103</u>	Libraries GO Bond 2012 <u>Fund #27107</u>
<b>Revenues:</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	18,286	-	-	-	-
Intergovernmental - state grants	-	-	-	613	5,482
Contributions - private grants	-	-	27,835	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
<b>Total revenues</b>	<u>18,286</u>	<u>-</u>	<u>27,835</u>	<u>613</u>	<u>5,482</u>
<b>Expenditures:</b>					
Current:					
Instruction	-	-	-	613	-
Support services:					
Students	18,286	-	-	-	-
Instruction	-	-	-	-	5,482
General Administration	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Food services operations	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Bond interest paid	-	-	-	-	-
<b>Total expenditures</b>	<u>18,286</u>	<u>-</u>	<u>-</u>	<u>613</u>	<u>5,482</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>27,835</u>	<u>-</u>	<u>-</u>
<b>Other financing uses:</b>					
Transfers In	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	27,835	-	-
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,835</u>	<u>\$ -</u>	<u>\$ -</u>

( cont'd; 2 of 5 )

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	<b>Special Revenue Funds</b>			
	Youth			Total Nonmajor
	Conservation Corp Fund #28133	FFA Foundation Fund #29102	School Based Health Center Fund #29130	Special Revenue Funds
	<u>Fund #28133</u>	<u>Fund #29102</u>	<u>Fund #29130</u>	<u>Funds</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	-	61,753
Intergovernmental - state grants	617	-	4,367	11,079
Contributions - private grants	-	1,639	-	30,604
Charges for services	-	-	-	57,704
Investment and interest income	-	-	-	210
<b>Total revenues</b>	<u>617</u>	<u>1,639</u>	<u>4,367</u>	<u>161,350</u>
<b>Expenditures:</b>				
Current:				
Instruction	-	350	-	41,741
Support services:				
Students	-	-	-	19,212
Instruction	-	-	-	5,482
General Administration	-	-	781	781
Operation & Maintenance of Plant	-	-	2,125	2,125
Food services operations	-	-	-	58,054
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Bond interest paid	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>350</u>	<u>2,906</u>	<u>127,395</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>617</u>	<u>1,289</u>	<u>1,461</u>	<u>33,955</u>
<b>Other financing uses:</b>				
Transfers In	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	617	1,289	1,461	33,955
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,824</u>
<b>Fund balance at end of the year</b>	<u>\$ 617</u>	<u>\$ 1,289</u>	<u>\$ 1,461</u>	<u>\$ 82,779</u>

( cont'd; 3 of 5 )



STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	<b>Capital Project Funds</b>			
	Bond Building Fund #31100	State SB-9 Match Fund #31700	Ed Technology Equipment Act Fund #31900	Total Nonmajor Capital Projects Funds
<b>Revenues:</b>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	-	-
Intergovernmental - state grants	-	-	-	-
Contributions - private grants	-	-	-	-
Charges for services	-	-	-	-
Investment and interest income	<u>122</u>	<u>26</u>	<u>159</u>	<u>307</u>
<b>Total revenues</b>	<u>122</u>	<u>26</u>	<u>159</u>	<u>307</u>
<b>Expenditures:</b>				
Current:				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
Operation & Maintenance of Plant	-	-	29,959	29,959
Food services operations	-	-	-	-
Capital outlay	11,662	-	-	11,662
Debt service:				
Principal retirement	-	-	-	-
Bond interest paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>11,662</u>	<u>-</u>	<u>29,959</u>	<u>41,621</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(11,540)</u>	<u>26</u>	<u>(29,800)</u>	<u>(41,314)</u>
<b>Other financing uses:</b>				
Transfers In	-	-	-	-
Transfers out	<u>-</u>	<u>(26)</u>	<u>-</u>	<u>(26)</u>
<b>Total other financing uses</b>	<u>-</u>	<u>(26)</u>	<u>-</u>	<u>(26)</u>
<i>Net change in fund balance</i>	(11,540)	-	(29,800)	(41,340)
<b>Fund balance at beginning of the year</b>	<u>35,302</u>	<u>-</u>	<u>37,638</u>	<u>72,940</u>
<b>Fund balance at end of the year</b>	<u>\$ 23,762</u>	<u>\$ -</u>	<u>\$ 7,838</u>	<u>\$ 31,600</u>

( cont'd; 4 of 5 )

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	<b>Debt Service Funds</b>			Total
	Debt Service	Ed Tech	Total Nonmajor	Nonmajor
	<u>Fund #41000</u>	<u>Fund #43000</u>	<u>Funds</u>	<u>Governmental</u>
				<u>Funds</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ 1	\$ 82,083	\$ 82,084	\$ 82,084
Intergovernmental - federal grants	-	-	-	61,753
Intergovernmental - state grants	-	-	-	11,079
Contributions - private grants	-	-	-	30,604
Charges for services	-	-	-	57,704
Investment and interest income	-	-	-	517
<b>Total revenues</b>	<u>1</u>	<u>82,083</u>	<u>82,084</u>	<u>243,741</u>
<b>Expenditures:</b>				
Current:				
Instruction	-	-	-	41,741
Support services:				
Students	-	-	-	19,212
Instruction	-	-	-	5,482
General Administration	-	816	816	1,597
Operation & Maintenance of Plant	-	-	-	32,084
Food services operations	-	-	-	58,054
Capital outlay	-	-	-	11,662
Debt service:				
Principal retirement	-	80,000	80,000	80,000
Bond interest paid	-	1,480	1,480	1,480
<b>Total expenditures</b>	<u>-</u>	<u>82,296</u>	<u>82,296</u>	<u>251,312</u>
<i>Excess (deficiency) of revenues</i>				
<i>over expenditures</i>	<u>1</u>	<u>(213)</u>	<u>(212)</u>	<u>(7,571)</u>
<b>Other financing uses:</b>				
Transfers In	-	200	200	200
Transfers out	(200)	-	(200)	(226)
<b>Total other financing uses</b>	<u>(200)</u>	<u>200</u>	<u>-</u>	<u>(26)</u>
<i>Net change in fund balance</i>	(199)	(13)	(212)	(7,597)
<b>Fund balance at beginning of the year</b>	<u>291</u>	<u>6,762</u>	<u>7,053</u>	<u>128,817</u>
<b>Fund balance at end of the year</b>	<u>\$ 92</u>	<u>\$ 6,749</u>	<u>\$ 6,841</u>	<u>\$ 121,220</u>

( 5 of 5 )

NONMAJOR GOVERNMENTAL FUNDS  
BUDGETARY PRESENTATION

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 25,810	\$ 25,810	\$ 33,144	\$ 7,334
Charges for services	13,500	13,500	22,655	9,155
Investment and interest income	<u>-</u>	<u>-</u>	<u>160</u>	<u>160</u>
<b>Total revenues</b>	39,310	39,310	55,959	16,649
<b>Expenditures:</b>				
Food services operations	<u>79,685</u>	<u>79,394</u>	<u>55,127</u>	<u>24,267</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(40,375)	(40,084)	832	40,916
<i>Beginning cash balance budgeted</i>	40,375	40,084	-	(40,084)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>40,084</u>	<u>40,084</u>
<b>Fund balance at end of the year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>40,916</u>	<u><u>\$ 40,916</u></u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in inventory			<u>1,327</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u><u>\$ 42,243</u></u>	

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Contributions - private grants	\$ -	\$ -	\$ 1,130	\$ 1,130
Charges for services	31,576	31,576	35,049	3,473
Investment and interest income	<u>-</u>	<u>-</u>	<u>50</u>	<u>50</u>
<b>Total revenues</b>	31,576	31,576	36,229	4,653
<b>Expenditures:</b>				
Current:				
Instruction	<u>40,630</u>	<u>40,501</u>	<u>35,821</u>	<u>4,680</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(9,054)	(8,925)	408	9,333
<i>Beginning cash balance budgeted</i>	9,054	8,925	-	(8,925)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>8,740</u>	<u>8,740</u>
<b>Fund balance at end of the year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>9,148</u>	<u><u>\$ 9,148</u></u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>186</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u><u>\$ 9,334</u></u>	

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 933	\$ 980	\$ 933	\$ (47)
<b>Expenditures:</b>				
Current:				
Support services:				
Students	<u>933</u>	<u>980</u>	<u>926</u>	<u>54</u>
<i>Excess of revenues over expenditures</i>	-	-	7	7
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>7</u>	<u>\$ 7</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			<u>(7)</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

IDEA-B "RISK POOL" FUND - NO. 24120  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2017**

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

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 4,461	\$ 9,581	\$ 1,721	\$ (7,860)
<b>Expenditures:</b>				
Current:				
Instruction	<u>4,461</u>	<u>9,581</u>	<u>5,143</u>	<u>4,438</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(3,422)	(3,422)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	(3,422)	<u>\$ (3,422)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			<u>3,422</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	



STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 21,000	\$ 21,000	\$ 18,032	\$ (2,968)
<b>Expenditures:</b>				
Current:				
Support services:				
Students	21,000	21,000	18,286	2,714
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(254)	(254)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	(254)	\$ (254)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			254	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

FARM TO SCHOOL FUND - NO. 25208  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Current:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
<b>Other financing uses:</b>				
Refunds	-	-	(2,870)	(2,870)
<i>Net change in fund balance</i>	-	-	(2,870)	(2,870)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	(2,870)	<u>\$ (2,870)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in deferred revenue			2,870	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

DENTAL NM COMMUNITY FOUNDATION FUND - NO. 26176  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Contributions - private grants	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Current:				
Support services:				
Operation & Maintenance of Plant	7,500	7,500	-	7,500
Community services	<u>20,335</u>	<u>20,335</u>	-	<u>20,335</u>
<b>Total expenditures</b>	<u>27,835</u>	<u>27,835</u>	-	<u>27,835</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(27,835)	(27,835)	-	27,835
<i>Beginning cash balance budgeted</i>	27,835	27,835	-	(27,835)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in deferred revenue			<u>27,835</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 27,835</u>	

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ 613	\$ 596	\$ (17)
<b>Expenditures:</b>				
Current:				
Instruction	-	613	613	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(17)	(17)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	(17)	<u>\$ (17)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			17	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

LIBRARIES GO BOND 2012 FUND - NO. 27107

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 6,224	\$ 6,224	\$ 6,825	\$ 601
<b>Expenditures:</b>				
Current:				
Support services:				
Instruction	6,224	6,224	5,482	742
<i>Excess of revenues over expenditures</i>	-	-	1,343	1,343
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	1,343	\$ 1,343
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(1,343)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

YOUTH CONSERVATION CORP FUND - NO. 28133  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Current:				
Community services	<u>617</u>	<u>617</u>	-	<u>617</u>
<i>Excess (deficiency) of revenues   over expenditures</i>	(617)	(617)	-	617
<i>Beginning cash balance budgeted</i>	617	617	-	(617)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in deferred revenue			<u>617</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u><u>\$ 617</u></u>	

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

FFA FOUNDATION FUND - NO. 29102  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Contributions - private grants	\$ -	\$ 1,639	\$ 1,639	\$ -
<b>Expenditures:</b>				
Current:				
Instruction	-	1,639	350	1,289
<i>Excess of revenues over expenditures</i>	-	-	1,289	1,289
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	1,289	<u>\$ 1,289</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 1,289</u>	

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

SCHOOL BASED HEALTH CENTER FUND - NO. 29130  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Contributions - private grants	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Current:				
Support services:				
General Administration	-	782	781	1
Operation & Maintenance of Plant	<u>3,931</u>	<u>3,149</u>	<u>2,125</u>	<u>1,024</u>
<b>Total expenditures</b>	<u>3,931</u>	<u>3,931</u>	<u>2,906</u>	<u>1,025</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(3,931)	(3,931)	(2,906)	1,025
<i>Beginning cash balance budgeted</i>	3,931	3,931	-	(3,931)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	(2,906)	<u>\$ (2,906)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in deferred revenue			<u>4,367</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 1,461</u>	



STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

BOND BUILDING FUND - NO. 31100  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Investment and interest income	\$ -	\$ -	\$ 122	\$ 122
<b>Expenditures:</b>				
Current:				
Support services:				
Operation & Maintenance of Plant	4,000	4,000	-	4,000
Capital outlay	<u>31,116</u>	<u>31,302</u>	<u>11,662</u>	<u>19,640</u>
<b>Total expenditures</b>	<u>35,116</u>	<u>35,302</u>	<u>11,662</u>	<u>23,640</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(35,116)	(35,302)	(11,540)	23,762
<i>Beginning cash balance budgeted</i>	35,116	35,302	-	(35,302)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>35,302</u>	<u>35,302</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>23,762</u>	<u>\$ 23,762</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			<u>-</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 23,762</u>	

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 4,797	\$ 9,676	\$ 10,576	\$ 900
Investment and interest income	-	-	26	26
<b>Total revenues</b>	4,797	9,676	10,602	926
<b>Expenditures:</b>				
Current:				
Support services:				
Operation & Maintenance of Plant	4,797	9,676	-	9,676
<i>Excess of revenues over expenditures</i>	-	-	10,602	10,602
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	10,602	\$ 10,602
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in receivables			(26)	
Change in grant receivable			(10,576)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

ED TECHNOLOGY EQUIPMENT ACT FUND - NO. 31900  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
 Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Investment and interest income	\$ -	\$ -	\$ 159	\$ 159
<b>Expenditures:</b>				
Current:				
Support services:				
Operation & Maintenance of Plant	36,544	37,638	27,403	10,235
<i>Excess (deficiency) of revenues over expenditures</i>	(36,544)	(37,638)	(27,244)	10,394
<i>Beginning cash balance budgeted</i>	36,544	37,638	-	(37,638)
<b>Fund balance at beginning of the year</b>	-	-	37,638	37,638
<b>Fund balance at end of the year</b>	\$ -	\$ -	10,394	\$ 10,394
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			(2,556)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 7,838	

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ -	\$ -	\$ 14	\$ 14
<b>Expenditures:</b>				
Current:				
Support services:				
General Administration	-	79	-	79
<i>Excess (deficiency) of revenues</i>	-	(79)	14	93
<i>over expenditures</i>				
<i>Beginning cash balance budgeted</i>	-	79	-	(79)
<b>Fund balance at beginning of the year</b>	-	-	291	291
<b>Fund balance at end of the year</b>	\$ -	\$ -	305	\$ 305
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			(93)	
Change in deferred property taxes			(120)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 92	

STATE OF NEW MEXICO  
DES MOINES MUNICIPAL SCHOOLS

ED TECH DEBT SERVICE FUND - NO. 43000  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ 81,500	\$ 81,500	\$ 81,572	\$ 72
<b>Expenditures:</b>				
Current:				
Support services:				
General Administration	850	850	816	34
Debt service:				
Principal retirement	80,000	80,000	80,000	-
Bond interest paid	1,480	1,480	1,480	-
Debt service reserves	5,302	5,919	-	5,919
<b>Total expenditures</b>	87,632	88,249	82,296	5,953
<i>Excess (deficiency) of revenues   over expenditures</i>	(6,132)	(6,749)	(724)	6,025
<i>Beginning cash balance budgeted</i>	6,132	6,749	-	(6,749)
<b>Fund balance at beginning of the year</b>	-	-	6,762	6,762
<b>Fund balance at end of the year</b>	\$ -	\$ -	6,038	\$ 6,038
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			5,067	
Change in due from other governments			545	
Change in deferred property taxes			(4,901)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 6,749	

THIS PAGE INTENTIONALLY LEFT BLANK

## STATE REQUIRED DISCLOSURES

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

STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

Activity		Balance			Balance
<u>Fund</u>	<u>ASSETS</u>	<u>June 30, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>June 30, 2017</u>
23002	In/Out	\$ 243	\$ 6,629	\$ 5,993	\$ 879
23003	All School Account	3,066	4,909	4,450	3,525
23012	Yearbook	3,374	1,942	1,780	3,536
23013	FFA	3,786	23,415	22,983	4,218
23015	Cheerleaders	442	-	-	442
23021	Library	1,243	-	-	1,243
23025	Scholarship	53,102	-	-	53,102
23031	Demonettes	571	-	-	571
23033	Rodeo Club	522	-	-	522
23035	Jeff Bannon Memorial Scholarship	40	1	-	41
23036	Jerry Langston Memorial Scholarship	397	263	-	660
23037	Patrick & Loren Doherty Memorial Scholarship	81	14	-	95
23038	Masonic Lodge Scholarship	27	5	-	32
23039	Billy Hittson Memorial Scholarship	200	43	-	243
23040	Weatherly Scholarship	223	-	-	223
23041	Elementary Fund	<u>194</u>	<u>234</u>	<u>-</u>	<u>428</u>
	Pooled cash and investments	<u>\$ 67,511</u>	<u>\$ 37,455</u>	<u>\$ 35,206</u>	<u>\$ 69,760</u>
 <u>LIABILITIES</u>					
	Deposits held for others	<u>\$ 67,511</u>	<u>\$ 37,455</u>	<u>\$ 35,206</u>	<u>\$ 69,760</u>



STATE OF NEW MEXICO  
**DES MOINES MUNICIPAL SCHOOLS**

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

	Farmers & Stockmans <u>Bank</u>	Farmers & Stockmans <u>Bank</u>	<u>Total</u>
<b>Cash on deposit at June 30, 2017:</b>			
Checking and savings	\$ 459,632	\$ -	\$ 459,632
Certificate of Deposits	<u>29,017</u>	<u>16,026</u>	<u>45,043</u>
	488,649	16,026	504,675
Less: FDIC coverage	<u>(279,017)</u>	<u>(16,026)</u>	<u>(295,043)</u>
Uninsured funds	<u>\$ 209,632</u>	<u>\$ -</u>	<u>\$ 209,632</u>
<b>Amount requiring pledged collateral:</b>			
50% collateral requirement	\$ 104,816	\$ -	\$ 104,816
Pledged collateral	<u>280,000</u>	<u>-</u>	<u>280,000</u>
Excess (deficiency) of pledged collateral	<u>\$ 175,184</u>	<u>\$ -</u>	<u>\$ 175,184</u>

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

<u>Farmers &amp; Stockmans Bank:</u>	<u>Issue Date</u>	<u>Expiration</u>	<u>Credit Limit</u>
FHLB Letter of Credit	8/31/2016	8/59/2017	<u>\$ 280,000</u>

The above letter of credit is held at Federal Home Loan Bank in Dallas, TX.

STATE OF NEW MEXICO  
DES MOINES MUNICIPAL SCHOOLS

CASH RECONCILIATION  
Year Ended June 30, 2017

	Beginning Cash	Receipts	Distributions	Other	Net Cash End of Period	Adjustments to the report	Total Cash on Report
Operations	\$ 120,279	\$ 1,598,659	\$ 1,584,611	\$ (998)	\$ 133,329	\$ (84,486) <sup>(1)</sup>	\$ 48,843
Teacherage	7,556	27,237	25,122	-	9,671	-	9,671
Transportation	-	160,836	160,074	-	762	-	762
Instructional Materials	11,960	6,672	3,905	(603)	14,124	-	14,124
Food Services	40,084	55,959	55,127	-	40,916	-	40,916
Athletics	8,925	36,229	35,634	(186)	9,334	-	9,334
Federal Flowthrough Funds	(48,395)	108,006	93,771	-	(34,160)	34,160 <sup>(2)</sup>	-
Federal Direct Funds	(3,165)	18,032	33,765	(2,870)	(21,768)	21,768 <sup>(2)</sup>	-
Local Grants	27,835	-	-	-	27,835	-	27,835
State Flowthrough Funds	(19,856)	41,909	50,611	-	(28,558)	28,558 <sup>(2)</sup>	-
State Direct Funds	617	-	-	-	617	-	617
Local/State	4,367	1,639	3,256	-	2,750	-	2,750
Bond Building	35,302	122	11,662	-	23,762	-	23,762
State SB-9 Match	-	26	-	(26)	-	-	-
Capital Improvements SB-9	74,270	80,459	32,380	(451)	121,898	-	121,898
Ed Technology Equipment Act	37,638	159	27,403	-	10,394	-	10,394
Debt Service	79	13	-	-	92	-	92
Ed Tech Debt Service	6,749	81,572	82,295	-	6,026	-	6,026
Agency Funds	-	-	-	-	-	69,760	69,760
<b>Total</b>	<b>\$ 304,245</b>	<b>\$ 2,217,529</b>	<b>\$ 2,199,616</b>	<b>\$ (5,134)</b>	<b>\$ 317,024</b>	<b>\$ 69,760</b>	<b>\$ 386,784</b>

<u>Account Name</u>	<u>Bank Name</u>	<u>Account Type</u>	<u>Bank Amount</u>	Adjustments to report:	
Operational	Farmers & Stockmans Bank	Checking - Interest	\$ 459,632	Interfund loans - pooled cash <sup>(1)</sup>	\$ (84,486)
Activities	Farmers & Stockmans Bank	Certificate of Deposit	29,017	Interfund loans - pooled cash <sup>(2)</sup>	84,486
Activities	Farmers & Stockmans Bank	Certificate of Deposit	<u>16,026</u>	Agency funds	<u>69,760</u>
			<u>\$ 504,675</u>	Total adjustment to the report	<u>\$ 69,760</u>
				Adjustments to cash:	
				Bank Balance	\$ 504,675
				Cash on hand	-
				Outstanding deposits	-
				Outstanding checks	(117,891)
				Errors	-
				Total adjusted cash	<u>\$ 386,784</u>

# COMPLIANCE SECTION

Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards

§

Schedule of Findings and Responses:  
Summary of Auditor's Results  
Financial Statement Findings

§

Summary Schedule of Prior Year Audit Findings

§

Required Disclosure

THIS PAGE INTENTIONALLY LEFT BLANK

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

INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor  
The Board of Education and Audit Committee of  
Des Moines Municipal Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of Des Moines Municipal Schools as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Des Moines Municipal Schools' basic financial statements, and the combining and individual funds and related budgetary comparisons of Des Moines Municipal Schools, presented as supplemental information, and have issued our report thereon dated October 2, 2017.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and other matters**

As part of obtaining reasonable assurance about whether Des Moines Municipal Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. We also noted certain other matters that are required to be reported pursuant to *Government Auditing Standards* and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as findings 2017-001 and 2017-002.

Tim Keller, State Auditor  
The Board of Education and Audit Committee of  
Des Moines Municipal Schools

### **Des Moines Municipal Schools' Response to Findings**

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

### **Purpose of this Report**

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

*Accounting & Financial Solutions, LLC*  
Farmington, New Mexico  
October 2, 2017



**SCHEDULE OF FINDINGS AND RESPONSES**

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF AUDIT RESULTS

	<u>Yes</u>	<u>No</u>	<u>Occurrences</u>
FINANCIAL STATEMENTS:			
Type of auditor's report issued: <u>Unmodified</u>			
Internal control over financial reporting:			
Material weakness(es) identified?	—	<u>✓</u>	—
Significant deficiency(ies) identified?	—	<u>✓</u>	—
Noncompliance material to financial statements noted?	—	<u>✓</u>	—





## SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2017

---

---

### II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

#### 2017 – 002 INCOMPLETE FORM I-9

##### *Other Non-Compliance*

Condition: Thirteen of twenty employee files selected for testing had incomplete I-9 forms.

Criteria: In accordance with the federal Immigration and Nationality Act Section 274A, employees are required to prove their citizenship or legal immigrant status prior to employment.

Cause: The District did not complete the I-9's form correctly.

Effect of condition: The District is out of compliance with requirements for the Immigration and Nationality Act.

Recommendation: The District should not employ any individual without prior completion and verification of the Form I-9. Application packages should be reviewed/approved by second person prior to applicant beginning employment.

Management's response: The District has reviewed the Federal Immigration and Nationality Act Section 274A. I-9 forms will be filled out correctly to be in compliance with the Federal Immigration and Nationality Act, Section 274A.

Person/positions responsible for overseeing corrective actions: Business Manager and finance staff.

Timeline for corrective actions: These forms will be completed/corrected by September 22, 2017

## SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2017

---

---

### I. NOT RESOLVED

2016-002 ACTUAL EXPENDITURES EXCEEDED BUDGETED EXPENDITURES

*Current Status:* Not resolved. Repeated in the current year.

### II. RESOLVED

2016-001 CERTIFICATION OF YEAR-END PHYSICAL INVENTORY

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

**REQUIRED DISCLOSURES**  
YEAR ENDED JUNE 30, 2017

---

---

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

An exit conference was held October 16, 2017 and was attended by the following individuals:

DES MOINES MUNICIPAL SCHOOLS

Barry Hittson	Member, Board of Education / Audit Committee
Scott Warner	Member, Board of Education / Audit Committee
Ginger Doherty	Member, Audit Committee
Kodi Sumpter	Superintendent; Member, Audit Committee
Debbie Martinez	Business Manager; Member, Audit Committee
Kamau Turner	Principal

ACCOUNTING & FINANCIAL SOLUTIONS, LLC

Terry Ogle, CPA	Partner
-----------------	---------